



**Park Slope Jewish Center**

Financial Statements

Fiscal years ending June 30, 2020, 2021, and 2022

Presented at the PSJC Annual Meeting

January 8, 2023

Mona Schnitzler, Treasurer

## **Executive Summary**

The Covid pandemic continued to disrupt the normal operations of the Park Slope Jewish Center during fiscal 2022 and to create uncertainty about its finances. The year saw services, events, and Hebrew School operating on a hybrid basis, and the risk of decreased member engagement and financial support continued to be a significant concern. Some in our community experienced financial hardship because of the pandemic, diminishing their ability to support PSJC at prior levels. Our rental income was impacted by the decision of one of PSJC's rental clients, Kings Bay Y, to discontinue the use of our space.

High Holiday revenue, including Kol Nidre pledges and ticket sales, increased significantly over the prior year. Hebrew School revenue increased with families returning to Brooklyn and the success of our hybrid model. Our financial position was solidified by the forgiveness of our two Federal PPP loans in the amount of \$201,000. None of this fully offset our decline in membership revenue collected, which is being vigorously addressed by the professional staff and the Treasurer. We saw increased expenses with more in-person events requiring additional janitorial staff and security services. On aggregate, our net revenue decreased \$43,000 year to year.

As the pandemic begins its fourth year, significant risks and challenges lie ahead. Rising inflation will have a negative effect on PSJC's operating and personnel expenses in all categories. PSJC's baseline expenses have increased with more in-person programming, but our rental revenue has stayed static. We were able to have an in-person fundraiser in June 2022 for the first time since 2019 but need to plan for more of these events. Our neglected yard has proved a tremendous asset over the last years, but one that requires significant investment to maintain and use as another source of rental revenue.

In sum, while the Covid pandemic has underscored PSJC's resiliency and the depth of its member engagement, the PSJC community will need to continue supporting the synagogue at elevated levels for some time to come.

## **Summary of Operating Activity**

In Fiscal 2022 Park Slope Jewish Center operated with a surplus of \$109,331 compared to a surplus of \$153,185 in the prior year. These surpluses were primarily the result of Covid related inflows of cash. Expenses showed a steady upward trend year to year.

Revenues increased \$49,995 compared to Fiscal 2021. The main factors impacting revenues were:

- Forgiveness of two Federal PPP loans totaling \$201,898 allowed this to be recognized as revenue.
- A \$40,046 increase in revenue from Hebrew School and Family Programming because of increased Hebrew School enrollment resulting from a return to more normal activities after lockdown.
- A \$46,728 increase in High Holiday revenue, with generous donations to the Kol Nidre appeal.
- A \$36,472 increase in rental income as Kolot Chayeinu returned to our building.

The revenue improvements were partially offset by the following negative factors:

- A \$119,845 decrease in Fundraising & Contributions, primarily due to our one-time successful Stabilization Campaign in the prior fiscal year.
- Recognition of a one-time \$40,000 grant for the North Wall capital renovation project in the prior fiscal year.
- A \$93,671 decrease in membership fees, primarily because in the final months of Fiscal 2021, PSJC collected approximately \$135,000 in advance dues for the 2021-22 membership year. These advance payments were approximately \$110,000 higher than in a typical year.

PSJC's bottom line was also impacted by a \$93,669 increase in expenses. The main contributors to the increase were:

- A \$47,175 increase in Payroll expenditures and a \$12,463 increase in Hebrew School and Family Programming expenses.
- A \$22,458 increase in security service expenses with more in-person programming.
- A \$6,546 increase in fundraising expenses associated with our June 2022 in-person fundraiser at the Carousel.

Note that pass-through revenue and expenses are funds that filter through PSJC's accounts but aren't controlled by PSJC. Examples include donations to the Rabbi's Discretionary Fund, member-sponsored kiddish, and grants ear-marked for specific programs. Pass-through revenues and expenses offset each other over time, but there are year-to-year discrepancies, since pass-through expenses may be incurred in a different fiscal year from when associated revenues are received.

