



Annual Meeting

Treasurer's Report

June 12, 2019

I am happy to have the opportunity to present the Treasurer's report tonight. I am grateful to 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, as well as my predecessor, Yaron Kinar, who left me with a healthy and disciplined budget at the time of his transition of the Treasurer role to me mid-last year.

2018 Financial Statements & Operating Results.

One of our goals is to provide you with financial transparency and achieve best-in-class financial practices in the non-profit world. We were informed earlier this year that the firm who had served as our independent accounting firm for the last several years, Loeb & Troper, had decided to terminate providing services to institutions of our size. Our President, Andrew Borodach, along with our audit committee, conducted a quick and efficient search to find a replacement and ultimately retained S. Adelsberg & Co, in what we hope will be the beginning of a longstanding relationship. Our new auditors quickly got up to speed and, working closely with our audit committee, led by Moshe Fruchter, successfully completed The Jewish Center's 2018 audited financial statements. The JC once again received an unmodified opinion. On behalf of all of the officers, I would like to thank Moshe and the other members of the audit committee, Howard Brodie, Meir Rotenberg, Lyat Salomon and Allison Nitzky for their dedication and support.

We ended 2018 with essentially a balanced budget, incurring a \$3,600 operating deficit, which represents less than 1/7 of 1% of the budget. While 2018 ended our recent streak of two consecutive years of budgetary surpluses, comparison of the 2018 to 2017 operating results is not an "apples to apples" comparison, as 2018's budget was impacted by the Centennial campaign, which income and expenses are accounted for separately, as discussed below. Specifically, the Centennial campaign had a negative impact on 2018's operating donation income (as many donations were directed towards the Centennial campaign) and increased 2018's programming expenses due to an "enhanced" programming schedule around the Centennial. In addition, I remind the membership that our budget is a cash budget, with income and expenses recorded at the time the cash income or outlay occurs, as opposed to when it is accrued or incurred. As Yaron pointed

out in last year's report, certain expenses incurred in late 2017 were not actually paid until 2018, which further impacted the 2018 results.

This past year also saw increased building expenses relating to the necessity of repairing the fire escape and performing repairs to the building façade in order to comply with NYC's "Local Law 11," which mandates our building's inspection every 5 years. In an effort to make lemonade out of lemons, we took this opportunity to power wash the building's façade as a further aesthetic enhancement. Upon completion, these projects will have generated approximately \$425,000 of expenses, approximately 75% of which have been paid to date. We paid a significant portion of these expenses from our reserve fund, while still maintaining a pledge by the Board of Directors to maintain a healthy reserve of at least \$300,000. We hope to be able to replenish the reserve fund, which today stands at about \$309,000, to its prior levels gradually over the next few years.

