

## Temple Sinai 2019-2020 Budget

To: Temple Sinai Members  
From: Deborah Lewis, EVP, Chair, Finance Committee  
Date: April 22, 2019  
Re: Operating Budget and Capital and Building Budget for 2019-2020

Dear Fellow Sinai Members.

On behalf of the Board of Trustees, I am presenting for your review and approval the two budgets for 2019–2020; the Operating Budget and the Capital and Building Budget.

The Operating Budget would not have been possible without the hard work and expertise of the Finance Committee – Ellen Agler, Liz Dunst, Nancy Golding, Niesa Halpern, Deborah Tanno, Bill Passer, Lew Previn, Helen Sonenshein, and Greg Weingast. This was a particularly challenging year and their efforts are much appreciated.

And we have the Building Committee, chaired by Marta Goldsmith, to thank for the Capital and Building Budget. I am grateful to them for ensuring our long-term physical and financial needs for our temple facilities.

Finally, but in no way least, we all owe our gratitude to Ellen Agler, who manages and massages the entire budget process. She carries most of the background work for the committee and it is a lot. Thank you, as well, to the office professionals for their assistance throughout the process.

### **Operating Budget**

The proposed budget is balanced. Both revenues and expenses will increase by 3% to \$6,767,821 and \$6,767,820 respectively. These figures include the Nursery School budget which, for purposes of the budget, is self-sustaining.

### **The key revenue assumptions are:**

**Membership Commitments:** The annual financial commitment to the temple from members represents the largest single source of revenue in the budget, at 65% (excluding the nursery school). Because membership leveled off during the 2018-2019 fiscal year we have, to be conservative, assumed no increase in membership for 2019-2020. We are increasing the membership commitment pledge table by 1.9%, in keeping with the typical annual increase. That increase alone will bring in \$59,142 over the current year's commitment income for a total budgeted amount of \$3,171,867.

This assumption of static membership is one reason the new budget was so challenging, but we believe this is a prudent assumption. Of course, any increase in membership will provide an addition to the budgeted amount.

**Religious School:** The budget for the religious school has slightly lower revenue than last year at \$653,869 due to a projection of slightly lower enrollment. Expense is projected to be slightly higher than last year at \$807,327. As always, there are more expenses for the religious school than direct income; the difference is covered by a combination of a transfer of funds from the religious school fund, and general temple revenues.

**Annual Fund:** This year's Annual Fund drive may fall short of the ambitious goal in the 2018-2019 budget. Nonetheless we are increasing the goal of the Annual Fund for next year to \$241,285. We are doing this for two reasons. The first is that we expect to add a development professional to the temple staff. This employee will increase the capacity for executing our comprehensive fundraising plans in conjunction with the impressive energies of our Development Committee, led by Seth Speyer. In addition, we will continue encouraging donors to the Capital Campaign to structure their giving to include an Annual Fund gift. We hope to see our trend with greater participation in the Annual Fund continue.

**Endowment Fund:** The budget includes a transfer of \$129,861 from the Endowment Fund for operating expenses. This annual transfer is arrived at by taking 4% of the December 31<sup>st</sup> average balance in the endowment for the last three years, in-keeping with our policy.

**Surplus Fund Transfer:** There are two transfers from the Surplus Fund. One is a transfer of \$68,000, to fund a little over half of the development expenses. This is in-keeping with board policy of drawing from this fund for programs that strengthen the temple's financial future. It is intended that this investment in our development operations will decline in future years as the program becomes self-sustaining.

There is a second transfer from the surplus fund of \$82,788. This is to balance the budget and is intended to be a one-time only transfer. Beginning in fiscal year 2020-2021, it is expected that the portion of the capital campaign allocated to the sustaining fund will be tapped to support temple operations. Our surplus fund policy allows for the transfer of funds when there are extraordinary unbudgeted expenditures and shortfalls, with the permission of the board. The budget shortfall that would otherwise not exist is occurring because of the highly unusual confluence of four new senior staff contracts. This transfer was approved by the board on April 17, 2019. The alternative would be to cut vital programs.

Of course, if revenues exceed budgeted expenses at the end of fiscal year 2019-2020, funds would be transferred to replenish the surplus fund.

**The key expense assumptions are:**

**Labor:** Our staff is the largest portion of our budget with wages for our ritual, administration, religious school, facilities and security staff accounting for 80% of our budget (including the nursery school). We are budgeting a 3% Cost-of-Living Allowance (COLA) raise for all the staff excluding the staff for which we have new contracts and therefore new salaries budgeted: Rabbi Rosenwasser, Rabbi Goldstein, Cantor Robins and Perri-Iger-Silversmith. In addition, Rabbi Roos' salary increase this year is an element of his contract.

The four new contracts for senior staff with salary increases, plus the next stage of Rabbi Roos' salary increase, contributed to the challenge of balancing this year's budget. The board felt very strongly that we should, at the very least, begin to bring our clergy salaries up to the market level for congregations of our size.

**Benefits:** The proposed budget includes a conservative 15% increase in health insurance costs for the second half of the year, and a 2% increase in other benefits. As always, thanks to the Administration Committee, chaired by David Wessel, for controlling these costs as well as possible.

**Development:** The administrative costs for the Capital Campaign will be funded from the campaign itself. Development costs for all other fundraising is budgeted at \$120,939, with \$68,000 of the costs being covered by a transfer from the surplus fund as discussed above. These non-Capital Campaign expenses will be for the personnel costs for our development coordinator, a very part-time assistant and related costs such as postage.

**Security:** The amount budgeted for security expenses are \$268,883, which is a 42% increase over the 2018-2019 budget. The increase will cover both added security staff time as well as increased salaries for higher-level expertise.

### **Capital and Building Maintenance Budgets**

This budget was shaped by the Building Committee Chair Marta Goldsmith with significant support from committee member and renovation and expansion Project Manager, Adam Prill. Special thanks go to Ellen Agler, who sits on this committee, for all of her hard work and daily oversight of these projects.

In 2019-2020, we plan \$86,525 for debt service and \$480,350 in project costs & reserves for a total of \$566,878, which is a \$196,150 increase over the current year. Some of the projects for next year include enhancing the security system, and life-cycle maintenance such as replacing blinds in the classrooms and replacing seating in the Bet Am. It should be noted that with the planned renovation and expansion happening through the Capital Campaign in the next few years, maintenance & replacement projects will be planned with an eye toward opportunities, when possible, to save costs by getting work completed in conjunction with the renovation and expansion work.