



2022 Congregational Meeting
Treasurer's Report Presented By Harris Smith
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We are very lucky to have an experienced budget committee to help guide us through the budgeting process. Huge "THANK YOU" to the following congregants who spent countless hours working on this budget:

- Allison Samek, President
- Deb Moses, Executive Director
- Mike Diamond, Past President
- Norm Solomon, Past President
- Harris Smith, Budget Committee Chair/Treasurer
- Jerry Witkow, Finance Committee Chair
- David Snow, VP Membership
- Kristen Lonner, VP Development
- Glen Friedman
- Richard Birnholz
- Eileen Lewis
- Jonathan Cohen
- Nick Gentin

- Ex Officio
 - Rabbi Dara Frimmer
 - Art Scher
 - Renee Winkler

A graphic with the words "THANK YOU" in a bold, sans-serif font. Each letter is a different color: T (red), H (orange), A (yellow), N (green), K (teal), Y (blue), O (purple), U (pink).

My summary of the 2021-2022 Budget year



Presented a conservative budget to the congregation in May 2021 recognizing Covid could negatively impact our budget



Due to heroic efforts of the Rabbi's, staff and the congregation the stars began to align



We ended the year on a solid note and we believe we had managed through turbulent times

To Summarize – we are currently in excellent shape. But this does not mean we can coast. As a reminder... prior to COVID, for the past several years, we have been looking at the sustainability of Temple Budget

- Primarily, this means, ***“will our revenues grow at a significant enough rate to offset the increase in yearly expenses that we see?”***
- The budget, along with Senior Staff and Clergy have been looking at this issue and made significant progress with it this year.
- My goal for the next several years is to have meaningful and realistic discussions about this issue with a goal to find a sustainable long term path forward. We need to keep discussing both new revenue streams and controlling expenses.



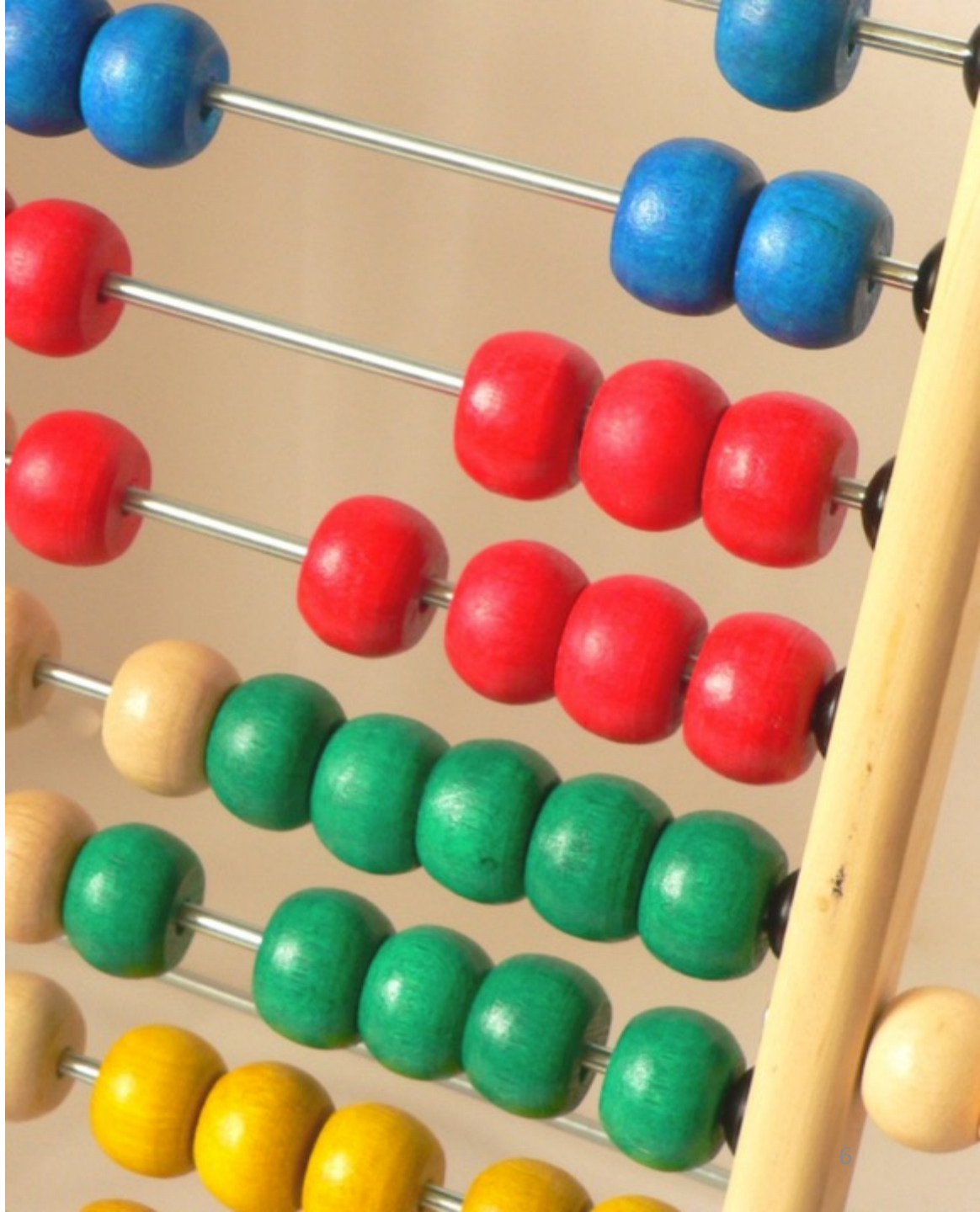
Another reminder from last year....some context to keep in mind as you read this document

