



Annual Meeting

Treasurer's Report

June 20, 2016

I am happy to have the opportunity to present the Treasurer's report tonight. I am grateful to Len Berman, the assistant treasurer, and my fellow officers for their work on the budget and finances and would like to convey a special thank you to our Controller, Polina Berdich, who works tirelessly and does a terrific job.

One of our goals is to provide you with financial transparency and best-in-class financial practices in the non-profit world. I am pleased to report that our audit committee, led by Ami Aharon, worked with our independent accounting firm, Loeb & Troper, to complete The Jewish Center's 2015 audited financial statements. The JC once again received an unmodified opinion. I also want to take this opportunity to update you on changes to our audit committee. Seth Jonas, Robert Grauman and Andrew Steinerman stepped down from the committee over the course of the last year, and Howard Brodie, Moshe Fruchter and Harriett Gordon Wagman joined the committee in their stead. Also, Ami has informed us of his decision to step down and we are in the process of searching for a suitable replacement. On behalf of all of the officers, I would like to thank Ami, Seth, Robert and Andrew for their dedication and support.

Before I offer details on our 2016 budget, I would like to remind you of two guiding principles that are at the core of the budget allocation process. First, our goal is to not only remain a leading and vibrant Modern Orthodox institution but to constantly enhance the overall membership experience. To that end, we try to be attuned to the membership wishes and to address members' priorities while maintaining a balanced budget.

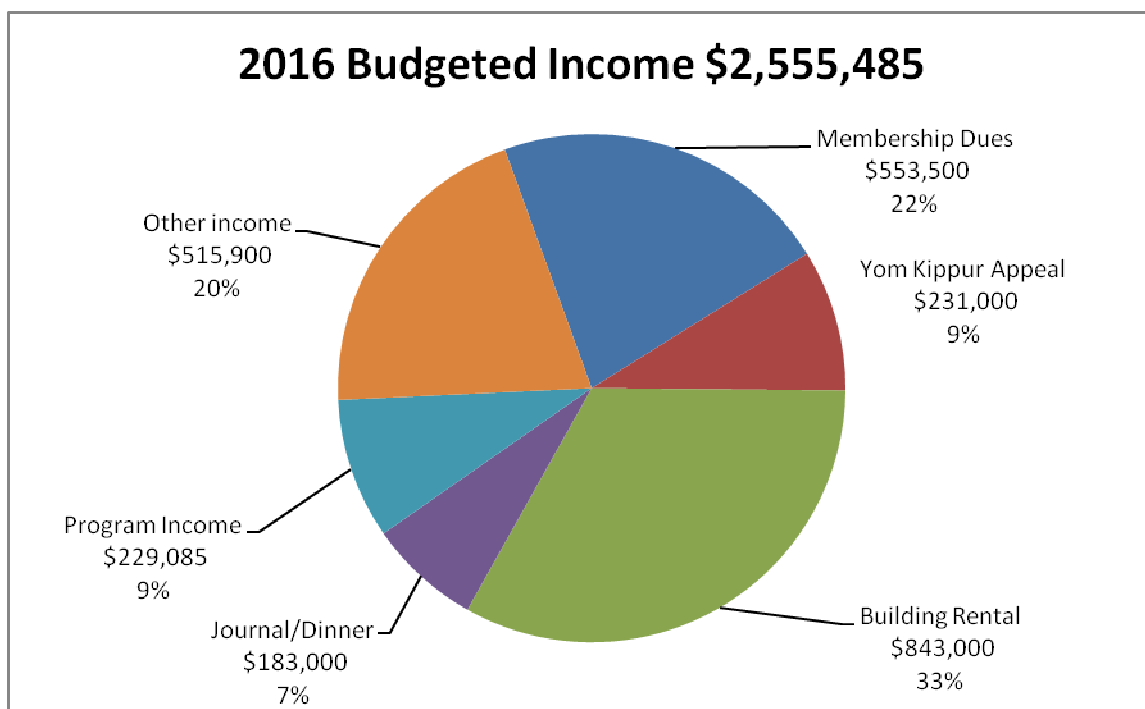
Second, we aim to be prudent and conservative in our budgeting while improving the visibility of our budget. This is not always easy to achieve, given the costs of maintaining an 11-story 100 year-old building, an Upper West Side location and the wide array of programming required by various interests of a diverse community. Still, we've managed to achieve this second principle as well.

