

**Temple Isaiah
Congregational Meeting
FY 2019-20 Budget Presentation Summary
Prepared by
Michael Diamond, Treasurer**

The 2019 Annual Congregational Meeting will take place on Sunday, May 19, 2019 and those in attendance will be asked to approve the FY 2019-20 budget based on the recommendation of the Board of Trustees. To facilitate the budget discussion, please see the budget overview below and the two spreadsheets that summarize the proposed FY 2019-20 budget. I will make an in-depth budget presentation at the meeting that details the critical highlights related to next year's budget that are outlined below:

FY 2019-20 Budget Overview

FY 2019-20 budget shows a projected excess of revenues over projected expenditures of **\$226,802** before a \$200,000 allocation from the Operating Fund to a Capital Fund (see item 7 below). After this \$200,000 is transferred to a Capital Fund, the final excess of revenues over expenditures in the operating budget for FY 2019-20 is \$26,802. The most significant reasons for this relatively large excess this year are:

1. Executive Personnel Costs -- Clergy and senior staff salaries and fringes:

- a. The elimination of Rabbi Joel's salary and related fringes from the FY 2019-20 reduces our clergy salaries year-over-year by approximately \$265K
- b. Other clergy contract salary increases are partially offset by related contract decreases, resulting in a small overall increase for our clergy.
- c. There are normal contract increases in other senior staff salaries of about \$10K before fringes (this does not include senior staff salaries that are included in our schools, camp and program budgets).
- d. \$150,000 contingent salary line is included in Executive Salaries section of the budget. This is a placeholder for the possibility we might hire a Religious School Director or at least a senior level person and/or a part-time clergy sometime during the upcoming year and/or incur other salary or costs as we transition back to a one senior rabbi model.

2. Religious School:

- a. The deficit from the Religious School for FY 2019-20 has decreased to just over \$33,000, a decrease from the FY 2018-19 budget by over \$130K. This is due to a small projected increase in revenues combined with a decrease in expenses, primarily because of the elimination of Stephanie Schwartz's (Religious School Educator) salary and fringes who is leaving Isaiah on June 30, 2019.
- b. As we know, the Religious School is central to Temple Isaiah's mission. Over the past year, Rabbi Zoe has played a critical role in stabilizing the school and, working closely with Carla, bringing fresh ideas to the structure, curriculum and student interactions. While we allocate overall Temple security, custodial and copying costs to both the Preschool and the Religious School, we have not allocated any of Rabbi Zoe's salary for FY 2019-20 to the Religious School budget. If we allocated 50% of her salary to the School this would significantly increase the deficit beyond the budgeted amount of \$33K. Religious School enrollments have trended down at Isaiah and at our peer synagogues and while our staff is working diligently to grow our enrollments and beginning to show success, we can most likely expect additional years where Religious School expenditures will exceed tuition revenues.

3. Preschool:

- a. Preschool gross revenues are anticipated to increase by almost 8% in the FY 2019-20 budget over the FY 2018-19 budget. Combined with a lower percentage increase in expenses, this results in a budgeted increase of over \$160K in "the bottom line" compared to the FY 2018-19 budget.

4. Camp Isaiah:

- a. Lisa Rostaing, the Director of Youth and Camps, has initiated an innovative JCIT program with the result that total Camp revenues for the FY 2019-20 Budget are a \$100,000 higher than the FY 2018-19 budgeted revenues. This increase in budgeted revenues, however, is offset by increases in expenses for this and other camp programs (mostly labor) of about \$70K. This results in a bottom-line increase to the projected FY 2019-20 budget of over \$36K over the FY 2018-19 budget.

5. Annual Giving/Development:

- a. Notwithstanding Rabbi Joel's departure, the consensus of Seth Rosenzweig, the Director of Development, Kristen Lonner, our VP of Development, the Development Committee and the Clergy was that the effect of Joel's departure would not significantly affect our annual giving and that the \$800,000 annual giving target level in the FY 2019-20 budget is achievable.

6. Overall General and Administrative Expenses, Office and Building Costs (Overhead):

- a. Michael Cantor, the Executive Director, has taken the lead in moderating our overall Overhead cost increases, especially in the areas of security and custodial while ensuring the appropriate and needed level of services in these two areas.

He has also kept our office cost increases to reasonable levels. These savings are offset by higher legal, accounting, consulting costs and technology costs.

7. Transfer of \$200,000 to a Capital Fund:

- a. In the past, Temple Isaiah has not established and supported a capital fund to manage deferred maintenance costs and/or purchase additional significant capital assets. The Budget Committee and the Board recommend that \$200,000 from the FY 2019-20 operating budget be transferred to a Capital Fund for future major renovations or capital asset purchases, as needed, appropriate and approved by the Board. The establishment of such a fund is consistent with Article IX, Section 1 of the existing Temple By-Laws. After this \$200,000 transfer to the capital fund, we will be left with a budgeted excess of operating revenues over operating expenditures of \$26,802.

