



## **Annual Meeting**

### **Treasurer's Report**

**June 14, 2023**

I feel lucky to be making my first report as shul Treasurer with the benefit of my predecessor's successful management of shul finances during the era of Covid. As he said in his final report on June 15, 2022, from a financial perspective, a combination of sound budgetary restraint combined with government assistance, enabled our shul to emerge from Covid in a relatively healthy position.

### **2022 Operating Results**

We ended 2022 with an operating surplus of slightly over \$154,000. The primary reasons for the surplus were: (i) building rental income was higher than budgeted because of one-time repayments of amounts that were unpaid during Covid; (ii) the success of the Yom Kippur appeal; (iii) other unexpected income from building rental and other; (iv) the success of the annual dinner and (v) a one-time Employee Retention Credit ("ERC") from the federal government. This built upon positive trends in 2022 when income from One Gift, membership fees and the Yom Kippur appeal each came in ahead of budget.

While the positive trends and surplus in 2022 were very encouraging, 2022 expenses exceeded expectation, particularly in the areas of utilities, building maintenance expenses and the weekly kiddush. We are watching expenses as closely as possible, but they continue to rise in 2023.

On the positive side, we continue to maintain a healthy reserve fund and have begun to invest those amounts in short term Certificates of Deposit so that the moneys are earning interest while undeployed. We are considering adding to that total by moving excess cash currently in our operating checking account but are being cautious because of rising expenses. Nevertheless, we hope to be able to continue to grow the reserve gradually over the next few years.

When reviewing these figures, 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. Accordingly, a year over year comparison is not always an "apples to apples" comparison (even in years unaffected by a pandemic), as expenses incurred in one year may roll over to the next, while certain categories of income may arrive later than they would have been accrued.