A budget is a reflection of our collective values, vision and mission as a congregation. The URJ suggests that we look at a budget through the following lenses:

- Who are we as a congregation?
What do we want to achieve and what will it cost us to implement this vision.
- How much money do we have?
What can we do with it to achieve our vision?
- My reminder to everyone – this is not a for-profit business and our goals and financial plan need to match our mission!



A Quick Review of 2021-2022



2021-2022: We had projected a small operating surplus for the year and we are on track to achieve that, and possibly more!

The FY 21/22 approved budget showed a projected operating surplus of \$104,095. Our estimated projected actual performance for the current year indicates that we will most likely end the year with an operating surplus in the range of \$220,000

- There were a number of reasons for the change and they were:
 - Annual Giving was budgeted at \$600k and we will come in close to \$800k
 - Received a \$50k grant from Jewish Federation for Staff Engagement
 - We had unbudgeted reductions in overhead and we closely managed expenses
- We have been able to hold all our program costs to at or below budget in almost every department (ex. Rituals, K12, HHD, Social Justice and Adult Education)
- Reinstated all prior salary reductions, reinstated one person back to full time and are dealing with current competitive labor market conditions.
- We lost our Religious School Director, but promoted within
- We've hired an Executive Director who started July 1, 2021

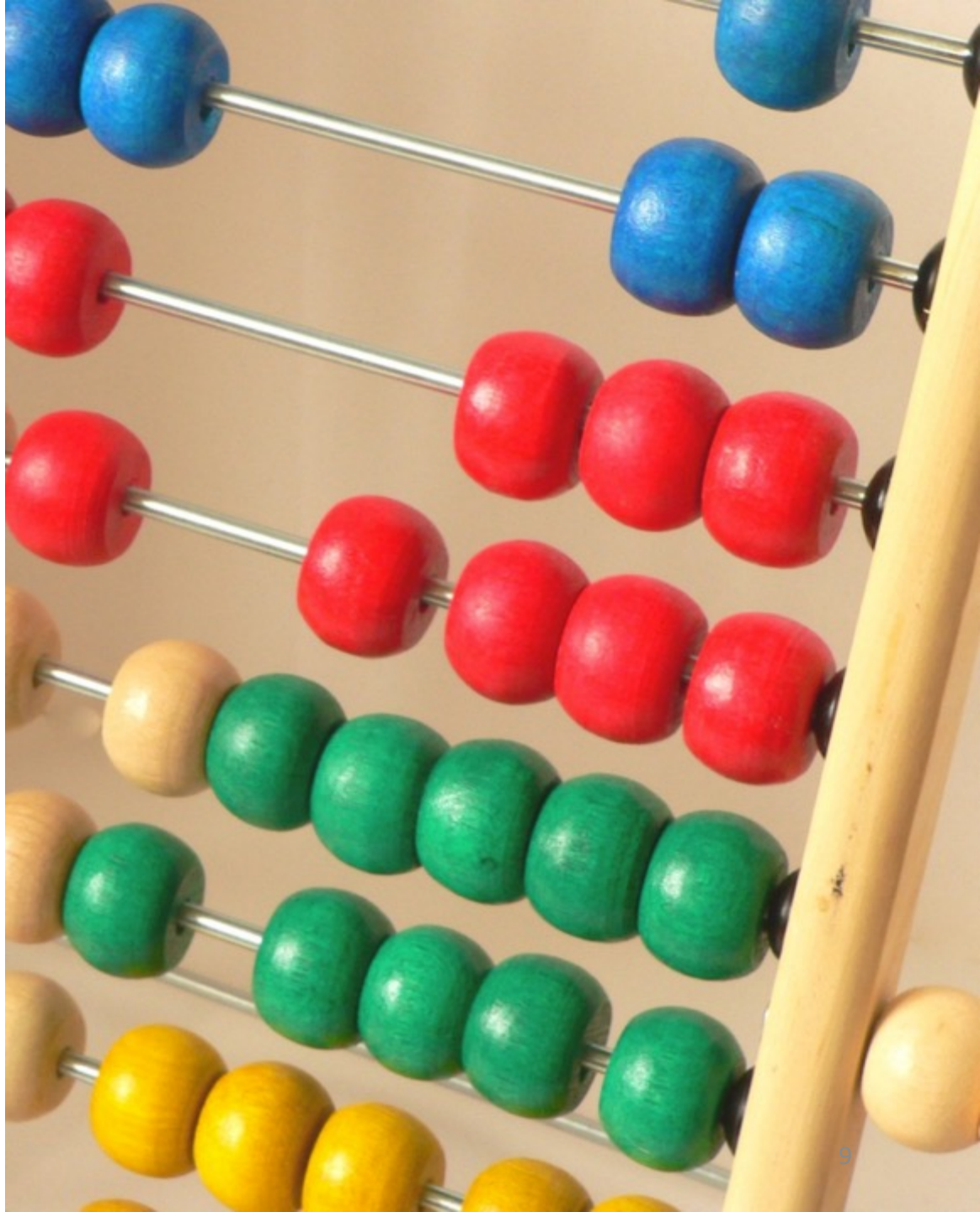
2021-2022: We had projected a small operating surplus for the year and we are on track to achieve that (continued)

- We struggled on camp (both PS and K12) revenue as we had to drastically change the programs last summer. Furthermore, the K12 enrollment was significantly off plan due to parents not wanting to have their children have multiple points of exposure to Covid

