

Congregational Meeting
Budget Presentation Summary
By
Harris Smith, Treasurer

The 2025 Annual Congregational Meeting will take place on Wednesday, June 4, 2025 and those in attendance will be asked to approve the FY 2025-2026 budget on recommendation of the Board of Trustees.

To facilitate the budget discussion, attached are two spreadsheets that summarize the proposed FY 2025-2026 budget. As we continue to deal with the after-effects and uncertainties from the October 7, 2023 tragedy, increased antisemitism, a potential recession, 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 2025-26 budget shows an operating deficit of (\$170,851). While any projected deficit is not sustainable in the long term, this budget is based on what we believe to be conservative revenue and expense numbers given the environment.

Please refer to the two summary spreadsheets; the spreadsheet called "Budget Summary" shows the FY 2025-2026 budget by major net revenue and expense drivers and the net projected operating deficit of (\$170,851); the second spreadsheet called "Major Revenue Drivers and Programs Summary Detail" provides summary information about revenues and related expenses for membership, our schools, camps and other net revenue sources.

The budget revenue is based on various projections and assumptions:

- Except for a mandatory \$300 security fee, membership dues and membership units will approximate the level we attained in FY 2024-2025 with an increase of 10 members. 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 15% (\$58,275) over FY 2024-2025 projected actuals. This represents a 5% increase in tuition and a commitment to keep religious school adjustments to the \$30,000 in the budget. The Budget Committee believes that K12 education is absolutely fundamental to what Isaiah is, and while the department is not a profitable revenue generator, we need to think of it as a core Temple "service". As a matter of comparison, Temple Isaiah's Religious School budget is in line with all similar sized synagogues.
- We have kept the Annual Giving goal to \$900,000. We will be having in-person High Holiday services as well as live streaming services in which to make the Annual Appeal achievable.
- Preschool tuition is budgeted at \$3,793,250 which represents a 14% increase from FY 2024-2025, projected revenue. This is accomplished through the increase of 12 students and a tuition increase of 7% for toddlers.
- The Sales Community Center is fully operational. The Innovation Center is housed in the Sales Community Center. We have hired a coordinator of intergenerational programming to operate the Sales Center. We currently have three years of operating revenue available from donations to the Sales Center in restricted funds.
- The Finance Committee and the Board of Trustees approved the use of \$1.8 million to make the near-term improvements which are capitalizable versus expenses. These funds were used to remodel a two classroom toddler suite, a lobby update and remodeled kitchen.

We still anticipate receiving an additional Employment Retention Tax Credit (ERTC) of \$300K. This amount has been budgeted, yet we do not know when during the fiscal year we will actually receive these funds.

On the expense side, all overhead areas for spending in the FY 2024-2025 budget have been looked at closely by management, the Budget Committee and various department leaders. 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. Certain costs continue to increase including wages and security costs and they have been budgeted.

In accordance with our by-laws our FY 2023-2024 financial statements were “reviewed” by our outside accountants, Gurse/Schneider. Highlights from the report include:

- As of June 30, 2024, we had cash and cash equivalents of \$5.5 million and investments (including those in our designated endowment) at a fair market value of \$3.1 million. During FY 24/25 we reallocated \$4 million of cash and cash equivalents into U. S. Treasury Money Market funds.
- Our liabilities (not including deferred revenues which related to the timing of when we recognize our dues and tuition revenues received) amounted to about \$258,145 for accrued expenses and \$1,578,674 for loans payable [(\$1,434,779 for Sales Community Center mortgage, \$143,895 EIDL (Economic Injury Disaster Loan))].
- Our Total Net Assets consisted of Unrestricted Net Assets Without Donor Restrictions of \$10,930,487; \$2,690,881 With Donor Restrictions. In total, Temple Isaiah has \$13,621,368 in Total Net Assets. Effective July 1, 2024, the Board unanimously voted to designate \$1,830,000 of a previously unrestricted gift as an additional board restricted gift.

In summary, we ended FY 2024-2025 in a secure and strong fiscal position. The forgiveness of the two PPP loans (\$2,110,376), the receipt of \$935,407 in ERTC money, and the \$1.8 million unrestricted gift from the Dean Friedman estate received in prior years, have significantly helped our cash situation. Effective July 1, 2024, the unrestricted Dean Friedman gift was reclassified from unrestricted to designated, like how we account for the Rabbi Gan Family Fund. 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. While our revenues are fairly stable over time, our operating expenses increase annually. This in combination with the volatility of market conditions affects the fair value of our investments, so we must be vigilant at all times.