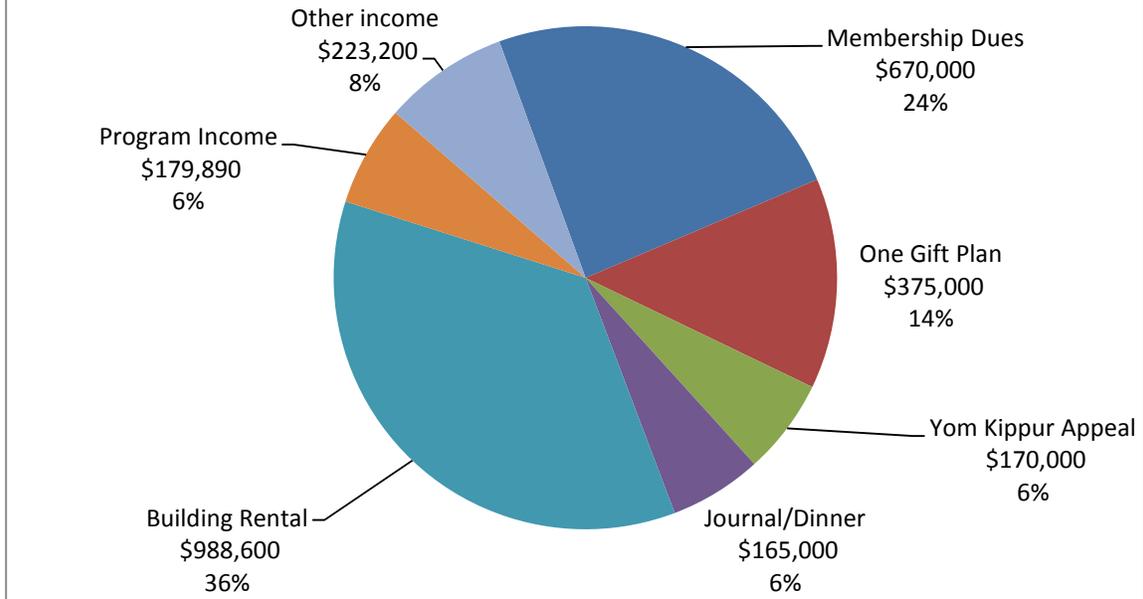
Centennial Campaign

Next, I would like to provide you with an update on the results of our Centennial campaign. While we strongly encourage any additional pledges, the campaign substantially concluded last year. To date we have received slightly over \$4.4 million in pledges, approximately 61% of which have already been paid. Our President has previously updated you on the exciting projects we have already initiated in putting these funds to work, including the refurbishment of the main sanctuary, which will include installation of new pews and cushions, new wainscoting and a repainting of the interior. We project the total cost for this refurbishment project to be about \$700,000, which, after the payment of Centennial-related expenses, and assuming collection of the remaining outstanding pledges, will leave over \$2 million of Centennial funds for future projects. The Officers, along with the Board of Trustees and the Administrative Committee, will be working together to prioritize future projects using these funds.

2019 Budgeted Income

I would now like to review with you our 2019 operating budget. As you can see in the Income pie chart below, membership dues, although a significant commitment on all our parts, cover only about a quarter of operating income while income from the Annual Dinner and Yom Kippur Appeal accounts for approximately 12% of the total. Note that the trend over the past few years has been that Dinner and Yom Kippur Appeal account for a considerably smaller portion of overall income, while One Gift, which we now break out as a separate line item, and which accounts for 14% of the budget, has grown. I would like to emphasize that we carefully follow and analyze One Gift contributions to ascertain that they are accretive to overall income.

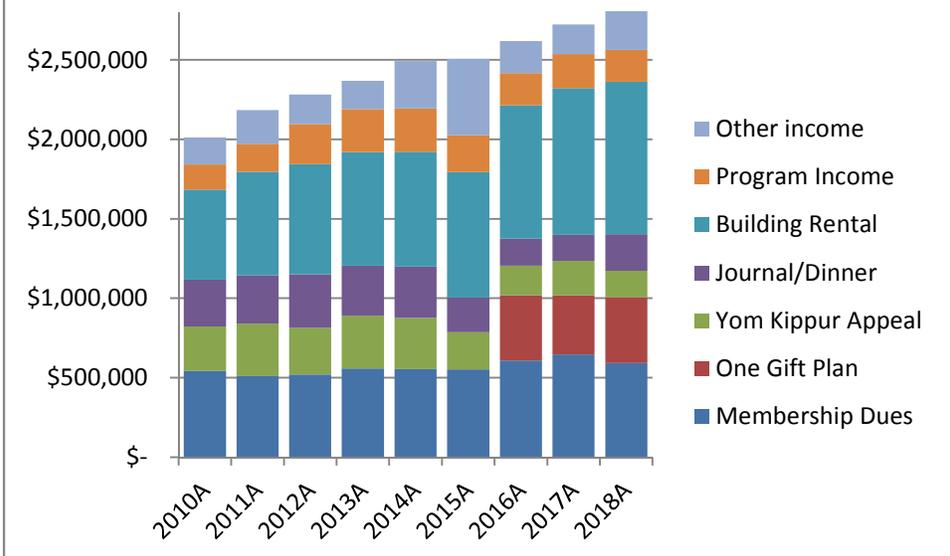
2019 Budgeted Income \$2,771,690



Program income accounts for approximately 6% 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.

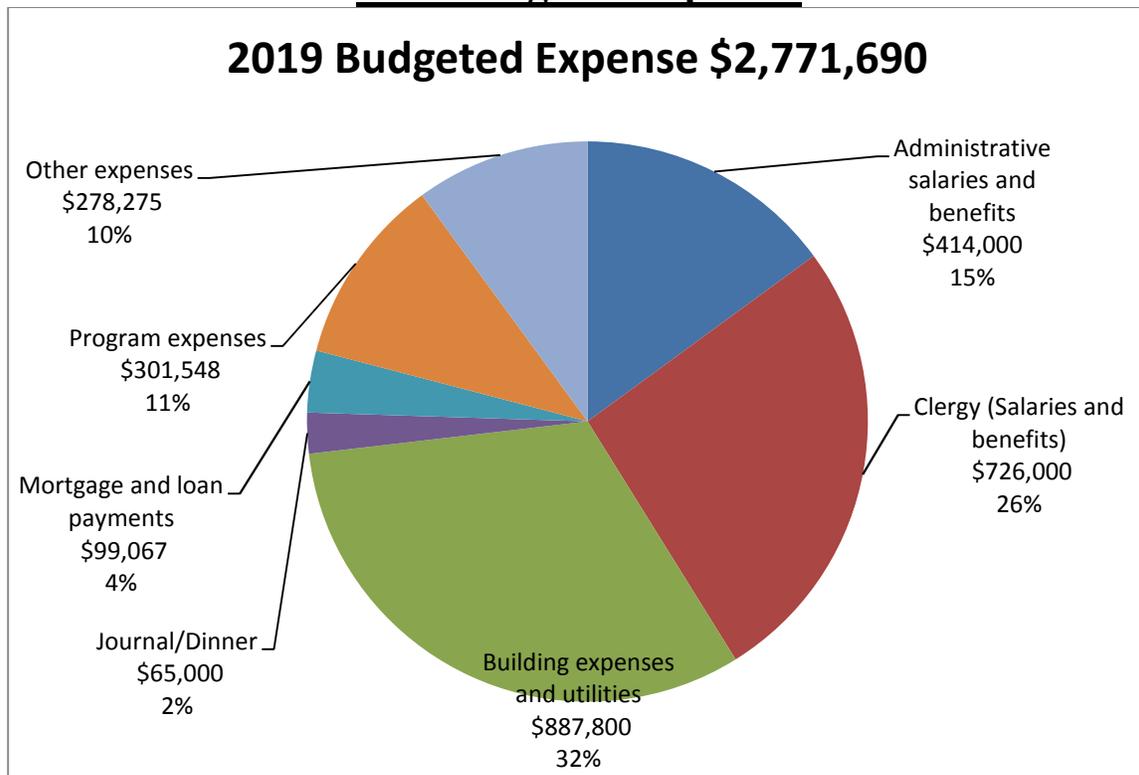
Building Rental is expected to generate over 35% of The Jewish Center’s 2019 income. Ideally, we would aim to have a larger percentage of our operating budget come from member donations and to allocate more of our building rental income for capital improvements and reserves.