Projected Actual Results for FY 2019-20

As we are approaching the end of the current fiscal year, we can make a reasonable estimate of our actual financial performance for this year. At last year's Congregational Meeting, the Congregation voted to approve the FY 2018-19 budget that showed a deficit of \$50,360. Based on our results to date, I am confident that our estimated actual deficit should not be greater than this amount and there is a reasonable possibility that our performance will result in a small surplus.

As a reminder, these documents are for Temple Isaiah Congregation members only, so please do not distribute them to others. I look forward to seeing you at the May 19th meeting and discussing in more detail our projected results from FY 2018-19 and the FY 2019-20 budget. If you have questions, feel free to email me at mdiamond@marshall.usc.edu.

**Temple Isaiah
Budget Summary
Draft Budget FY1920**

Description	July 1, 2018 - June 30, 2019 Approved Budget	July 1, 2018 - June 30, 2019 Projected Actuals	FY 2019-2020 Budget
Major Net Revenue Drivers and Programs Sch A			
Membership Dues, net of expenses	1,837,204	1,811,421	1,795,446
Preschool, net of expense	663,107	843,533	822,596
Annual Givining, net of expenses	589,190	534,423	627,086
Security Assessment, net of expenses	138,200	187,400	187,450
Religious School, net of expenses	(168,433)	(152,332)	(33,219)
Isaiah Camp, net of expense	76,173	61,341	112,526
Total Net Revenues from Major Drivers and Programs	3,135,441	3,285,786	3,511,884
Other Sources of Revenues	67,369	72,462	66,500
Total Net Revenue	3,202,809	3,358,248	3,578,384
Operating Expenses			
Administrative Personnel Costs			
Clergy and Executive Compensation	1,277,629	1,336,522	1,049,204
Contingent Exp for Possible Sr Staff Hires/Reor Expenses	-	-	150,000
Office Salaries	707,045	681,216	746,719
Health Insurance, Payroll Taxes, Workers Comp	181,496	181,496	269,973
Total Administrative Personnel Costs	2,166,169	2,199,234	2,215,896
Program Costs			
Rituals	287,097	220,780	267,517
High Holiday, net of ticket sales	67,754	75,771	61,454
Community Affairs	42,100	57,155	55,000
Adult Education - net	32,500	32,500	44,000
Library	18,640	18,640	19,164
Total Program Costs	448,090	404,846	447,136
General and Administrative Expenses			
Building Expense	319,380	296,051	332,050
Overhead	266,800	345,000	304,500
Office Expense	53,000	47,500	52,000
Total General and Administrative Expenses	639,180	688,551	688,550
Total Operating Expenses	3,253,440	3,292,630	3,351,582
Net Surplus (Deficit)	(50,630)	65,618	226,802

Temple Isaiah Budget
Major Revenue Drivers and Programs Summary Detail
Draft Budget FY2019-20

Description	July 1, 2018 - June 30, 2019 Approved Budget	July 1, 2018 - June 30, 2019 Projected Actuals	FY 2019-2020 Budget
Membership Dues Revenue, Net of Expenses			
Membership Dues Revenue	2,093,925	2,083,117	2,130,000
Membership Expenses	256,721	271,696	334,554
Net Membership Dues Revenue	1,837,204	1,811,421	1,795,446
Preschool, Net of Costs			
Preschool Revenue	4,169,800	4,341,877	4,497,000
Preschool Expenses	3,506,693	3,498,344	3,674,404
Net Preschool Revenues	663,107	843,533	822,596
Annual Giving, Net of Costs			
Revenue	752,500	660,000	810,000
Expenses	163,310	125,577	182,914
Net Annual Giving Revenue	589,190	534,423	627,086
Security Assessment, Net of Cost			
Security Revenues	275,000	260,000	265,000
Security Expenses	136,800	72,600	77,550
Net Security Assessment	138,200	187,400	187,450
Religious School, Net of Costs			
Religious School Revenue	703,400	712,600	728,195
Religious School Expenses	871,833	864,932	761,414
Net Religious School Revenues	(168,433)	(152,332)	(33,219)
Isaiah Camp, Net of Costs			
Camp Revenues	398,850	383,837	504,390
Camp Expenses	322,677	322,496	391,864
Net Isaiah Camp Revenues	76,173	61,341	112,526
Facility Rentals/Commissions, Net of Costs	53,369	37,460	54,500
Memorial Rentals, Net of Costs	2,000	-	-
Other Revenues	12,000	35,002	12,000
Total Program Net Revenues plus other revenues	3,202,809	3,358,248	3,578,384