Our statement of operating activity includes revenue from capital campaign contributions as well as expenses associated with our building's depreciation. Depreciation is a non-cash expense that approximates the long-term wear and tear our building sustains in a typical year. The actual cash cost of capital repairs fluctuates significantly from year to year and is reported via the cash flow statement, as opposed to the statement of activity. For more information about capital expenses, see the discussion of cash that follows. Additional information about how depreciation is calculated can be found in note 2.

## Statement of Operating Activity, Fiscal 2020 - Fiscal 2022

	Jul 2019 - Jun 2020	Jul 2019 - Jun 2020	Jul 2021 - Jun 2022
	Fiscal 2020	Fiscal 2021	Fiscal 2022
<b>REVENUE</b>			
Membership Fees	\$ 529,758	\$ 612,940	\$ 519,268
HS & Family Programming	\$ 109,075	\$ 78,519	\$ 118,565
High Holidays	\$ 114,229	\$ 93,944	\$ 140,673
Rental Income	\$ 30,512	\$ 850	\$ 37,322
Fundraising & Contributions	\$ 90,607	\$ 245,762	\$ 125,773
Committee & Other Programming	\$ 17,633	\$ 6,866	\$ 2,948
Other Income	\$ 1,357	\$ 13,545	\$ 207,272
Pass-Through Revenues	\$ 75,972	\$ 29,721	\$ 28,992
Capital Project Contributions & Grants	\$ 8,253	\$ 51,405	\$ 2,695
<b>Total Revenue</b>	<b>\$ 977,396</b>	<b>\$ 1,133,554</b>	<b>\$ 1,183,509</b>
<b>EXPENSES</b>			
Payroll (excl HS and FP)	\$ 533,962	\$ 539,146	\$ 586,323
HS & FP Expenses	\$ 135,092	\$ 85,569	\$ 93,867
Security Services	\$ 35,086	\$ 9,908	\$ 32,367
Operating Expenses	\$ 71,705	\$ 83,300	\$ 71,490
Building Maintenance & Repairs	\$ 40,916	\$ 52,023	\$ 58,885
General & Administrative Costs	\$ 71,196	\$ 25,448	\$ 33,368
Fundraising Expenses	\$ 5,487	\$ 1,458	\$ 8,004
Committee & Other Programming	\$ 37,821	\$ 29,052	\$ 31,597
Interest and Mortgage Expense	\$ 28,423	\$ 26,035	\$ 24,639
Pass-Through Expenses	\$ 81,209	\$ 25,569	\$ 25,569
Depreciation Expense	\$ 102,331	\$ 102,860	\$ 103,000
<b>Total Expenses</b>	<b>\$ 1,143,230</b>	<b>\$ 980,369</b>	<b>\$ 1,074,178</b>
<b>Comprehensive Surplus / (Deficit)</b>	<b>\$ (165,834)</b>	<b>\$ 153,185</b>	<b>\$ 109,331</b>

## Summary of Changes in Cash

During Fiscal 2021, PSJC's cash balance decreased by \$130,846. The table below reconciles the difference between the reported operating surplus of \$109,331 and this decrease in cash. The key items positively impacting cash included the add back of \$103,000 in non-cash depreciation expense. Our debt was reduced by the forgiveness of the Federal PPP loans. Cash was also decreased by \$46,292 in capital expenditures and \$71,848 in principal loan repayments.

