

Dear Fellow Temple Sinai Members,

On behalf of the Temple Sinai Board of Directors and the Finance Committee, I submit for your review and approval the attached FY 2026-2027 budget.

I will not bury the lede. As Glenn wrote to you last year, like many Jewish congregations and DC-based non-profits, the Temple has both short-term and long-term financial challenges. That said, I am pleased to report that we made significant strides in responding to those challenges over the past year and we continue to develop fiscally responsible plans to ensure the long-term financial health and stability of the Temple.

A few takeaways to start:

1. **We will end the current fiscal year (FY2025-2026) with a modest surplus.** Although we originally budgeted for a \$280,000 shortfall this year, we now expect to end the current fiscal year with a surplus. This operational increase is the product of several new initiatives including the success of our new Community Commitment structure (passed at last year's annual meeting), increased philanthropy in large part driven by the creation of the Shorashim Society (also passed at last year's annual meeting), and disciplined fiscal management by clergy and staff.
2. **The proposed FY2026-2027 Operating Budget is balanced without drawing on the Surplus Fund.** Our projected total revenues match total expenses for next year *without requiring a transfer from our Surplus Fund* (rainy-day reserves).
3. **Both our Nursery School and Religious School are on stronger financial footing.** The Nursery School is projected to run an operational surplus driven by rising enrollment and the introduction of an extended-day option. In addition, the Religious School's sustained enrollment gains make it practically self-sustaining in this upcoming year's budget.
4. **We are engaging in prudent fiscal management and pre-funding of our biggest future capital costs.** Although our Temple now includes a beautiful new addition, the original building will require significant capital expenditures for the roof and HVAC in the next several years. We need to more robustly save for these critical upcoming expenditures. The FY2026-2027 budget therefore includes new dedicated reserves for the Roof (\$128,000) and HVAC (\$65,000).
5. **Our future financial picture nevertheless remains challenging in several ways.** The Sustaining Fund established during the Capital Campaign, which currently contributes \$165,000 to our operating budget, will be exhausted at the end of this fiscal year. In addition, we continue to carry an annual debt obligation of \$337,891 for the Renovation and Expansion Project loan we took out last year. A growing membership also requires increased spending in a number of different areas including staff, programming, and security just to name a few. This means that although we have made progress in responding to the financial challenges we have presented to the community over the past several years, there is still significant work to be done to ensure the medium-term and long-term financial wellbeing of Temple Sinai.

I am very proud of the progress we have made this year especially given the period of transition we find ourselves. These transitions include: (1) a new Community Commitment structure (formerly known as “dues”), (2) a new Executive Director, (3) the departure of our Finance Director in February, (4) a new Finance Committee Chair and several new Finance Committee members, and (5) the onboarding of Schneider Downs, a full-service audit and financial firm, to serve our financial management needs.

I am also proud of the work we have done to engage in thoughtful long-term financial planning. This is a testament to a small group of staff and lay leaders who spent last summer and fall updating the Temple’s Five-Year Financial Forecast in order to better understand the long-term financial health of the congregation and to plan for the steps necessary to maintain a thriving community that is now in its seventy-fifth year. This exercise clarified many of our financial strengths and also identified several long-term pain points especially related to capital needs. Along with the Temple’s strategic plan, we used the lessons from this Forecast to guide the FY 2026-2027 budget. We are currently in the process of updating this Forecast in our new accounting software to aid in our short- and long-term planning going forward.

Ultimately, we are presenting what we believe to be a responsible, accurate, and most importantly balanced budget. This budget is the product of a collaboration of the clergy and staff as well as the Officers, the Board, the Finance Committee, the Building and Grounds Committee, and other committee chairs. They all deserve our profound thanks. Most of all, I want to thank and commend our new Executive Director, Lee Levitt, who worked tirelessly as the primary architect of this budget.

What follows is a brief review of the current fiscal year, the proposed operating budget and its key revenue and expense assumptions for next fiscal year, the capital and building maintenance budget for next fiscal year, and a brief discussion of the Temple’s outlook for the years to come.

FY 2025-2026 Review

As noted above in the summary, the FY25-26 budget predicted a deficit of roughly \$280,000 to be drawn from the Surplus Fund. Although the budget year has not officially closed, we are confident that we will end the year in an operational surplus instead. This surplus is the product of several positive developments.

