A Strategy for Community Sustainability

Final Report to the Beit Am Board of Directors

Prepared by the Financial Sustainability Committee

May 11, 2009

בית עם

Beit Am
Mid-Willamette Jewish Community

A STRATEGY FOR COMMUNITY SUSTAINABILITY

EXECUTIVE SUMMARY

Absent change, Beit Am will have growing deficits for the foreseeable future. Left uncorrected, these deficits mean that things we value about Beit Am will come to an end. To identify a sustainable future, a Financial Sustainability Committee (FSC) was given the charge "to develop and submit for Board approval a financial strategy for FY10-13 that details specific approaches for achieving a sustainable, balanced budget for Beit Am." To guide the development of this strategy, the FSC conducted 14 community gatherings attended by 105 members.

The following recommendations reflect both the clear need for the community to meet our financial obligations and Beit Am's strong cultural value that no member be turned away because of a lack of financial resources.

1. Beit Am must actively, clearly, and frequently communicate its financial status to all stakeholders

2. Total net expenditures in the 2009-2010 budget should be reduced by $5000 and, to the extent practical, held at these levels through 2012-2013

3. While establishing a clear waiver policy for members experiencing financial hardship, Beit Am should increase income through the following mechanisms:

- Expand and retain the number of dues-paying members
- Increase the dues rate from 1.75% to 2% of members' gross income
- Set a minimum dues payment of 2% of gross income or $360 per household, whichever is *greater*, with a waiver process for those that cannot pay the minimum
- Establish a process consistent with Beit Am values to encourage pledges to be in line with ability to pay
- Defer designating the first $50 of each pledge for building maintenance fees
- Establish a tuition fee that recovers a significant portion of VJCCS costs
- Raise an additional $1000 in net income by identifying fees that should be established or increased
- Develop our fundraising capacity by raising $2500 in 2009-2010 and increasing targets over time

4. Defer additional fundraising for a new building

5. Reorganize Beit Am's financial and administrative practices

If fully implemented, this strategy is expected to annually raise or save a total of $36,450, compared with expected deficits of $31,000-$46,000 between FY10 and FY12. However, there are large uncertainties in these numbers, especially with regards to members' willingness to pay additional dues and fees, and so this strategy may need to be modified in response to actual conditions.

A STRATEGY FOR COMMUNITY SUSTAINABILITY

SECTION 1 – INTRODUCTION

This document proposes a strategy developed by the Financial Sustainability Committee (FSC) for Beit Am, Mid-Willamette Jewish Community to balance its operating budget. This first section is an introduction that provides a financial overview, describes the FSC's mission, explains how the strategy was developed, and describes some major findings. Section 2 presents the five major elements of the proposed financial strategy, including a problem statement and description. The third section contains a number of other recommendations that are related to financial sustainability but are not major elements of the strategy. The main document is followed by appendices that contain supporting information.

Financial Overview

Since its inception, Beit Am has sought to strike a balance between lay religious leadership and paid professional leadership. At times, the community has secured the services of rabbis and a cantor to fill this need. In the spring of 2001, Cantor Lyle Rockler departed. Following this departure, Beit Am chose not to reduce its dues, but to accumulate reserves that would offset the costs of a new religious leader. During the transition period, Beit Am would have an opportunity to evaluate its financial position and preferences for a religious leader and adjust its revenue accordingly.

In 2006, Rabbi Benjamin Barnett was hired to serve as Beit Am's rabbi. This was in response to strong community support for a full-time rabbi as expressed at community meetings. As a result of the flourishing relationship that has developed between Rabbi Benjamin and the community, a new contract was signed in Feb. 2008 that extends this relationship through July 2012.

Supporting a rabbi requires a significant financial commitment from the Beit Am community (Table 1); it has more than doubled our operating budget. Although membership and dues have increased, the additional revenue has not been sufficient to meet our operating requirements – our expenditures continue to exceed our revenue and this deficit is expected to grow (Fig. 1). For example, next fiscal year we are estimating an operating deficit of $31,000 (Fig. 1) that will come out of our limited cash reserves. This represents a shortfall of about $160-200 per family. Although our reserves will cover this deficit for the time being, the situation is not sustainable. This means that Beit Am will not be able to employ a rabbi unless the community develops a viable strategy for balancing our budget.