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 4th Congregational meeting and discussing in more detail our projected results from FY 2024-2025 and the FY 2025-2026 budget. If you have questions feel free to email me at: harrissmithcpa@gmail.com.

FY 25/26 Budget Summary

Description	July 1, 2024 - June 30, 2025 Approved Budget	FY2425 Projected Actuals	FY2526 Draft Budget
Major Net Revenue Drivers and Programs Sch A			
Membership Dues, net of expenses	2,133,234	2,034,645	2,133,988
Preschool, net of expenses	589,985	679,366	858,180
Annual Givining, net of expenses	900,000	969,365	900,000
Security Assessment, net of expenses	(84,900)	(102,500)	(118,182)
Religious School, net of expenses	(117,237)	(137,324)	(140,410)
Center for Innovation, Net of Expenses	395	47,395	25,000
Total Net Revenues from Major Drivers and Programs	3,421,477	3,490,948	3,658,577
Other Sources of Revenues	237,435	217,435	209,000
Total Net Revenue (Budgeted)	3,658,912	3,708,383	3,867,577
Operating Expenses			
Administrative Personnel Costs			
Clergy and Executive Compensation	1,361,752	1,361,752	1,449,078
Office Salaries	750,900	728,272	763,222
Health Insurance, Payroll Taxes, Workers Comp	279,349	278,423	365,850
Total Administrative Personnel Costs	2,392,001	2,368,447	2,578,150
Program Costs			
Rituals	259,500	246,528	265,729
High Holiday, net of ticket sales	132,000	187,596	195,381
Social Justice	57,000	57,000	55,000
Adult Education - net	55,000	55,000	50,000
Library	-	-	-
Total Program Costs	503,500	546,124	566,110
General and Administrative Expenses			
Building Expense	475,803	481,367	542,668
Overhead	297,000	322,000	309,000
Office Expense	42,500	42,500	42,500
Total General and Administrative Expenses	815,303	845,867	894,168
Total Operating Expenses (Budgeted)	3,710,803	3,760,439	4,038,427
Net Surplus (Operating)	(51,891)	(52,056)	(170,851)
Net Other Income			
Endowment Funds	93,993	(61,442)	2,300
Extraordinary Income	300,000	565,000	500,000
SCHWAB Interest Income	83,872	83,872	40,000
Restricted Funds Income	-	-	-
Operations Building Depreciation	(385,496)	(385,496)	(385,496)
Capital Campaign Funds	(75,000)	(113,000)	100,000
Extraordinary Expenses	-	(6,000)	-
Total Net Other Income	17,369	82,934	256,804
Total Net Surplus	(34,522)	30,878	85,953

Major Revenue and Expense Drivers

Description	July 1, 2024 - June 30, 2025 Approved Budget	FY2425 Projected Actuals	FY2526 Draft Budget
Membership Dues Revenue, Net of Expenses			
Membership Dues Revenue	2,414,708	2,343,318	2,409,204
Membership Expenses	281,474	308,673	275,216
Net Membership Dues Revenue	2,133,234	2,034,645	2,133,988
Preschool, Net of Costs			
Preschool Revenue	3,409,730	3,631,682	3,905,250
Preschool Expenses	2,819,745	2,952,316	3,047,070
Net Preschool Revenues	589,985	679,366	858,180
Annual Giving, Net of Costs			
Revenue	900,000	969,365	900,000
Expenses	-	-	-
Net Annual Giving Revenue	900,000	969,365	900,000
Security Assessment, Net of Cost			
Security Revenues	36,000	37,500	112,500
Security Expenses	120,900	140,000	230,682
Net Security Assessment	(84,900)	(102,500)	(118,182)
Religious School, Net of Costs			
Religious School Revenue	549,840	521,640	522,875
Religious School Expenses	667,077	658,964	663,285
Net Religious School Revenues	(117,237)	(137,324)	(140,410)
Center for Innovation, Net of Costs			
Center for Innovation Revenue	115,000	135,000	25,000
Center for Innovation Expenses	114,605	87,605	(0)
Net Center for Innovation Revenues	395	47,395	25,000
Facility Rentals/Commissions, Net of Costs	20,000	20,000	20,000
Other Revenues	217,435	197,435	189,000
Total Program Net Revenues plus other revenues	3,658,517	3,660,987	3,842,576