That being said, we ended 2015 with a modest deficit of \$35,000, which comes to about 1% of our budget. Expenses were the main cause for the shortfall, as our actual income was \$60,000, or about 2%, above budget, boosted by nearly \$250,000 from One Gift donations. Payment of 2014's staff bonuses in January of 2015 – which is merely a

timing issue – as well as a 25% increase in our liability insurance and a new, unexpected city real estate tax bill, accounted for a headwind of \$70,000, and could explain the deficit. However, in the interest of transparency and accountability, I will add that the deficit also brought to light the need for better expense discipline across our programming and building maintenance, as well as in collection of pledges, and we have been more diligent and attentive to these aspects in 2016.

I would now like to review with you our 2016 operating budget. The budget reflects the costs of providing unparalleled pastoral care, learning, services, events and programming for our diverse demographic base, as well as the sources of funding these costs.

2016 Budgeted Income

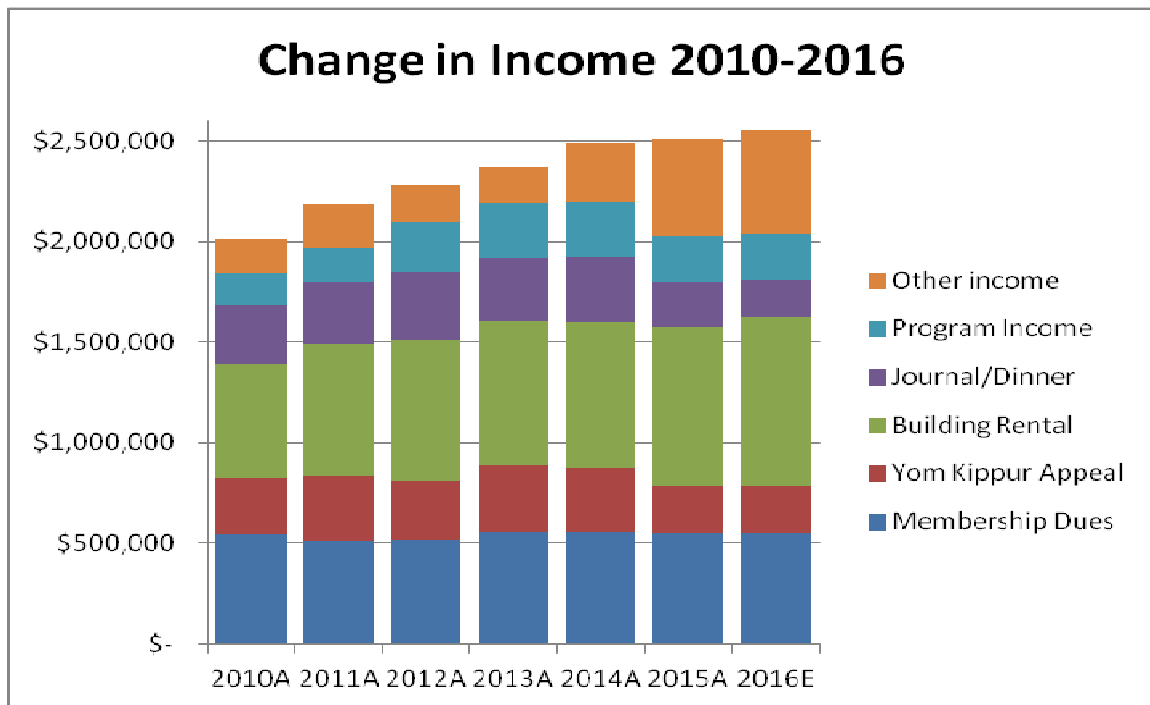


As you can see in the Income pie chart above, membership dues, although a significant commitment on all our parts, cover only about 22% of The Jewish Center operating budget income while income from the Annual Dinner and Yom Kippur Appeal accounts for another 16% of the total. Note that the Dinner and Yom Kippur Appeal account for a considerably smaller portion of overall income compared to prior years, while the Other Income category, which now accounts for 20% of the budget, has grown. These changes reflect the roll-out of the One Gift Program, where we are budgeting an \$80,000 increase, to \$330,000, for 2016. I would like to emphasize that we carefully follow and analyze One Gift contributions to ascertain that they are accretive to overall income.