Financial Sustainability Committee

The Board designated financial sustainability as its top priority for the 2008-2009 fiscal year. At its Sept. 10, 2008 meeting, the Board approved a charter creating an *ad-hoc* Financial Sustainability Committee that was given the charge "to develop and submit for Board approval a financial strategy for FY10-13 that details specific approaches for achieving a sustainable,

Table 1. Beit Am's 2008-2009 budget.

	Expenditures	Income	Main Components
Administration	$4,836		Postage, SAIF, supplies
Interest / Dividends		$13,500	From investments
Programs	$2,750	$1,350	Hanukkah party, adult education
Community Relations	$3,008	$280	Newsletter, advertising
Fundraising	$2,200	$3,800	Judaica shop, General Fund donations
Membership	$2,060	$102,000	Dues
Operations	$13,132		Utilities, internet, cleaning, insurance
Personnel			
Administrator	$19,250		
VJCCS	$12,200		
Rabbi	$80,714		Total salary and benefits
Religious Affairs	$3,073	$2,350	High Holidays, Seder
Social Action	$3,325		Holocaust program, JEAF, We Care
TOTAL	**$146,548**	**$123,280**	**-$23,268 (Deficit)**

Funds, Cash, and Investments (current through Mar. 4, 2009)			
Restricted Funds		**Cash + Investments**	
Building Maintenance	$27,609	Checking	$37,471
New Building	$246,820	Schwab cash	$47,239
Selma Loney	$28,829	CDs	$339,088
VJCCS	$4,712	Mutual Funds / Equities	$47,791
Yartzeit Board	$1,144		
Torah	$3,161	**TOTAL Cash + Investments**	**$471,589**
Siddur	$4,570		
Library	$652		
Membership Enrichment	$520	**Unrestricted (general) funds**	**$145,376**
OSCI	$352		
Young Judaea	$1,444	Total dues pledge	$104,514
Rabbi Retention	$6,400	Families pledged	138
TOTAL	**$326,213**	Building Maintenance Fee	$5,750

balanced budget for Beit Am" (Appendix 1). The strategy is to be finalized and presented to the Board for approval by the end of FY09 (April 2009). The FSC is comprised of Scott Leibowitz (Chair) and members Anne Hartheimer, Ken Krane, Murray Levine, Robyn Pekala, and Paul Ringold.

Strategy Development

The FSC charter explicitly calls for community involvement in developing the strategy. To that end, the Committee sent a letter to the membership on Jan. 16, 2009 that laid out the financial

