

Dear Members of Beth Shalom and B'nai Israel,

We have prepared for your review a forecast of what a budget might look like for the three (3) years following the unification of our Congregations. We have taken an extremely conservative approach. There are many unknowns, so we thought presenting the various scenarios would be the fairest and most transparent approach. We are all certainly hopeful that the energy and enthusiasm of a combined new congregation will encourage participation and support at levels far greater than we currently experience in our vibrant Jewish community.

There are a couple of key points we would like you to understand as you review these projections:

- Remember at all times, the three (3) budgets provided are our best estimate at this time and will be updated as additional information becomes available.
- The Staffing Expense presented in each of the three (3) budget scenarios is the result and recommendation from the JSEC HR Taskforce. The JSEC HR Taskforce provided the hard work in describing the potential staffing needs. After a unification, the new board and its designees will be able to make business decisions that are aligned with the new Congregational needs and financial capabilities.
- In “First Pass New Budget Current” or Year One (1) budget, we have estimated a twenty percent (20 %) overall reduction in Revenue from Member Support. Also included are costs from both Synagogues, which will decline in the 2nd Year. This is a starting point and it is entirely possible there will be a much smaller loss of Revenue of membership support. In fact, some members might increase support. However, as stated earlier, we are presenting the various budget scenarios to inform members of the potential financial challenges on the road to success. The result is Revenue of \$676,120 and Expenses of \$769,773.
- In the “Second Pass New Budget 2nd Year,” we have reduced Revenue from Member Support by ten percent (10%) and adjusted staffing as suggested by the JSEC HR Taskforce. We also made various reductions in expenses on the assumption that we will be housed in one (1) facility. The result is Revenue of \$710,663 and Expenses of \$701,335.
- In the “Third Pass New Budget Future” or Year three (3), we used one hundred (100%) of the Revenue from Member Support and again adjusted staffing per the JSEC HR Taskforce. The result is Revenue of \$769,500 and Expenses of \$751,885.
- At least initially, we will have the expenses of two facilities. Final decisions on facility location, expansion, financing and debt service are unknown and have not been factored into the current projections.
- Both congregations currently have Reserves and would also benefit financially from the sale of one (1) facility.

One of the key principles of the accounting theory is conservatism. We remind you to review the budget information. It was our duty to present you a conservative, cautious approach. We are certainly hopeful a new combined congregation will far exceed any financial projections presented in this report.

Respectfully,

JSEC Financial Taskforce