Program income accounts for 9% of our budgeted income for the year. As a reminder, with the notable exception of the Youth Department, we strive to have a neutral budget for most of our programming. These figures show how very significantly The Jewish

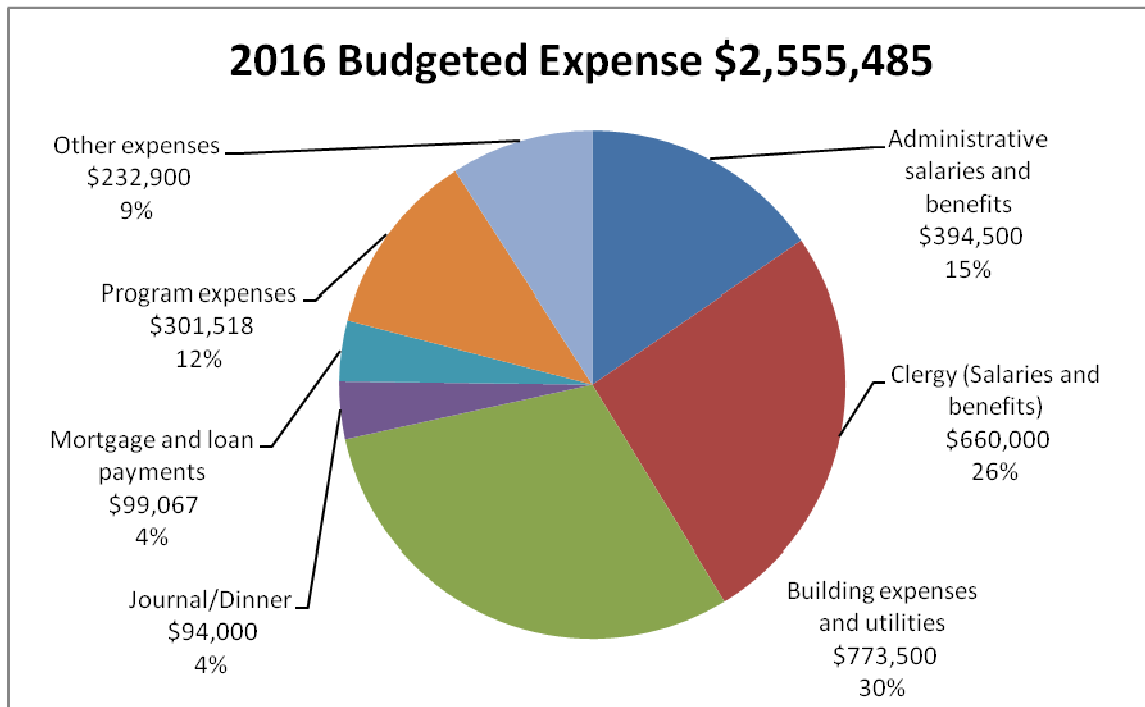
Center relies on all of us, not only for payment of membership dues but also for participation in the Annual Dinner, Yom Kippur appeal, sponsorship and other donation opportunities.

The last source of income, Building Rental, is expected to generate a third of The Jewish Center's 2016 income. Ideally, we would aim to have a larger percentage of our operating budget come from member donations and to allocate more of our building rental income for capital improvements and reserves. Reserves amounted to \$253,000 at year-end 2015 and remain largely unchanged as of the end of May of this year. We will be tapping into these reserves in the months ahead, to fund some of the upfront costs associated with the Centennial capital campaign, until donations from the campaign build up.