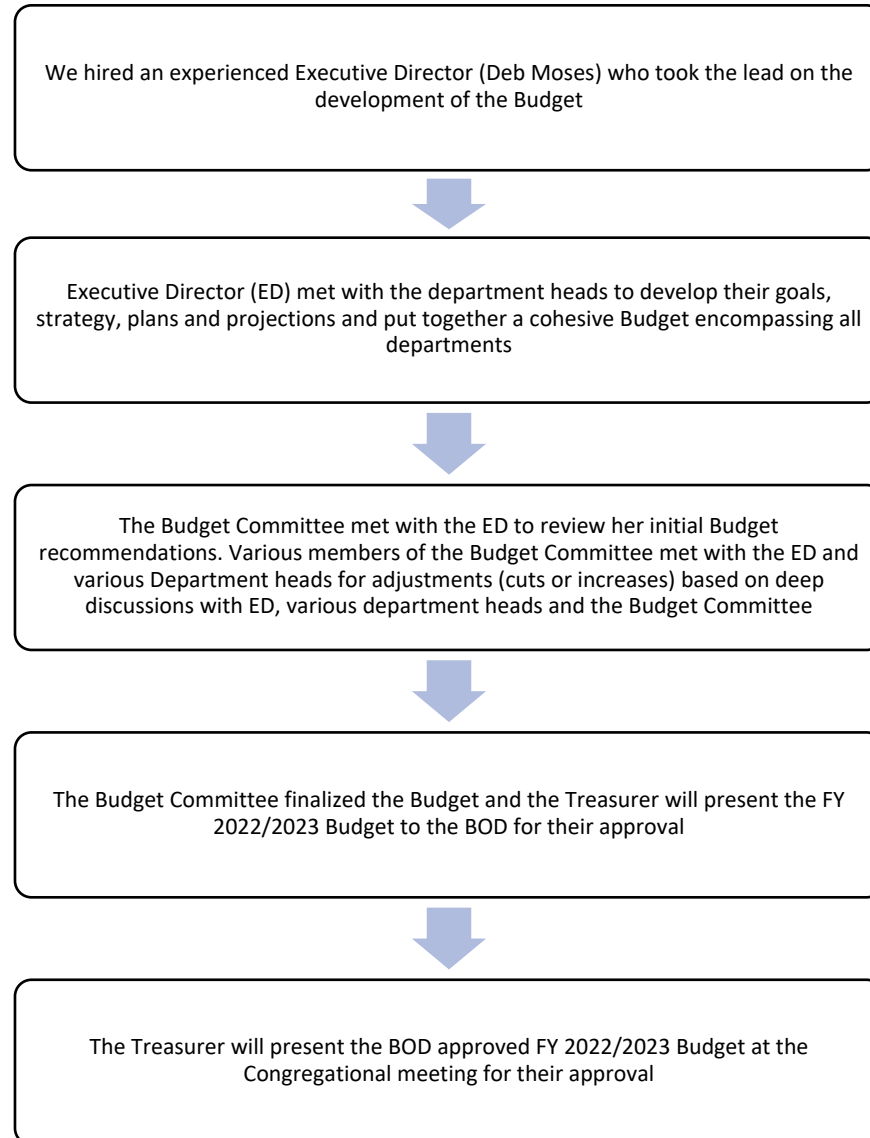
There was one key item that is listed “below the line” on our P&L that significantly helped our current position

- We were able to obtain a 2nd PPP loan in February 2021 for an additional \$1.055M which was forgiven in February 2022

FY 2022-2023



This year's budget process has been an exercise in working through the known but unknown during a time where the budget requires "certainty". A look at the budget process:





2022-2023: Summary Highlights

- The Budget Committee was tasked with creating a budget in a both a time of recovery but also further uncertainty about the economy, congregational behavior and state/local restrictions
- We know that we are going to have to continue to actively monitor, react to and adapt to changes in the budget.
- We believe that we have created a realistic budget for next year. Overall highlights:
 - A \$159k operating deficit
 - Manage through wage inflation based on current labor market
 - Incorporates two new contracts for our clergy
 - Incorporates operating the Center for Innovation
 - Commitment to regular budget meetings to get ahead of how numbers are tracking to plan and adjust accordingly



2022-2023: A LOOK AT REVENUES

With all the certainty/uncertainty in the world right now, one thing was certain to the committee – predicting our revenue, even while we have results from last year, was the most challenging task of the committee

- Membership: Rabbi Dara's #1 priority was and is to keep every member who wants to be a member, a member. This year, predicting who will re-join and at what rate was challenging. We budgeted \$2,080M for FY 21/22 and expect to finish on budget. We and are projecting the same for FY 22/23 except an increase in security fees of \$115 per family
- Religious school: In FY 21/22 we projected tuition of \$497k and for FY 22/23 we are budgeting \$618k because we believe students will come back this year
- Annual Giving: FY 21/22 we budgeted \$600k and we raised almost \$800k. For FY 22/23 we are budgeting \$850k and we are developing a comprehensive Philanthropy strategy to enhance our endowment and legacy gift programs
- Preschool: We are presenting this budget with an enrollment of 20% fewer students which is the maximum Tamar feels comfortable for a variety of reasons. Most, if not all, students will be enrolled 5 days a week. \$4.5M was budgeted in FY 21/22, actual revenue was \$4.4M. We budgeted \$3.5M for FY 22/23.

2022-2023: A LOOK AT EXPENSES



While we need to continue to be super conservative with respect to our expenses for this upcoming year, we are realistic in investing in both people, programs and infrastructure.