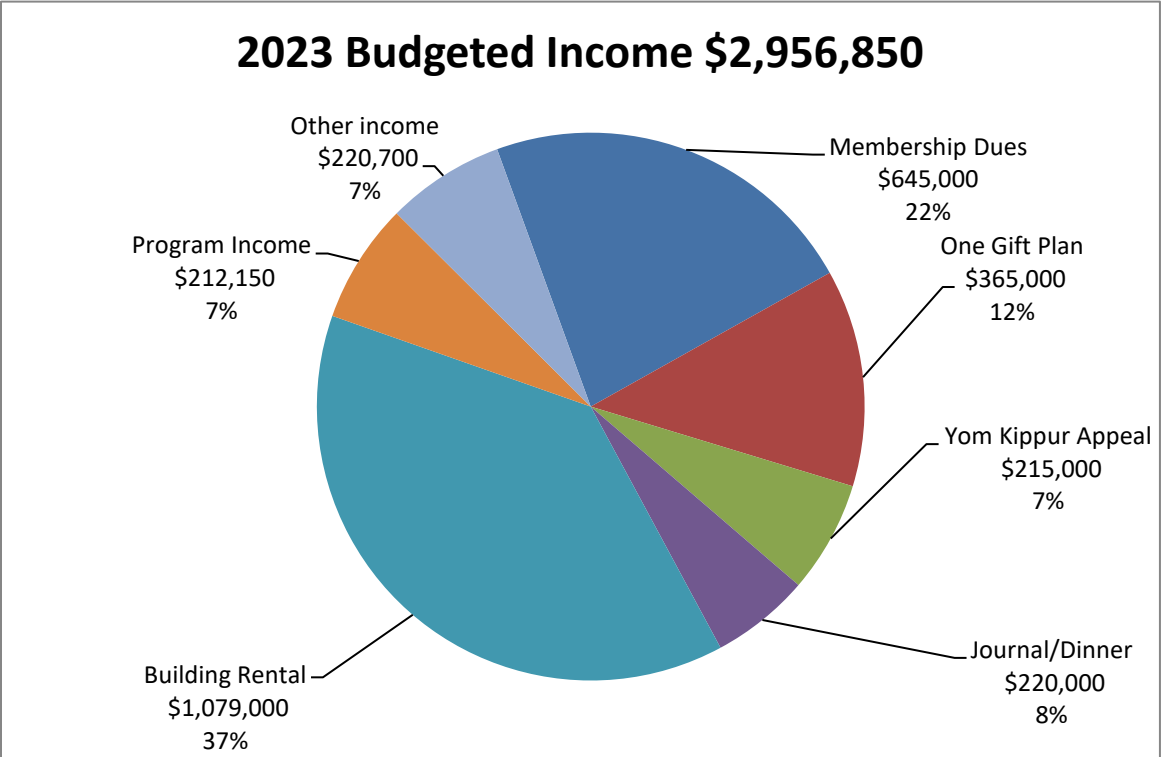
## **2023 Budget**

We had to make certain difficult decisions in order to reach a balanced budget for 2023. Soaring inflation coupled with a number of fixed costs such as utility costs, insurance premiums and building maintenance threaten to outpace our income streams. Fortunately, our largest source of income, rental income, has continued to recover from Covid-related declines and is trending back to pre-Covid numbers, and above. The board has finalized favorable leases with several tenants and we are optimistic that other continuing talks will result in a strong rental income foundation for future years. However, maintenance of a balanced budget will require increased fundraising on the income side and certain cuts on the expense side.

## **2023 Budgeted Income**

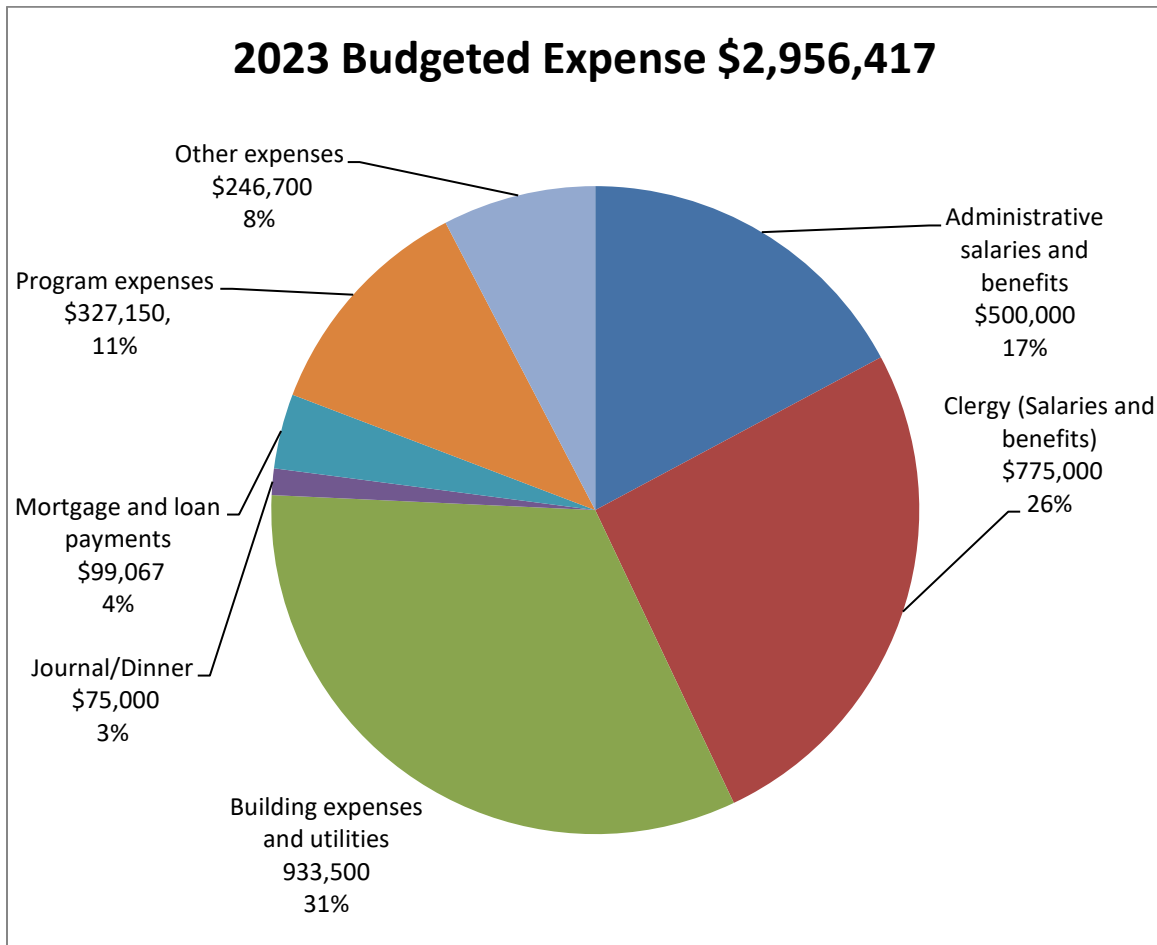
As you can see in the income pie chart below, membership dues, income from the annual dinner and the Yom Kippur appeal and One Gift together comprise about half of our annual income. Given the significance of these income streams to our overall budget, when projecting 2023 numbers we have been aggressive and optimistic with our projections with regard to the annual dinner and the Yom Kippur Appeal. To bridge the gap, we imposed an 8% increase in membership fees, which represents a year over year increase that is greater than recent increases, but is in line with the rapid pace of inflation. As noted above, our building rental income has continued to recover from the lows it reached during the depths of the pandemic and we have projected a 6.4% increase over 2022 numbers, representing 37% of total income. We made a number of ambitious (albeit attainable!) assumptions in the Other Income category, projecting increases in high holiday seating income as well as kiddush sponsorships, so please keep this in mind when considering simchas that may warrant your kiddush sponsorship!