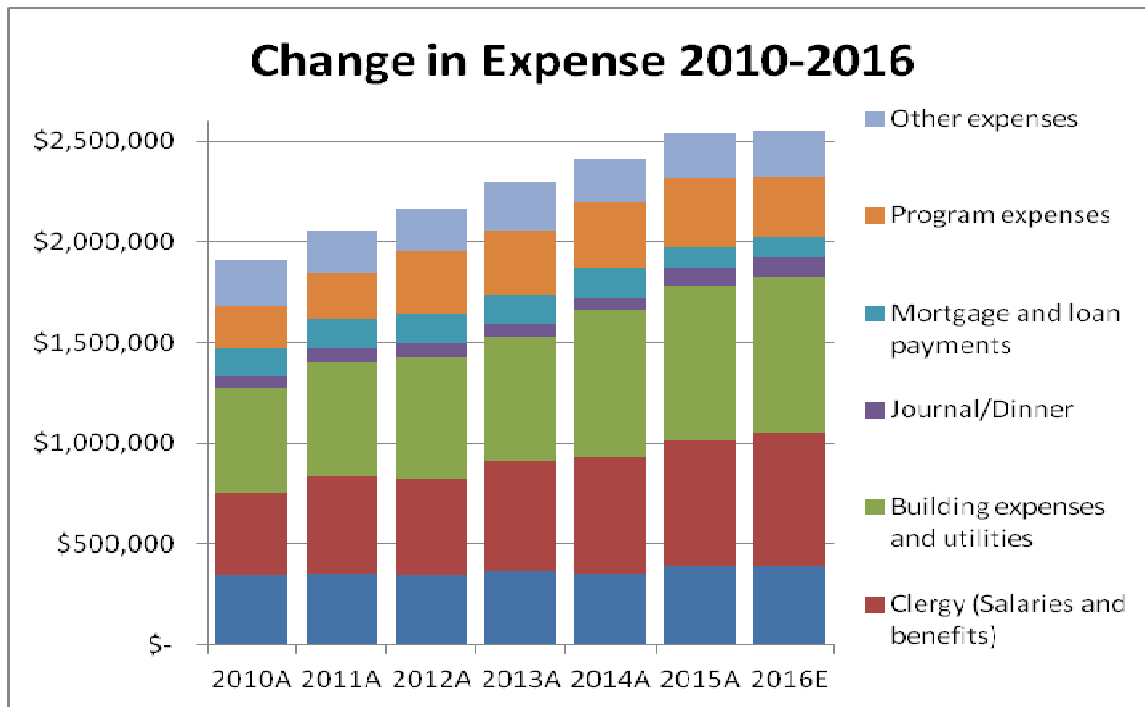


Since 2010, our income annual growth rate income has been 4%. The fastest growing sources of income have been Other Income (+20%), Building Rental (+7%) and Program Income (+6%). Save for 2015, we recorded a surplus over each of the years over the measured time period, used to build up our reserves.

2016 Budgeted Expenses



The Expenses pie chart above indicates that physical plant costs (utilities, maintenance, security, service, repairs, etc) represent 34% of expenses – included in the 34% is 4% representing interest charges on our mortgage. Programming accounts for 12% of expenses. 41% of all expenses are related to clergy and administrative salaries and benefits. The remaining 13% of expenses are divided over various categories.



Since 2010, the our personnel compensation expense lines have grown at an average annual rate of 6%, the annual Building and Mortgage expense lines have grown by 5% on average and our Program and Other expenses have grown at an average annual rate of 4%. Mortgage costs have decreased as a result of the payment of one loan and refinancing of another loan.

With the goal of cutting expenses where possible and increasing income, we are hoping with your help to build up reserves. Looking forward, we would be grateful for your participation in coming up with new ideas on these fronts. Until such time as our reserves are adequate, we are heavily dependent on prompt payment of dues and pledges in order to continue to offer the quality program offering and to support our seasonal cash flow. Please feel free to contact me at aron@jewishcenter.org or our Assistant Treasurer, Len Berman, at len@jewishcenter.org with any questions, suggestions or ideas.