First, the adoption of the new Community Commitment model proved to be a financial success. The Community Commitment has long been and remains the Temple’s primary source of income. It is based on a progressive “fair share” model grounded in our core values and culture where all members are asked to contribute financially in accordance with their ability. More, the model ensures that financial means are not an impediment to Temple membership. For these reasons, the new Community Commitment model did not raise the assigned financial commitment for the vast majority of members but did create new tiers for our members who are in the best position to financially support our community.

In addition, we introduced a new voluntary philanthropic giving program called the Shorashim Society, with two suggested levels: Sustainer (\$12,000) and Benefactor (\$18,000+). Fifty

member units joined the Shorashim Society last year and we are extremely grateful for the generosity of these members. We are hopeful that others will join them in the year to come to support our Jewish community at this critical time. Their generosity has not only helped make possible the continued viability of our “fair share” model, it has also facilitated providing deeply discounted rates for young families and others that will help the Temple’s long-term future. Continuing to inspire a stronger culture of philanthropy in the congregation is a key goal for the years to come and is absolutely necessary for us to continue providing the program and services that are critical to Temple Sinai’s ongoing success.

Second, the Nursery School has shown signs of financial improvement coming out of COVID driven by increased enrollment and aided by the introduction of an extended-day option for the first time in the school’s history. Similarly, the Religious School has made significant improvements in enrollment over the past year leading to increased tuition revenues.

Third, the operating surplus is the result of prudent fiscal management by clergy and staff to keep costs down despite the difficult financial environment while still providing best-in-class programming and pastoral support.

Fourth, our membership continues to grow at greater than 50 new net family units per year. Although these new members increase both our costs and our revenues, a growing membership is critical to the long-term financial wellbeing of the congregation. This growth is directly thanks to our clergy, staff, and lay leaders who make Temple Sinai a desirable congregation to join as well as new programs specifically geared toward increasing membership.

Ultimately, the FY 2026-2027 budget uses these improved results as its baseline, although we hope to continue building on these successes above and beyond the budget projections.

FY 2026-2027 Operating Budget

A note on format: as part of our ongoing transition to modernized financial systems—led by Lee, the Finance Committee, and our team of outside financial consultants—the attached budget looks somewhat different than in past years. It will also likely look different again next year when we complete the move to new bookkeeping software and systems that will simplify, modernize, and automate our financial work in alignment with industry best practices. The numbers and assumptions, however, are ones in which the Financial Leadership has full confidence.

The FY26-27 budget projects total operating revenues, releases, and allocations of \$9,794,383, matched by total expenses and allocations of the same amount.

Revenue Assumptions

Community Commitment, Building Maintenance Fund, and Capital Fund. The annual financial commitment from members represents a majority of our total yearly revenue projection. Projected Community Commitment receipts for next year total more than \$4,017,000. This number recognizes roughly \$3,800,000 as “Community Commitment,” with the remainder assigned to the Building Maintenance Fund per the Community Commitment Resolution passed

by the congregation last year. We also project receiving more than \$90,000 in Capital Fund contributions from members in their first five years of membership.

Recognizing that we are still learning how this new model performs in practice—and in light of continuing uncertainty regarding federal employment and federal grants affecting many of our members—we have taken a conservative approach to the growth assumption by using our projected actual receipts for FY25-26 plus a 2.67% inflation adjustment. That said, we continue to believe that the new structure, together with the Shorashim Society and continued membership increases, offers meaningful upside to potential Community Commitment receipts this year and in future years.

Security Fee. In March, the Board approved an increase in the Security Fee to \$325. This increase is the direct result of rising costs necessary to protect our congregation and ensure a safe environment for worship, learning, and gathering. It also remains consistent with fees at other local congregations. In total, we project the security fee bringing in \$369,850, which accounts for roughly 65% of our budgeted security costs for the year. The Security Fee is assessed on all member households and on all non-member families with a student in the Nursery School or Religious School.