	Fiscal 2020	Fiscal 2021	Fiscal 2022	Notes
<b>CASH AT START OF YEAR</b>	<b>\$ 524,803</b>	<b>\$ 477,033</b>	<b>\$ 757,566</b>	
Operating Surplus/(Deficit)	\$ (165,834)	\$ 153,185	\$ 109,331	
Accounts Payable	\$ 5,957	\$ 23,581	\$ -27,749	
Capital Expenditures	\$ (42,363)	\$ (14,431)	\$ -46,292	Cash outlays for capital repairs
Depreciation Expense	\$ 102,331	\$ 102,860	\$ 103,000	Non-cash expense included in operating surplus
Principal Loan Payment	\$ (68,962)	\$ (65,560)	\$ -71,848	Principal portion of loan payments
PPP Loan	\$ 121,100	\$ 80,898	\$ -197,275	PPP loans forgiven in Fiscal 2022
Total change in cash	\$ (47,770)	\$ 280,532	\$ 130,846	
<b>CASH AT END OF YEAR</b>	<b>\$ 477,033</b>	<b>\$ 757,566</b>	<b>\$ 626,720</b>	
Debt at start of Year	\$ 791,903	\$ 844,041	\$ 843,941	Including PPP
Debt at end of Year	\$ 844,041	\$ 888,916	\$ 590,253	Including PPP
<b>Net cash at start of year</b>	<b>\$ (267,100)</b>	<b>\$ (367,008)</b>	<b>\$ (86,375)</b>	
<b>Net cash at end of year</b>	<b>\$ (367,008)</b>	<b>\$ (131,350)</b>	<b>\$ 36,467</b>	
<b>NET CASH EXCLUDING PPP LOAN</b>	<b>\$ (245,908)</b>	<b>\$ 70,648</b>		<b>Excluding PPP loan</b>

## Balance Sheet, Fiscal 2020-2022

	2019-20	2020-21	2021-22
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash, checking accounts	\$222,201	\$511,875	\$380,986
Cash, interest-bearing account	\$254,832	\$245,691	\$245,733
<b>Total Cash</b>	<b>\$477,033</b>	<b>\$757,566</b>	<b>\$626,719</b>
<b>Fixed Assets</b>			
Capitalized renovation Cost	\$4,126,559	\$4,140,990	\$4,187,280
Accumulated Depreciation	-\$1,007,984	-\$1,110,844	-\$1,110,844
<b>Total Fixed Assets</b>	<b>\$3,118,575</b>	<b>\$3,030,146</b>	<b>\$3,076,436</b>
<b>TOTAL ASSETS</b>	<b>\$3,595,608</b>	<b>\$3,787,711</b>	<b>\$3,703,155</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Accounts Payable	\$5,957	\$29,538	\$2,284
Mortgage Loan Payable	\$311,621	\$262,292	\$207,180
Line of Credit Balance	\$411,320	\$395,087	\$378,351
PPP Loan	\$121,100	\$201,998	\$4,722
<b>Total Long-Term Liabilities</b>	<b>\$849,998</b>	<b>\$888,916</b>	<b>\$592,537</b>
<b>Total Net Assets (Equity)</b>	<b>\$2,745,610</b>	<b>\$2,898,795</b>	<b>\$3,110,618</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$3,595,608</b>	<b>\$3,787,711</b>	<b>\$3,703,155</b>

### Note 1 – Park Slope Jewish Center

Park Slope Jewish Center (“PSJC”) is located on the corner of 8<sup>th</sup> Avenue and 14<sup>th</sup> Street in the Park Slope section of Brooklyn. PSJC was formed in 1960 by a merger of two pre-existing synagogues. The older synagogue dates from 1873. PSJC is exempt from Federal and state tax under section 501(c)(3) of the Internal Revenue Code, but is subject to NYC property tax to the extent that PSJC facilities are used for non-member related purposes.

### Note 2 – Basis of Accounting

Tuition, donations, and dues paid by members are recorded as revenues in the year received. This approach often gives rise to swings in revenues from year to year, since receipt of membership dues and Hebrew School tuition and are sensitive to the timing of mailings and renewal notices.

Expenses are recorded in the fiscal year they are incurred. Hebrew School tuition includes revenues which relate to the following fiscal year.

The synagogue's building is situated on a lot that is 50 feet by 83 feet, or approximately 4,150 square feet. Together with the adjacent undeveloped lot, the overall site has an area of approximately 8,300 square feet. The building was built in 1925, and reliable cost data for the land and building are not now available. The original cost of the building would have been fully depreciated by the 1960s, using a forty-year life as is standard accounting practice. Accordingly, no costs of land or building are shown on the balance sheet. A 2010 appraisal of the land and building estimated the property value at \$5,200,000 upon completion of renovations being contemplated at that time.