We've allocated money for two new clergy contracts (Rabbi Jaclyn and Cantor Randall)

General Administrative Expenses and Overhead Expense – consistent with last year except significant increase in building repairs and maintenance. The Executive Director continues to focus on implementing our CRM and new accounting platform which will provide significant focused information to run the Temple more efficiently

Increased URJ dues from \$37.5k to \$50k; used to be \$90k. This could certainly increase in future years.

Entering second year of our renewed three year commitment for Chai Village LA for \$30,000 per year

Negotiated a \$1million Line of Credit with ABB for emergencies

That said, we will never be able to save ourselves into prosperity, so we need to look for additional profitable and strategic revenue streams

2022-2023: NEW FOR THIS YEAR

We spent a lot of time cleaning up the reporting, chart of accounts and books. We are now showing investment activity, depreciation and restricted gifts “below the line” where they had previously not been tracked this way.

THINGS TO NOTE:

- Anticipate receiving our Employment Retention Tax Credit (ERTC) sometime in FY 22/23 for \$745k, which is a “below the line” item, which has not been budgeted
- Our quasi endowments, totaling over \$2.4M, and we budgeted \$150k in investment earnings for FY 22/23
- Received CalOES Facilities Security Grant approval for \$190,000 which has not been budgeted due to timing of expenditures
- Anticipate receiving a gift of \$1M from the estate of a former Temple member by September 2022, which has not been budgeted, and will be a “below the line” item. We may contribute a portion of this donation to the remodeling of the kitchen

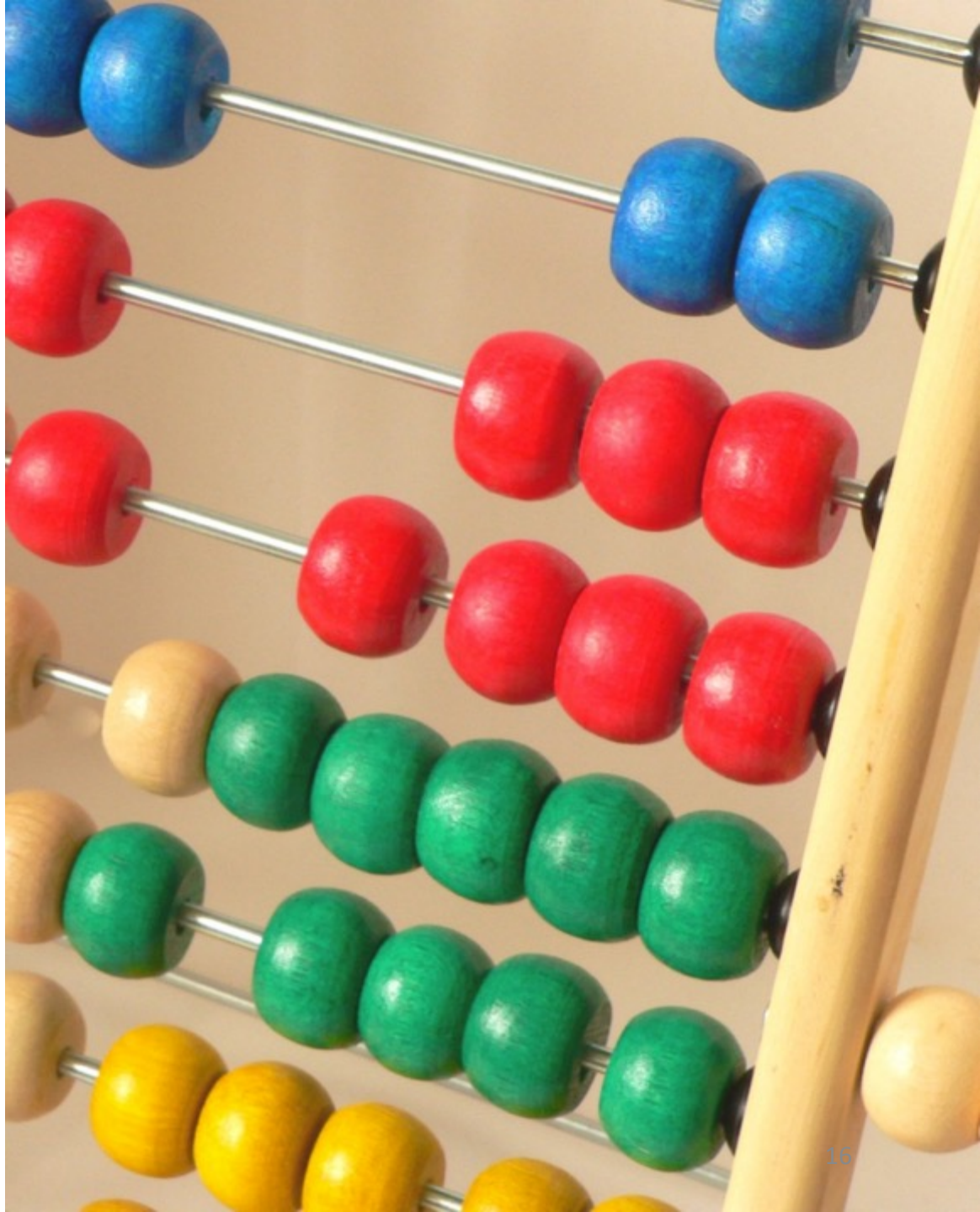
2022-2023: NEW FOR THIS YEAR (Continued)

