

## Temple Sinai 2022-2023 Budget

To: Temple Sinai Members  
From: Ken Jaffe, EVP, Chair, Finance Committee  
Date: May 25, 2022  
Re: Operating Budget and Capital and Building Budget for 2022-2023

Dear Fellow Sinai Members.

On behalf of the Finance Committee, I submit for your review and approval the two budgets for 2022–2023: 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 –David Antonelli, Liz Dunst, Glenn Engelmann, Nancy Golding, Niesa Halpern, Julian Josephs, Bill Passer, Steve Sachs, Deborah Tanno, Carla Washington, Greg Weingast, and Michael Zelin. This was another challenging year, and their efforts are much appreciated.

And we have the Building and Grounds 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. Members of the committee are Gerry Castillo, Bill Kominers, Asher Lipman, Bob Loesche, Kevin Mulshine, and Rick Tempchin.

Additionally, we all owe our gratitude to Executive Director Ellen Agler and Finance Manager Andrei Israel, who manage and implement the entire budget process. They support the work of the committees and develop the detailed budgets based on their projections for administrative functions and the input of the other dedicated professionals on the temple staff. The vital contributions of Cantor Rebecca Robins, the Religious School Director, and Ali Hurewitz, Director of Early Childhood Education, are particularly valued because of the importance of the Religious School and the Nursery School to the overall budget. Thanks go as well to all of the committee and program chairs, who provided invaluable input about their programs' financial needs. We welcome the addition of the Multiracial Sinai committee, whose important work is included in the budget for the first time this year.

Before turning to the 2022-2023 budgets, a brief word about the 2021-2022 results is in order. This was a challenging year from a financial perspective, as well as many others. But we had the benefit of assistance from the government, including a second Paycheck Protection Program (“PPP”) loan and two grants from the DC government to support the Nursery School’s reopening. That assistance, together with the continued generous support of the congregation, enabled the temple to conclude the 2021-2022 fiscal year with a substantial surplus, estimated to total approximately \$751,531. Consistent with temple policy, that surplus will be held in the Surplus Fund to be used, as needed, to meet costs in future years. Without the PPP and other government assistance programs, we would have seen a significant deficit in 2021-2022. In 2022-2023, the PPP will not be available and other government support is uncertain, at best. Meanwhile, we will continue to face many of the same challenges, including lower-than-

historical enrollment in the Religious School and the Nursery School. We address these challenges in the 2022-2023 budget.

## **Operating Budget**

The proposed budget is balanced. Both revenues and expenses are projected to total \$6,663,139. This figure includes both costs and revenues for the nursery school and the religious school as part of the overall temple budget. As explained below, the budgeted revenues include \$416,463 transferred from the Surplus Fund

### **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, representing 50 percent of total revenues. Membership and membership commitment revenues have declined from their pre-pandemic peaks, but in the current year our membership commitment revenues have increased from the prior year by 1.9 percent. The budget projects an increase of 2 percent in Membership Commitment revenues in 2022-2023. This projection reflects an increase in the membership commitment pledge table of 5.8% percent, which, in keeping with temple policy, tracks inflation. As our activity returns closer to pre-pandemic levels, we expect membership numbers to move in a positive direction over the coming years.

**Religious School:** The budget for the religious school projects a significant increase in revenue to \$590,961, as enrollment begins to recover, though this is still below historical levels. Expenses are projected to be slightly higher than last year at \$785,956, which reflects the deferral of some costs to next year as a cost-savings measure. As always, there are more expenses for the religious school than tuition income; the difference is covered by a combination of a transfer of funds from the Bernstein Religious School fund and general temple revenues.

**Nursery School:** The budget for the nursery school, which is included in the overall temple budget, reflects increases in both revenues and expenses, to \$1,515,400 and \$1,532,160, respectively. The expenses for the nursery school, too, reflect cost deferrals to help address the temple's fiscal situation. The budget includes a transfer of \$75,000 from the Nursery School fund, which has not been used in the past two years, to cover shortfalls in the budget and in past years. This transfer is included in the "Other" revenue category. Over \$350,000 will remain in the Nursery School fund after this transfer.

**Annual Fund:** The budget includes \$244,000 in Annual Fund revenues. Although slightly below this year's total of \$275,000, this is an ambitious goal. It reflects the generosity of the temple membership, many of whom have taken advantage of the opportunity to make Annual Fund pledges as part of their membership pledges or have included Annual Fund gifts as part of pledges to the Capital Campaign.

**Endowment Fund:** The budget includes a transfer of \$173,502 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.

**Sustaining Fund:** The budget includes two transfers from the Sustaining Fund established by the Capital Campaign to support temple operations in three areas. One transfer of \$105,698 supports pastoral care and our clergy. A second transfer of \$59,300 supports the Davis Center for Social Justice and is included in the “Other” revenue category.

**Surplus Fund Transfer:** The budget includes a transfer of \$416,463 from the Surplus Fund. This transfer is required to balance the budget in line with established Surplus Fund policy, which allows for the transfer of funds when there are extraordinary unbudgeted expenditures and shortfalls, with the permission of the Board. The transfer is necessary in this budget since the PPP and other government programs that helped fund operations during the pandemic will no longer be available, and temple membership and school enrollment have not recovered to pre-pandemic levels. The Surplus Fund has a total projected balance of \$1,699,840 at the end of 2021-2022. It is likely that additional transfers from this balance will be needed in the next few years.

**The key expense assumptions are:**

**Personnel:** Our staff is the largest portion of our budget, with wages for our ritual, administration, religious school, nursery school, facilities and security staff accounting for 72% of our budget. We are budgeting a 5% Cost-of-Living Allowance (COLA) raise for all permanent staff, excluding the staff for which we have new contracts and therefore new salaries budgeted. This category also includes clergy compensation.

The proposed budget includes a conservative 8% increase in health and other insurance benefits. As always, thanks to the Administration Committee, chaired by David Wessel, for controlling these costs as well as possible.

**Contract Security:** This year, we began using armed contract security to supplement the temple’s safety team whenever members are in the building. A total of \$105,300 is budgeted for this service for 2022-2023.

**Other costs:** We anticipate increased usage of the building in the next year and increased costs due to inflation. Accordingly, this budget reflects higher anticipated costs for building operations compared to the past two years.

## **Capital and Building Maintenance Budgets**

This budget was shaped by the Building Committee, chaired by Marta Goldsmith, with support from 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 2022-2023, we plan \$100,000 for debt service, \$351,600 in project costs, and an increase to reserves of \$10,000, for a total of \$461,650, which is a \$107,000 increase over the current year. Some of the projects for next year include the build-out of classrooms, a youth lounge, and teachers' workrooms, upgrading parking lot light fixtures, and reinsulating of exterior refrigerant piping. There is also \$112,250 included in the budget for the continuation of projects approved this year. We are continuing the practice of planning maintenance & replacement projects with an eye toward opportunities, when possible, to save costs by getting work completed in conjunction with the renovation and expansion work.