Program income accounts for approximately 6.7% 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.



**2023 Budgeted Expenses**

After clergy and staff salaries and benefits, building expenses and utilities are our largest category of expenses and the largest single component of this category is our maintenance contract. We have assumed an increase in building expenses due to higher labor costs. We also recognize that as our building continues to age, there will undoubtedly be a number of items requiring our attention on this front in the near future and we may need to make adjustments in the event of unforeseen developments. We have also budgeted a 11.9% increase in salaries and benefits, which incorporates the solidification of certain positions such as our chazzan role. Program and other expenses were adjusted to be consistent with our expectation of a full year of continued normal operations.



### **Trends Looking Forward**

First, there are many indicators that the next few years will require us to maintain our fiscal discipline when it comes to our expenses given anticipated increases in maintenance expenses and various other fixed costs. Similarly, we need to be cognizant of the impact our fundraising revenue streams have on our overall budget. Of concern are the significant increase in the cost of living on the Upper Westside and questions around the status and growth of our membership. We appreciate the support each and every one of you have given to the shul, both financially and otherwise and I hope you keep all of these factors in mind when considering your ability to continue to provide financial support to our shul.

Second, the shul still holds slightly over \$2.1 million from the Centennial Campaign which it has put to work in short term Certificates of Deposit. Simultaneously, plans are being drawn up to put those funds to use to renovate sections of the building. While there may be a need to supplement the Centennial Campaign funds to complete the renovations we aspire to, we are off to a healthy start.

Thanks to Scott Black for the stellar work he did over the past four years as treasurer, ensuring that 2022 ended with a surplus, and leaving us strong for the coming years. Many thanks to our Controller, Polina Berdich and our Executive Director, Aaron Strum, for their ongoing work to keep the shul strong.

Please feel free to contact me or any of the officers at [officers@jewishcenter.org](mailto:officers@jewishcenter.org) with any questions, suggestions or ideas.