Furniture and equipment are shown on the balance sheets at zero. The synagogue's pews are over fifty years old and are fully depreciated. Recent years' purchases of furniture and equipment have involved such items as tables, folding chairs, and personal computers, with individual costs that are not material to the financial statements. Accordingly, payments for such furniture and equipment are shown as expenditures and are not capitalized.

Depreciation on capitalized expenditures and recent renovations to the building are being depreciated over 40 years. Depreciation represents an approximation of the wear our building undergoes during a typical year. As such, it represents the money PSJC should be budgeting annually for long-term capital repairs, knowing full well that in some years actual costs will be much lower, and in others, much higher.

### Note 3 – Loans

On March 15, 2016, PSJC entered into a mortgage loan and security agreement with Capital One, N.A. ("CapitalOne"). PSJC borrowed \$500,000 to refinance the outstanding balance from mortgage taken to finance an earlier renovation project. Closing costs for this loan amounted to approximately \$14,000. The loan is secured by a mortgage on the synagogue land and building, and by a security interest in any leases PSJC may enter into for use of the synagogue from time to time.

The loan requires monthly payments of principal and interest through March 15, 2026, at which time mortgage will be paid in full. Interest on the current loan is at a rate of 3.2%, fixed for 10 years. Monthly payments are \$4,892.55, including principal and interest. Prepayments are allowed without penalty at certain dates during the term of the agreement.

The balance of PSJC's previous mortgage with Capital One Bank was \$756,206 as of March 14, 2016. Monies from PSJC's earlier Capital Campaign were used to retire the difference between the old mortgage and the new.

In October 2017, PSJC entered into a new loan agreement with Capital One Bank. A line of credit was established in the amount of \$450,000 to assist with the building repairs. Closing costs relating to the line of credit (loc) amounted to \$14,000. Interest on this loan is set at 4% and is charged only on amounts drawn against the loan. In April of 2018, the PSJC Board decided to draw the entire amount, thus converting the line of credit to a loan.

On May 11, 2020, PSJC received a Paycheck Protection Plan (PPP) loan in the amount of \$121,000. The Federally backed loan was intended to help PSJC offset the economic impact of the Covid-19 pandemic, which reduced Hebrew School tuition, temporarily eliminated our rental income, and forced the postponement of a significant and long-planned fundraiser in honor of Rabbi Carie Carter's 20-year anniversary at PSJC. On March 26, 2021, PSJC received a second round PPP loan in the amount of \$80,898.

Both PPP loans were forgiven in the fall of 2021. The total forgiven amount of \$201,898 has been reported as revenue on PSJC's Fiscal 2022 Statement of Operations.

#### Note 4 – Rental Revenues

PSJC earned only a nominal amount of rental revenue during Fiscal 2021, as its two main rental clients, Kolot Chayeinu Hebrew School and Kings Bay Y Day Camp, scaled back or eliminated in-person activities. Kolot Chayeinu resumed its longstanding Hebrew school rental agreement in Fiscal 2022. PSJC is searching for other rental clients, both short and long-term, to fill the gap.

#### Note 5 – Payroll-related expenses

Payroll-related expenses include all PSJC full-time employees as well as part-time custodial staff. Part-time staff for Hebrew School and Family Programming are reported under Hebrew School and Family Programming expenses. Cantorial services are reported under Committee and Other Programming expenses.

#### Note 6 - Other Fixed Assets

PSJC owns approximately 160 cemetery graves in Beth David and Mount Carmel Cemeteries from predecessor congregations. A small number of these graves have been spoken and paid for, but deeds have yet to be issued. It is difficult to assess the Fair Market Value of these plots, but it would likely be in the \$300,000 to \$1,000,000 range. Individuals/Households who meet membership requirements may purchase graves according to the PSJC Cemetery Policy at prices that are currently well-below market rates.