

Congregational Meeting
Budget Presentation Summary
By
Harris Smith, Treasurer

The 2022 Annual Congregational Meeting will take place on Wednesday, June 8, 2022 and those in attendance will be asked to approve the FY 2022-2023 budget on recommendation of the Board of Trustees.

To facilitate the budget discussion, attached are two spreadsheets that summarize the proposed FY 2022-2023 budget. As we continue to deal with the after effects and uncertainties from COVID-19, the unique labor market, inflation, geopolitical issues, among others, the Budget Committee will continue to monitor and meet as necessary to review the budget as we begin to see revenue actualize.

The highlights of next year's budget:

The upcoming FY 2022-23 budget shows an operating deficit of (\$159,041). While any projected deficit is not sustainable, this budget is based on conservative revenue numbers given the environment.

Please refer to the two summary spreadsheets; the spreadsheet called "Budget Summary" shows the FY 2022-2023 budget by major net revenue and expense drivers and the net projected budgeted deficit of (\$159,041); the spreadsheet called "Major Revenue Divers and Programs Summary Detail" provides summary information about revenues and related expenses for membership, our schools and other net revenue sources.

The budget revenue is based on various projections and assumptions:

- Memberships will approximate the level we attained in FY 2021-2022. Once again, being a member of Isaiah remains at the forefront of everything we do and retaining members even during challenging times is critical.
- The Religious School projected revenue has been increased by 20% (\$111,000) over FY 2021-2022 actuals. The Religious School anticipates its growth to come from children who no longer have to quarantine from school. The Religious School is also adding a "music magnet" to attract additional students. The Budget Committee believes that K12 education is absolutely fundamental to what Isaiah is, and while in the past we have looked at this department as a potential revenue generator, we need to shift our thinking and think of it as a core Temple "service".
- We have increased Annual Giving from a goal of \$800,000 to \$850,000. We will be having in-person High Holiday services at Royce Hall at UCLA as well as live streaming services in which to make the Annual Appeal appear "normal".

- Preschool tuition is budgeted at \$3,513,000 which represents a 20% decrease (\$863,000 decrease) from FY 2021-2022. The Preschool has transitioned from the option of 2 or 3 days a week program to offering a 5 day preschool program. This results in a significantly higher average rate per student and we anticipate this shift is significant and permanent.
- The Sales Community Center is fully operational. The Innovation Center is housed in the Sales Community Center and we anticipate hiring a director this year to get this program up and running.

We anticipate receiving our Employment Retention Tax Credit (ERTC) of \$745k and approximately \$1million from the estate of a former member during FY 2022-2023. These amounts have not been budgeted given the unknown time frame when we will actually receive these funds.

On the expense side, the FY 2022-2023 has been looked at very closely. While we need to be conservative with respect to our expenses for this budget year, we are realistic in investing in both people, programs and infrastructure.

In accordance with our by-laws our FY 2020-2021 financial statements were “reviewed” by our outside accountants, Gurse/Schneider. Highlights from the report include:

- As of June 30, 2021, we had cash and cash equivalents of \$3,011,360 and investments (including those in our endowment) at fair market value of \$2,502,368.
- Our liabilities (not including deferred revenues which related to the timing of when we recognize our dues revenues received) amounted to about \$188,332 for accrued expenses and \$2,750,178 for loans payable (\$1,544,990 for Sales Community Center mortgage, \$150,000 EIDL (Economic Injury Disaster Loan) and \$1,055,188 Paycheck Protection Program Loan #2 (PPP) which was fully forgiven in February 2022)
- Our Total Net Assets were comprised of unrestricted net assets without donor restrictions of \$5,836,954, \$1,996,198 without donor restrictions but designated by the Board as Reserves and \$1,078,846 with various donor restrictions. In total, Temple Isaiah has \$8,911,998 in Total Net Assets.

In summary, we will end FY 2021-2022 in a secure and strong fiscal position. The two PPP loans have significantly helped our cash situation as well. This turnaround was truly nothing short of incredible and we are fortunate to be in the position we are currently in but it is important to note that we generally operate at a small operating deficit as our revenues over time are fairly stable but our operating expenses increase annually.