Change in Income 2010-2018

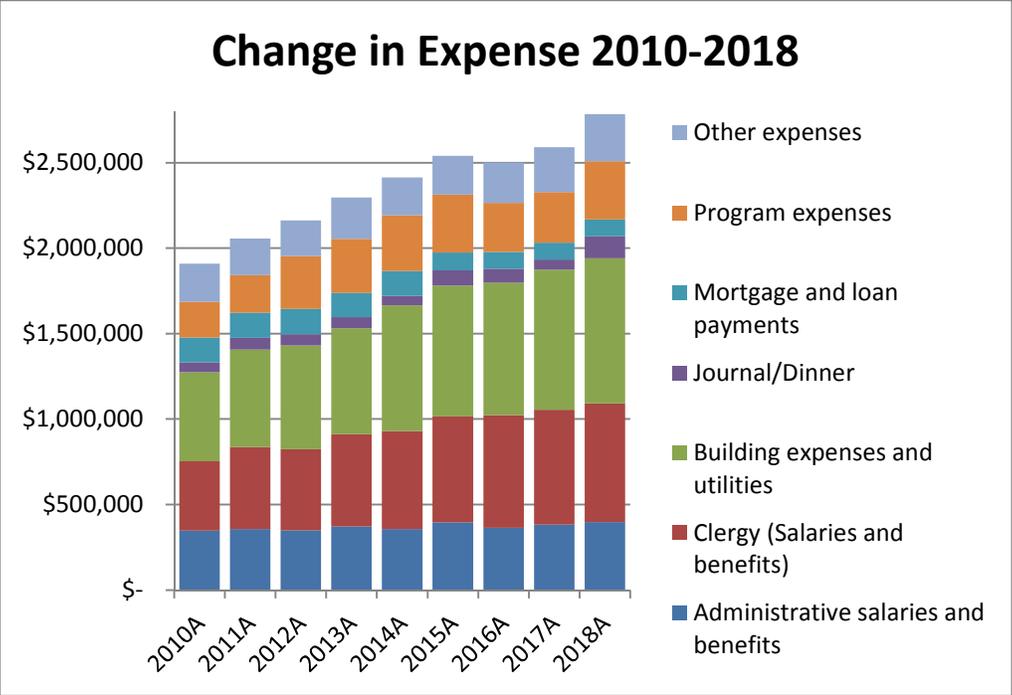


Since 2010, our income annual growth rate income has been 5%. The fastest growing source of income has been building rental (+8%), though One Gift has grown to an over \$400,000 line item from its advent five years ago. Our 2019 budget projects a slight decrease in income from 2018, to account for, among other things, the fact that certain of 2018's income items were elevated on account of the Centennial campaign.

2019 Budgeted Expenses



The Expenses pie chart above indicates that physical plant costs (utilities, maintenance, security, service, repairs, etc.) represent approximately 35% of expenses – including interest charges on our mortgage. Please be advised that the 2019 budget provides for increased expenditures toward building security, which the Board and Administrative Committee view as a high priority. Programming accounts for over 10% of expenses. Over 40% of all expenses are related to clergy and administrative salaries and benefits. Since 2010, the clergy line has increased at an annual rate of 8%, similar to the annual increase in the building and utilities line. Note, however, that the 2019 budget was finalized before we received notice of the pending departures of Rabbi Zirkind and Chazzan Berson. While their departures will necessitate certain replacement expenses not previously accounted for, we anticipate that overall, these developments will result in a moderate savings on the projected 2019 clergy salary line.



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 or any of the officers at officers@jewishcenter.org with any questions, suggestions or ideas.