Contributions. The budget includes a projection of \$550,250 in contributions without specific designated purposes—a significant increase over FY 2025-2026’s budgeted amount of \$350,000. This line reflects the generosity of our members through the Annual Fund, High Holidays Fund, memorial fund, and Shabbat sponsorships. Many members make pledges to the Annual Fund beyond their community commitments, and this revenue provides critical support for the Temple. The higher projection for the next fiscal year is based on the current fiscal year actuals which total more than \$600,000.

Other Income. Budgeted at \$271,215, this line consists primarily of B’nei Mitzvah fees, Social Hall rentals, and cemetery plot sales. This projection is based on past experience as well as concrete plans to align our offerings with similar offerings in the area and to engage in additional marketing efforts in certain targeted areas.

Endowment Fund. The budget includes a release of \$200,667 from the Endowment Fund for operating expenses. Consistent with our Investment Policy, this annual release is calculated as 4% of the December 31 average balance in the endowment balance for the last three years.

Investment Income. Budgeted at \$250,000, this line reflects earnings on our invested reserves. It is broken out separately to provide clearer visibility into the Temple’s financial picture.

Grant Income. The budget includes \$55,000 in projected grant income supporting Temple operations. This projection is based on grants that have already been approved or which we have great confidence will be approved. We will continue to pursue and likely will secure additional grant funding. However, additional grant applications—particularly in the security space—remain in flux given the local and federal government environments and therefore, although we will continue to pursue these grants, they are not included as expectations in the budget.

Nursery School. Total Nursery School funding is budgeted at \$2,255,950, with expenses of \$2,152,704. This means that Nursery School is projected to run a modest surplus. This result reflects increased enrollment and additional new offerings including a new full-day program launched this year. This budget also includes an expectation that we will continue to receive support from the District of Columbia for teacher salaries through the Pay Equity Fund. We have contingency plans in place if the Pay Equity Fund is not renewed by the city.

Religious School and Youth Education. The Religious School is one of the core programs of the congregation and as a result an above and beyond tuition revenue is typically allotted for the religious school budget from the operating budget. This year, however, tuition revenue plus a release from the Michael Bernstein Religious School Endowment Fund is projected to cover the school's expenses.

Other Programs and Committees. Program income is budgeted at \$87,500 and program fund releases at \$393,819, for total program funding of \$481,319 against program expenses of \$406,101.

Expense Assumptions

Personnel. Our clergy and staff salaries remain the largest portion of our budget—and for good reason. They are the lifeblood of our congregation. The budget includes a 2.67% cost-of-living allowance for permanent staff consistent with inflation, excluding staff covered by new or continuing contracts with separately budgeted salaries. Personnel costs are reflected across the Ritual Personnel, Administration, Religious School, Nursery School, Building Operations, and Security lines.

Administration. Budgeted at \$1,905,520, up from \$1,593,828 in FY 2025-2026. This category includes administrative staff, insurance, accounting and audit, IT, and other basic operational costs. The increase reflects continued pressure on health and other insurance benefits, increased costs on goods and services, targeted strengthening of key operational needs, and some changes to how we account for certain expenses in the budget.

Building Operations. Budgeted at \$1,252,429, a modest increase over last fiscal year of \$1,241,013. This line includes facilities staff, building supplies, utilities, repairs and maintenance, and A/V support.

Member Engagement. Budgeted at \$172,304, up from \$111,480 in FY 2025-2026. Young Families programming and staff, along with other programs and initiatives to engage members across the lifespan, are reflected here. The increase represents a deliberate investment in both a part-time staff person and programming consistent with the strategic plan aimed at building and deepening relationships across our congregation. We believe these costs will be more than offset by our growing membership in the long run.

Ritual. Budgeted at \$310,315, roughly flat against FY 2025-2026's \$297,923. This category includes food and supplies for Shabbat as well as supplemental musicians and substitute clergy.

Ritual Personnel. Budgeted at \$1,130,706, consistent with FY 2025-2026. This category includes contracted clergy and the associated benefit costs.

URJ Dues (RMAC). Budgeted at \$75,000, consistent with prior years.

Security. Budgeted at \$559,191, this represents a material increase over FY 2025-2026's \$418,903. Although we are currently unaware of any specific risks to Temple Sinai, increased antisemitism in the United States and around the world demands an increased focus on the Temple's security foundation. Whenever the Temple is open, we now have at least one armed contract security officer (often more) in addition to our full-time unarmed security staff. We also are able to increase the presence of security when current events require. As a result, this is a critical area in which costs continue to rise, and the updated Security Fee is projected to cover approximately two-thirds of these costs.

