

NVHC FY22 Budget Q & A

1. Are we required to have a balanced budget?

- Yes. The covenants of our mortgage loan require us to adopt a balanced budget every year.

2. The past year has been tough for everyone and there is more uncertainty in the year ahead with COVID recovery. How does the budget account for this uncertainty?

- In most cases where we have uncertainty about income or expenses due to COVID recovery impact, we have taken a “middle” approach ... assuming that ½ of the year will be like FY20 (limited in person with heavy use of on-line capabilities) and ½ of the year will be more like FY19 (many person gatherings). For example, we assumed our rental income in FY21 would be about ½ of what it was in FY19. We also reduced the budget for cleaning, utilities, and security expenses to reflect less time in the building, and we reduced the budget for *onegs*.

3. What assumptions did we make about the growth of our congregation?

- The size of the congregation has been relatively steady over the last two years (around 450 households). For budget purposes, we took a conservative approach and did not assume any change in our size. However, we do hope to grow as we continue to focus on retaining current congregants and welcoming new ones.

4. What assumptions did we make about annual financial contributions from congregants?

- Congregant donations are our primary source of revenue. We plan to ask all congregants to increase their annual giving by 5%. Based on past congregant giving patterns we assumed that, when asked, about 50% of congregants will increase their pledges by 5%, and another 20% will increase their pledges by 3%. We recognize that not all congregants will be able to make an increase in their pledge this year.
- We rely on the generosity of our congregants so that we can continue to be a thriving Jewish community, offer outstanding programming, and meet our diverse congregational needs. Over the next few months, we will be working hard to ensure congregants understand our financial needs and to encourage giving increases for those who are able.

5. What are we doing to improve the percentage of congregant pledges and tuition commitments collected?

- In 2020, the board adopted policies that congregants would be encouraged to use an automated payment method for pledges and tuition commitments. Members will now be asked to set up automated payments, if they have not already, when reviewing their annual pledge. For the religious school, we now ask that families schedule automated payments or credit card information during enrollment. Additionally, we ask that all tuition, fees, and annual pledges be paid prior to the assignment of Bar/Bat Mitzvah date and prior to beginning Torah Corps. We believe that this will help our congregants better budget for and fulfill their financial support. Additionally, this will reduce staff time spent tracking and following up with individual congregants about their commitments. We recognize that

sometimes congregants face situations that will mean they need to change their commitments to NVHC. Anyone who needs to make a change to their commitments should contact Joe Miller (joe@nvhcreston.org)

6. Why do you keep asking congregants to increase their pledges? Why aren't we cutting expenses?

- We have been steadily cutting expenses where it makes sense over the last several years. 65% of our budget goes to non-discretionary costs including employee compensation and our mortgage loan. To cut expenses further would mean a reduction in our programs and services, which would reduce value to our congregants.
- Our voluntary contributions structure depends on our congregants seeing the value of our community. We are continuing to innovate, adjust, and improve with our strategic vision in mind.

7. What assumptions did we make about Religious School enrollment and the Religious School budget?

- The proposed budget takes a cautiously optimistic approach that enrollment will return to its previous levels. We reviewed all of our members with school-age children and made our best projection of which children will be enrolled for the new school year.

8. What is the status of our Capital Campaign?

- Our Capital Campaign (“Nitzavim”) was suspended due to the pandemic before we could fully launch it, and we are working toward re-launching it later this year. Our campaign fundraising goals are to pay down our mortgage, which will reduce mortgage expenses, and to improve our building to make it more inviting. In May 2020, we used donations to Nitzavim to pay down \$635,000 of our mortgage principal, which reduced our monthly payments by about \$3,800. We expect to be able to make a similar paydown in FY22. Improving our building will enable us to better engage existing and potential members leading to increased recruitment, better retention, and increased giving from engaged congregants.

9. How will the departure of Rabbi Wainer, our Director of Congregational Learning, impact our budget?

- We have been actively searching for a new Director of Congregational Learning. However, we do not anticipate that this position will be filled by this Fall. In the interim we will be shifting responsibilities of current clergy and staff and making some temporary hires to fill the gaps. We expect these changes will be budget neutral.

10. How have we budgeted for engaging families with young children?

- Working with clergy, staff, and lay leaders, we will continue to offer programming tailored to families with young children around Shabbat and other holidays, as well as learning opportunities connected to Kehillat Limmud. The budget reflects our unwavering commitment to this programming.

11. Has NVHC received Payroll Protection Program (PPP) loans from the Federal government?

- Yes. NVHC has been able to take advantage of these loans to cover salary costs and our mortgage payments. We received the first loan in May 2020 and the second loan earlier this year. We have used the loans for their intended purpose and carry them as a liability on our balance sheet until they are forgiven. We have every reason to expect they will both be forgiven.

12. How have those loans impacted our overall financial position?

- We used these loans to cover the expenses they were intended for: salary costs and mortgage loan costs. These loans helped replace income that we lost due to loss of rental activity, reduction in religious school enrollment and tuition received, and reductions in annual giving as some congregants faced financial difficulties of their own. These loans have helped us weather the uncertainty of the last year and have provided a cushion in our planning for FY22.