As a reminder, these documents are for Temple Isaiah Congregation members only, so please do not distribute them to others. If you would like a copy of the financial review, please reach out to me directly. I look forward to seeing you at the June 8th meeting and discussing in more detail our projected results from FY 2021-2022 and the FY 2022-2023 budget. If you have questions feel free to email me at: harrissmithcpa@gmail.com.

Temple Isaiah Budget Summary Draft Budget FY22/23			
Description	July 1, 2021 - June 30, 2022 Approved Budget	FY21/22 Projected Actuals	FY22/23 Draft Budget
Major Net Revenue Drivers and Programs Sch A			
Membership Dues, net of expenses	1,589,902	1,589,902	1,579,374
Preschool, net of expenses	1,191,423	846,224	697,647
Annual Givining, net of expenses	599,250	789,250	830,250
Security Assessment, net of expenses	198,880	198,880	255,189
Religious School, net of expenses	(397,631)	(265,393)	5,111
Center for Innovation, net of expenses	-	-	(1,792)
Total Net Revenues from Major Drivers and Programs	3,181,824	3,158,863	3,365,779
Other Sources of Revenues	33,500	38,500	30,000
Total Net Revenue (Budgeted)	3,215,324	3,197,363	3,395,779
Operating Expenses			
Administrative Personnel Costs			
Clergy and Executive Compensation	939,754	977,004	1,245,315
Office Salaries	684,212	701,436	822,525
Health Insurance, Payroll Taxes, Workers Comp	189,113	189,113	207,534
Total Administrative Personnel Costs	1,813,079	1,867,553	2,275,374
Program Costs			
Rituals	248,992	248,992	274,727
High Holiday, net of ticket sales	72,000	60,457	87,000
Social Justice	45,500	45,500	45,500
Adult Education - net	55,000	55,000	55,000
Library	1,200	1,200	1,200
Total Program Costs	422,692	411,149	463,427
General and Administrative Expenses			
Building Expense	416,458	391,458	452,019
Overhead	404,000	404,000	314,000
Office Expense	55,000	55,000	50,000
Total General and Administrative Expenses	875,458	850,458	816,019
Total Operating Expenses (Budgeted)	3,111,229	3,129,160	3,554,820
Net Surplus (Loss)	104,095	68,203	(159,041)
Net Other Income (Nonbudgeted)			
Endowment Earnings	-	-	150,000
Payroll Protection Program (PPP)	1,055,188	1,105,188	-
Operations Building Depreciation	(385,496)	(385,496)	(385,496)
Total Net Other Income (Nonbudgeted)	669,692	719,692	(235,496)
Total Net Surplus (Loss)	773,787	787,895	(394,537)

Temple Isaiah Budget			
Major Revenue Drivers and Programs Summary Detail			
Draft Budget FY22/23			
Description	July 1, 2021 - June 30, 2022 Approved Budget	FY21/22 Projected Actuals	FY22/23 Draft Budget
Membership Dues Revenue, Net of Expenses			
Membership Dues Revenue	1,878,500	1,878,500	1,881,625
Membership Expenses	288,598	288,598	302,251
Net Membership Dues Revenue	1,589,902	1,589,902	1,579,374
Preschool, Net of Costs			
Preschool Revenue	4,460,000	4,376,000	3,513,000
Preschool Expenses	3,268,577	3,529,776	2,815,353
Net Preschool Revenues	1,191,423	846,224	697,647
Annual Giving, Net of Costs			
Revenue	610,000	800,000	851,000
Expenses	10,750	10,750	20,750
Net Annual Giving Revenue	599,250	789,250	830,250
Security Assessment, Net of Cost			
Security Revenues	280,000	280,000	337,500
Security Expenses	81,120	81,120	82,311
Net Security Assessment	198,880	198,880	255,189
Religious School, Net of Costs			
Religious School Revenue	560,325	551,325	662,150
Religious School Expenses	957,956	816,718	657,039
Net Religious School Revenues	(397,631)	(265,393)	5,111
Center for Innovation, Net of Costs	-	-	(1,792)
Facility Rentals/Commissions, Net of Costs	2,500	2,500	-
Other Revenues	31,000	36,000	30,000
Total Program Net Revenues plus other revenues	3,215,324	3,194,863	3,395,779