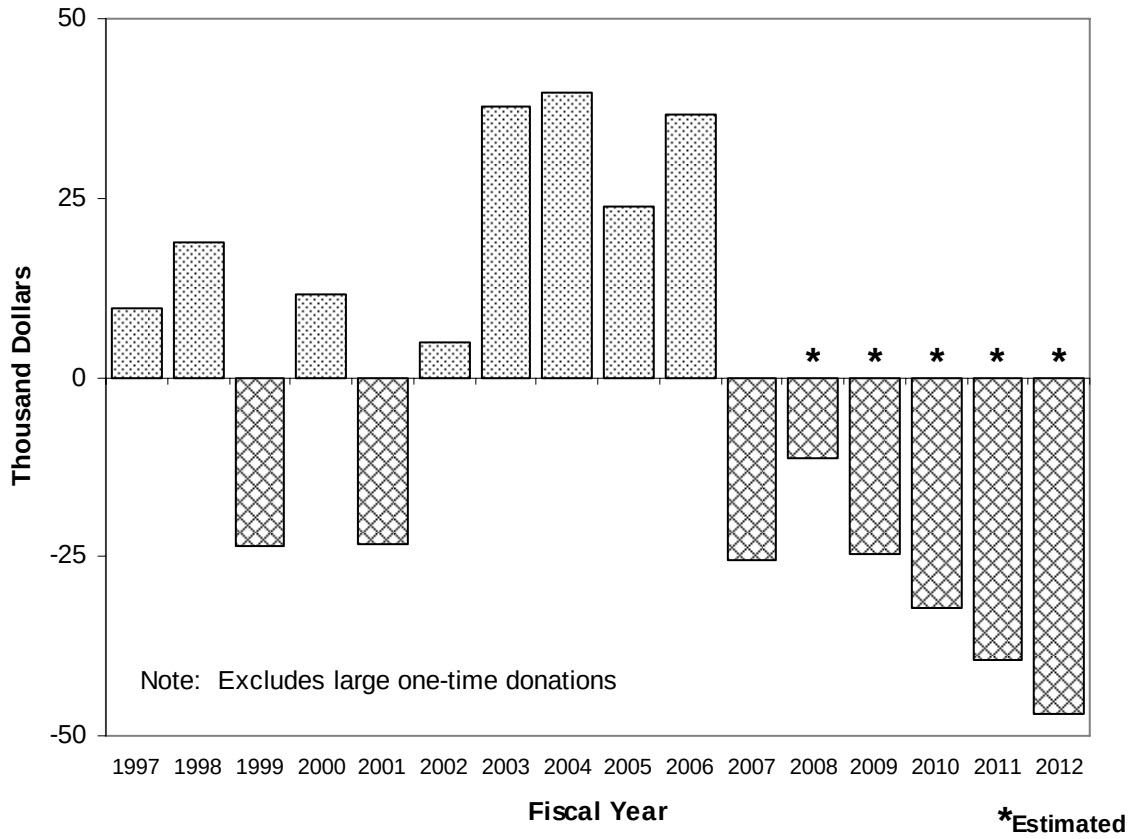


Figure 1. Annual unrestricted budget surplus by fiscal year. Bars above the zero line represent budget surpluses, and bars below the line represent deficits.

challenge and the need for community involvement (Appendix 2). The committee conducted a series of 14 community gatherings between Dec. 4, 2008 and Feb. 19, 2009 that were held in members' homes. The gatherings were kept small (5-9 members plus facilitator and note-taker) to promote discussion. One hundred and five members attended these gatherings (including the six committee members), representing 80 households. Working from a prepared script (Appendix 3), an FSC member prompted discussion at each gathering through a series of specific questions. A second FSC member took detailed notes. Following these community gatherings, a newsletter article was written to keep the issue fresh in members' minds.

The FSC developed the current strategy based on input from the community gatherings and its review of Beit Am's finances. A draft of the strategy was presented to the Board at its Apr. 1st meeting. The draft was then made available to the Beit Am membership for comment. A final revision of the strategy will be presented to the Board at its May 13th meeting.

The FSC informed participants of the community gatherings that it would conduct an on-line, anonymous survey following the community gatherings to help prioritize specific options. However, the FSC decided not to go forward with this survey for several reasons: (a) an expert in survey design had cautioned that such a survey could not provide meaningful information for

the issues the FSC wanted to address, (b) the community gatherings provided the committee with an abundance of useful information, making the survey less useful, and (c) the membership will have an opportunity to comment on a draft of the strategy before it is presented to the Board for final approval.

Findings from the Community Gatherings

The FSC found a broad range of perspectives during the community meetings, providing a number of options for achieving financial sustainability. This strategy is based, in part, on an evaluation of those options. In addition, the FSC identified some strongly held Beit Am values, including:

- That we ensure that no one is turned away from Beit Am because of financial hardship
- That we maintain a relationship with a rabbi and, specifically, with Rabbi Benjamin
- Although many people expressed a willingness to pay more to keep the Rabbi, they also wanted assurances that everyone was paying their fair share. At the same time, there was almost universal consensus that Beit Am should not use intrusive methods, such as requiring tax statements, to determine income levels
- While support for a new building was mixed, there was almost universal consensus that a new building should be deferred until after we balance our budget and the economy improves

Community feedback

The Apr. 14th draft of the strategy document was sent out to the community for feedback. Members were given the option of commenting on the draft in writing or by attending a community meeting that was held on May 3rd. Written comments were received from nine members, and about 10 members asked questions and provided feedback at the community meeting. Comments touched on many facets of the strategy, but were mostly focused on Elements 3.2 (increased dues rate), 3.3 (minimum dues payment), and 3.6 (VJCCS tuition). However, feedback was mixed. For example, a number of people expressed strong opposition to charging VJCCS tuition, but a similar number of people voiced equally strong support for tuition. Based on this conflicting feedback, the FSC elected to make only minor changes to the final strategy document.

SECTION 2 – ELEMENTS OF THE FINANCIAL STRATEGY

Financial sustainability is a prerequisite for Beit Am to serve the needs of the area's Jewish community. Historically, Beit Am has been a community that prided itself on being different from other Jewish communities where money has a more visible presence. As a result, our finances have taken a low priority. Now that we are employing a rabbi, we need to strike a new balance so that each member recognizes (a) the financial resources required to maintain a viable community, and (b) their obligation to support the community. In adopting this change in philosophy, we need to ensure that no potential member is turned away because of financial hardship.