Capital Expenditures. The budget includes an allocation of \$290,000 from the Operating Budget to support capital expenses for the year. This amounts to 5% of projected Community Commitments collected and the Capital Fund contributions from new and recently-joined members.

Debt Service. The budget includes \$337,891 for debt service on the Renovation and Expansion Project loan, representing the second year of scheduled payments under the 10-year loan.

Roof Capital Reserve and HVAC Capital Reserve. The FY26-27 budget includes dedicated reserve lines of \$128,000 for the Roof Capital Reserve and \$65,000 for the HVAC Capital Reserve—reflecting the reality that responsible stewardship requires us to begin setting aside resources now for the substantial roof and HVAC work that we know lies ahead in the older portions of our building. This is a meaningful, forward-looking change in our budget practice, one that helps the Temple plan for significant capital needs on a predictable basis rather than in emergency response mode.

Sustaining Fund. The budget includes a final transfer of \$165,000 from the Sustaining Fund, established by the Capital Campaign to support Temple operations. This transfer supports pastoral care and our clergy. This fund is scheduled to be exhausted after this fiscal year, and future budgets will need to absorb this obligation within recurring operating revenues.

Surplus Fund. The FY26-27 budget does not include an expected release from the Surplus Fund. This represents meaningful progress toward thoughtful budgeting as well as structural balance. The Surplus Fund remains available for extraordinary unbudgeted expenditures and shortfalls with the permission of the Board, and preserving it now provides important flexibility for the years ahead including the major roof and HVAC expenditures we anticipate.

Capital and Building Maintenance Budget

For the next fiscal year, the total amount of funds available related to capital is projected at approximately \$1,437,319, comprising the existing Building Maintenance Fund balance of \$602,202 (as of February 2026 close), the Capital Fund of \$291,267, our existing Roof

Replacement Reserve of \$150,000, a new revenue allocation to the Roof and HVAC reserves of \$193,000, and the recommended Community Commitment allocation to the Capital Improvement Fund of \$200,850.

Total projected expenditures for FY 2026-2027 are \$430,000, covering a combination of new projects and projects carried forward from FY 2025-2026. At fiscal year-end, total Capital Reserves are projected to be approximately \$907,319, split across the Building Maintenance Fund (\$273,052), the Capital Fund (\$291,267), and the Roof and HVAC Reserves (\$343,000). The growing Roof and HVAC reserve balance is particularly significant: it represents a sustained effort to pre-fund the large-ticket building-system expenditures we know are coming.

The Future

The upcoming year is filled with both genuine opportunity and continuing uncertainty when it relates to the Temple's financial health. The new Community Commitment structure is maturing, and early signals—both in commitment levels and in the Shorashim Society—are encouraging. The membership is growing. The schools are growing. And our new building is full of programs and activities that cater to our increasingly intergenerational membership.

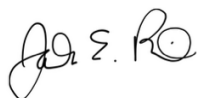
At the same time, the broader financial environment remains volatile. The ongoing impact that federal workforce layoffs and grant cancellations may have on members of our congregation is unknown. And we know that significant capital expenditures related to the roof and HVAC systems in the older portions of our building lie ahead—expenditures for which this budget begins, but does not complete, the work of pre-funding.

Given this mix of progress and uncertainty, the Temple intends to continue to be deliberate about spending in the coming year. We will manage expenditures to align with income, draw on designated reserves where appropriate, and measure the impact of the steps we have taken. There will also continue to be an increased focus on philanthropy in order to fill the gap between commitment receipts and the need to fund the many varied programs that bring the Temple to life and fuel our membership growth. If you are willing to join that cause, please let me or Director of Development Noah Benjamin know.

Finally, we intend to improve the Temple's financial reporting structures and refresh the Five-Year Financial Forecast in the coming year. That said, the goal remains unchanged: a true, structurally balanced annual budget that honors the vibrant community we serve today and the congregation we are building for the years to come.

Respectfully submitted,

Jonah Perlin



Chair, Finance Committee