- The Facilities Committee received approval from the Board and Finance Committee for Phase One of our Facilities Upgrade/Improvements Program of \$1,150M plus \$250k for potential Earthquake Retrofit measures, totaling \$1.4M in FY 22/23. EQ study currently underway. None of these expenditures have been budgeted as expenses because they are primarily capital assets versus expenses.

TAKEAWAY:

- We are in a strong cash position right now. Finance Committee is developing an Investment Strategy to enhance cash management practices

Some Numbers for Insight



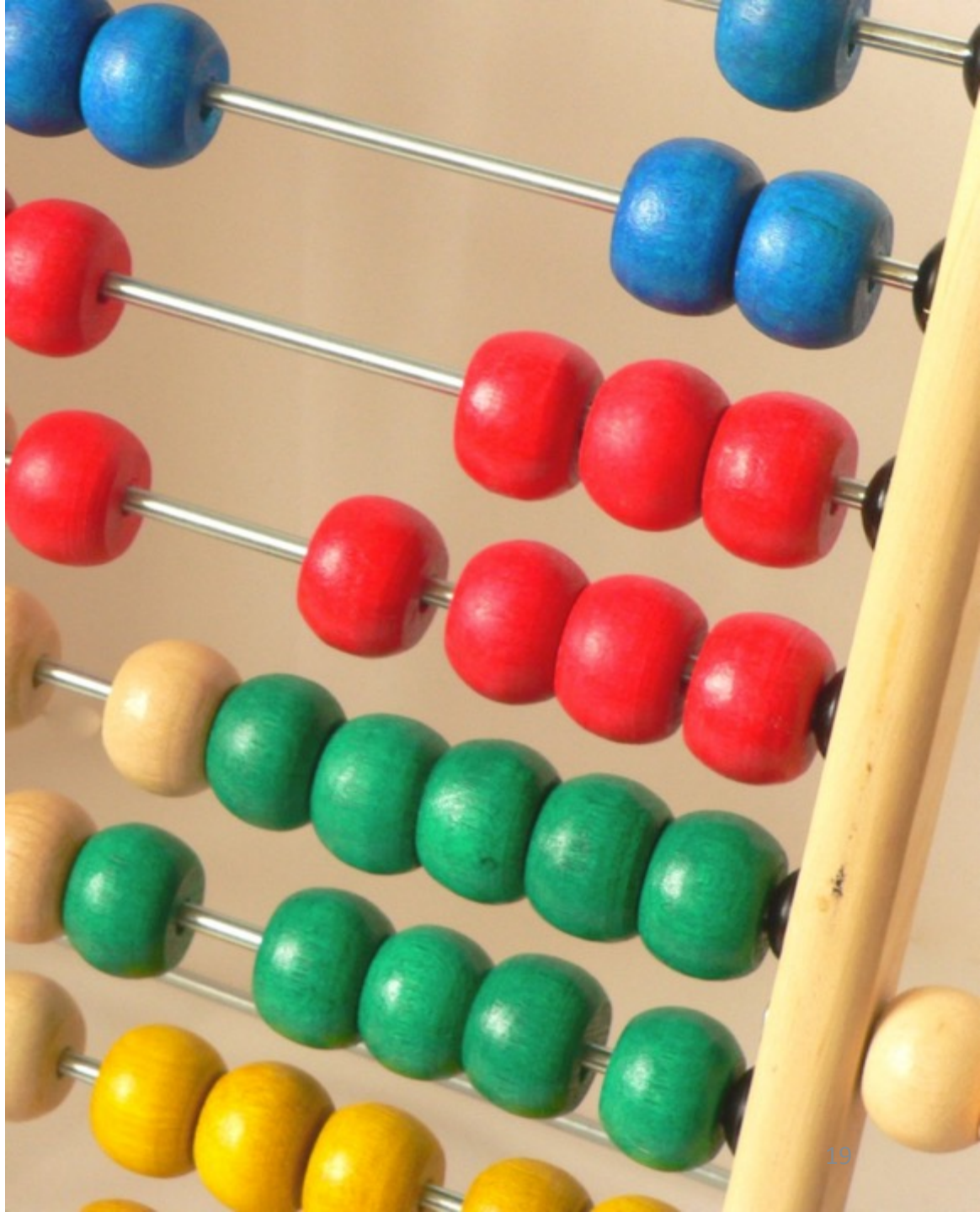
Temple Isaiah
Budget Summary
Draft Budget FY22/23