This section presents the five major elements of the proposed financial strategy. In developing these, the FSC reviewed the reports from the 14 community gatherings and identified and evaluated numerous options. The criteria used in evaluating these options included considerations of equity, clarity, ease of implementation, and the probability that each option would improve our financial sustainability. For each of the elements and sub-elements below, we include a problem statement and description. Table 2 provides an overview of the elements and their impact on the budget.

If fully implemented, this strategy is expected to annually raise or save a total of $36,450, compared with expected deficits of $31,000-$46,000 between FY10 and FY12. However, there are large uncertainties in these numbers, especially with regards to members' willingness to pay additional dues and fees, and so this strategy may need to be modified in response to actual conditions.

ELEMENT 1. Beit Am must actively, clearly, and frequently communicate its financial status to all stakeholders

Problem statement: In order for the community to support increased dues and fees, it is necessary that they (a) agree that there is a real financial need, (b) feel that this is something that has personal value and meaning for them, and (c) believe that Beit Am's finances are being appropriately managed. Developing a financial strategy and then asking members to give more is likely to fail without simultaneously developing member support. In addition, we cannot solely rely on the core group of members that have strongly supported Beit Am in the past, both financially and in terms of volunteerism. We need to expand this core group.

All of this requires that the membership be kept informed of our financial status and management efforts. Unfortunately, a majority of the people attending the community gatherings were not aware that Beit Am is running a deficit, and so weren't aware of our financial need. This was in spite of the fact that the deficit was communicated a number of times and in different ways, e.g., through newsletter articles, annual membership meetings, and High Holiday talks. This means we need more effective ways to communicate to the larger community.

Description: The Beit Am Board should use a number of different mechanisms to actively and frequently communicate with the membership, staff, and leadership concerning financial matters

Table 2. Elements and sub-elements of the proposed financial strategy and their expected budget impact. Positive impact numbers represent an increase in income while negative numbers represent a decrease in expenditures.

Element	Description	Impact	Notes
1	Beit Am must actively, clearly, and frequently communicate its financial status to all stakeholders	Neutral	Necessary for membership to support sustainability goal
2	Total net expenditures in the 2009-2010 budget should be reduced by $5000 and, to the extent practical, held at these levels through 2012-2013	(-$5,000)	First year only; expenditures frozen thereafter
3.1	Expand and retain the number of dues-paying members	Unknown	Increased income depends on net increase in membership and gross income
3.2	Increase the dues rate from 1.75% to 2% of members' gross income	$14,670	Assumes no change in incomes; excludes those that would pay the $360 minimum
3.3	Set a minimum dues payment of 2% of gross income or $360 per household, whichever is *greater*, with a waiver process for those that cannot pay the minimum	$7,530	Assumes half of increased fees waived
3.4	Establish a process consistent with Beit Am values to encourage pledges to be in line with ability to pay	Unknown	Should increase income by an unknown amount
3.5	Defer designating the first $50 of each pledge for building maintenance fees	$5,750	Temporary increase in income until building maintenance fee reinstated
3.6	Establish a tuition fee that recovers a significant portion of VJCCS costs	TBD	Develop fee to recover some proportion of the $12,200 salary costs
3.7	Raise an additional $1000 in net income by identifying fees that should be established or increased	$1,000	
3.8	Develop our fundraising capacity by raising $2500 in 2009-2010 and increasing targets over time	$2,500	Should increase each year
4	Defer additional fundraising for a new building	Neutral	
5	Reorganize Beit Am's financial and administrative practices	Neutral	Necessary to implement and monitor financial strategy
	TOTAL	$36,450	Net annual deficit reduction

so that the community remains educated about our finances and supportive of our financial goals. Continued follow-up is essential to maintain and benefit from the awareness created through the community gatherings. Opportunities for reminding members of our financial status are abundant, e.g., in our newsletter and dues statements. In addition, an annual financial report and discussion on whether we are meeting our financial goals should be a priority item at the annual membership meetings. Also, small group discussions provide an excellent mechanism for bringing a large segment of the community into these critical discussions and expanding our core group.

ELEMENT 2. Total net expenditures in the 2009-2010 budget should be reduced by $5000 and, to the extent practical, held at these levels through 2012-2013

Problem statement: Reduce net expenditures to the extent appropriate to minimize the need for increased dues and fees

Description: Total expenses in the 2008-2009 budget were about $150,000 (Table 1). The largest single expense is $80,000 in salary and benefits for the Rabbi. This figure is set by contract and will increase over time. Other personnel costs, including the administrator and VJCCS principal and teachers, account for an additional $32,000 (VJCCS is considered separately in Element 3.6 below). The administrator position is essential to the running of Beit Am, and an increase in support may be necessary in the future because of membership growth. Also, this position requires committed attention to critical functions and access to confidential information that cannot be handled by volunteers. However, a planned increase in administrative hours should be deferred unless clearly justified. Other cuts in net expenditures should come from building operations and other expenses.

