

FOR THE ANNUAL MEETING – May 24, 2023

Temple Sinai 2023-2024 Budget

To: Temple Sinai Members
From: Ken Jaffe, EVP, Chair, Finance Committee
Date: May 24, 2023
Re: Operating Budget and Capital and Building Budget for 2023-2024

Dear Fellow Temple Sinai Members.

On behalf of the Finance Committee, I submit for your review and approval the two budgets for 2023–2024: 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, Glenn Engelmann, Nancy Golding, Julian Josephs, Bill Passer, Dianne Rudo, Steve Sachs, Deborah Tanno, and Carla Washington. 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.

Before turning to the 2023-2024 budgets, a brief word about the 2022-2023 results is in order. This was another challenging year from a financial perspective. We no longer had the benefit of assistance from the government, including the Paycheck Protection Program, and tuition revenues from the Religious School and Nursery School were reduced because their enrollment levels remain below pre-pandemic levels. We are fortunate and grateful that we can once again join together in person for worship, learning, and community, but we incur increased facility operating costs to do so. As a result of these factors, we project that the temple will be required to draw \$270,000 from the Surplus Fund to balance the operating budget. We will continue to face these challenges and we address them in the 2023-2024 budget.

Operating Budget

The proposed budget is balanced. Both revenues and expenses are projected to total \$6,576,188. Despite high overall inflation, which has affected the temple's operations, this represents an increase of only 0.3% in the temple's operating expenses. 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 \$290,989 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, though in the current year our membership commitment revenues have increased from the prior year's level. The budget projects an increase of 1.5% in Membership Commitment revenues in 2023-2024. This projection reflects an increase in the membership commitment pledge table of 5.8%, 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 an increase in revenue to \$578,812, as enrollment continues to recover, though this is still below historical pre-pandemic levels. Expenses are projected to be slightly higher than last year at \$752,679. 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 reductions in both revenues and expenses, to \$1,259,010 and \$1,299,010, respectively. The budgeted revenue includes a transfer of \$75,000 from the Nursery School fund, to cover a portion of this budget shortfall. Over \$260,000 will remain in the Nursery School fund after this transfer.

Annual Fund: The budget includes \$240,000 in Annual Fund revenues. This revenue reflects the generosity of temple members, many of whom have made pledges to the annual fund beyond their membership commitment or as part of their Capital Campaign support.

Endowment Fund: The budget includes a release of \$179,635 from the Endowment Fund for operating expenses. This annual transfer is arrived at by taking 4% of the December 31st 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 \$150,843 supports pastoral care and our clergy; this is the amount in the Sustaining Fund Allocation income line. A second transfer of \$81,000 supports the Davis Center for Social Justice and is included in the "Other" revenue category.

Security Fee Revenues: The budget includes \$136,120 in revenues from the Security Fee approved by the Board of Trustees to defray a portion of the temple's increased costs for safety and security personnel. The Security Fee of \$200 is assessed on all member households and all non-member families with a student in the Nursery School or Religious School.

Surplus Fund Transfer: The budget includes a transfer of \$290,989 from the Surplus Fund. This transfer is 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 government programs that helped fund operations during the pandemic are no longer be available, costs have continued to increase, and temple membership and school enrollment have not recovered to pre-pandemic levels. The Surplus Fund has a total projected balance of \$1,696,200 at the end of 2022-2023. It is likely that additional transfers from this balance will be needed in the next few years as we work toward a balanced operating budget.

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 76% of our budget. We are budgeting a 4.2% Cost-of-Living Allowance 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 projected 7% 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: Last year, we began using armed contract security to supplement the temple's safety team for worship services, certain programs and when students are in the building. A total of \$125,450 is budgeted for this service for 2023-2024.

Other costs: We anticipate increased usage of the building in the next year including our new south addition space, increased utility costs, and increased costs due to inflation. Accordingly, this budget reflects higher anticipated costs for building operations.

Capital and Building Maintenance Budgets

This budget was shaped by the Building & Grounds 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 2023-2024, we plan \$100,000 for debt service, \$653,542 in capital and maintenance project costs, and an increase to reserves of \$10,000, for a total of \$851,542. While this is a

substantial increase over the current year, the total includes \$244,440 for projects that were approved in prior years, but not completed. Some of the new projects for next year include an upgrade to fluorescent lighting to increase energy efficiency, playground landscaping, security system improvements, and website design. 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.