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 Giving, 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

A Deeper Dive...Our Operating Model



Point #1: While the Preschool is the largest revenue driver with more than half of the temple revenue....

	July 1, 2021 - June 30, 2022 Approved Budget	FY21/22 Projected Actuals	FY22/23 Draft Budget
Revenues			
Membership Dues	\$ 1,878,500	\$ 1,878,500	\$ 1,881,625
Preschool	\$ 4,460,000	\$ 4,376,000	\$ 3,513,000
Annual Giving	\$ 610,000	\$ 800,000	\$ 851,000
Security Assessment	\$ 280,000	\$ 280,000	\$ 337,500
Religious School	\$ 560,325	\$ 551,325	\$ 662,150
Center for Innovation	\$ -	\$ -	\$ 175,000
Other	\$ 41,000	\$ 57,543	\$ 142,000
Total Revenues	\$ 7,829,825	\$ 7,943,368	\$ 7,562,275
Contributions			
Net Membership Dues	\$ 1,589,902	\$ 1,589,902	\$ 1,579,374
Net Preschool	\$ 1,191,423	\$ 846,224	\$ 697,647
Net Annual Giving	\$ 599,250	\$ 789,250	\$ 830,250
Net Security Fees	\$ 198,880	\$ 198,880	\$ 255,189
Net Religious School	\$ (397,631)	\$ (265,393)	\$ 5,111
Net Center for Innovation	\$ -	\$ -	\$ (1,792)
Net Other	\$ 33,500	\$ 36,000	\$ 30,000
Total Net Contributions	\$ 3,215,324	\$ 3,194,863	\$ 3,395,779

MEMBERSHIP is the largest profit contributor to the bottom line....We need to continue to evaluate how dependent we want to be on the school vs. membership (remember, membership is impacted by enrollment too!)

Point #2: Our membership revenue does not cover our total operating expenses. Our total payroll is approximately 70%-75% of total revenue and we rely on Annual Giving and Preschool contribution to cover this gap.

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Overall “Thoughts from the Treasurer



- How will Annual Giving and Membership pan out now that the crisis of COVID is hopefully behind us? Will the level of commitment both financially and time-wise stick?
- Preschool: We rely on on our preschool for the contribution to membership and to the bottom line. Many of these families are purely transactional? What does a less transactional and more relational preschool look like 5/10/15 years out?
- We now have some cash to protect us from the next crisis. Lets make sure we set aside most of it for a rainy day. At the same time, lets use a bit now for long over-due capital improvements.
- Our Clergy and staff are our most valued and precious asset. How do we ensure that we can attract and retain top talent while not feeling burdened by increasing salaries?

Thank You