Total net expenditures (expenditures minus income within a budget category) in the 2009-2010 budget should be reduced by $5000 (a 3.3% reduction over 2008-2009) through cost cutting and careful monitoring of spending. Possible areas that could be cut or reduced include:

- Electronic distribution of newsletter. Budgeted newsletter costs are $2,500 plus postage. However, some paper copies will need to be mailed and postage per copy may be higher, as they will not be eligible for bulk delivery.
- Donations. Beit Am donates money to several charitable causes: We Care ($1,100), Holocaust Memorial Week ($1,000), and Jewish Emergency Assistance Fund ($1,000). Minor amounts are also given to Stone Soup ($100) and the Interfaith Community of Corvallis ($25). Some believe Beit Am, which itself receives donations, should not donate money to other causes. Rather, they believe that Beit Am could support such organizations by making the information available so that members could contribute directly to those designated organizations. Others see it as a responsibility of a religious organization to financially participate in local causes.
- The utility bill is significant at about $3,200. Heating the building is the most expensive part. The heating system is in the floor. The large amount of thermal inertia requires careful programming of the thermostat in order to have it heat efficiently. Some tweaking of the system may be possible. Also, investigate whether utility costs could be cut by purchasing

(through the restricted Building Maintenance Fund) high efficiency appliances and by conducting an energy audit.

To the extent practical, net expenditures (other than raises built into the Rabbi's contract) through budget year 2012-2013 should be frozen at the 2009-2010 level. Any increases in expenditures should be scrutinized for a clearly justified need and/or the ability to increase revenue. Volunteerism should be used, where possible, to reduce expenditures for professional services For example:

- Cleaning. We currently pay about $3,600 per year, or $300 per month. We may be able to cut costs by cleaning half as often or by using volunteers for this job. Many years ago, cleaning was done by volunteers. As Beit Am grew, members decided they would rather pay than volunteer to clean.
- Landscaping. We have budgeted about $1,000 to take care of the yard. However, the operations portfolio holder has been taking care of the outside maintenance himself. It is possible for volunteers to continue doing this job if properly organized.

Volunteerism should include work in lieu of dues payments for families that are experiencing financial hardship. Note, however, that use of volunteerism needs to be carefully monitored to assure that critical services are performed satisfactorily. In addition, designating volunteers to fulfill these tasks could raise issues of confidentiality and create an additional burden for volunteer coordination.

ELEMENT 3. While establishing a clear waiver policy for members experiencing financial hardship, Beit Am should increase income through the following mechanisms:

Problem statement: Because a majority of our expenditures are personnel costs (Table 1), and most of this is the Rabbi's salary, we are limited in how much we can reduce the deficit through cost-cutting. The bulk of the deficit reduction must come from increased income. Because of Beit Am's strong cultural value that no member be turned away because of financial hardship, income should be increased in conjunction with a clear waiver policy that allows those of need to fully participate in Beit Am membership.

Description: A written policy and procedures should be developed for providing full or partial waivers of dues and fees, depending on financial need. Full-time students that are primary wage-earners should be recognized as qualifying for full or partial financial waivers. Need should be established through a fair, but not overly obtrusive, procedure. The community should continue our highly-flexible approach to evaluating pledges to allow for individual variation in ability to contribute that may reflect current individual economic circumstances. The policy should accept and encourage volunteerism for members with limited means to contribute to the community.

ELEMENT 3.1. Expand and retain the number of dues-paying members

Problem statement: Increase income from dues by increasing the number of members. The

Table 3. Possible effects of various options considered for raising dues. Implementation effect is the probable effect the action would have on the responsible Board member.

Dues Structure	Probable Effect Compared with Current Dues Structure			
	Revenue Effect	**Equity Effect**	**Implementation Effect**	**Other**
Fixed Fees for Member Categories	Hard to predict, more likely to be down than up	Reduced	Increased	Not clear how to define categories and fees for categories in a "Beit Am" ish manner.
Different Rates for Member Categories	Hard to predict	Hard to predict	Same, but see "Other"	Increased burden on current high pledge families could be difficult
Increased Rate	Revenue up	None	Same	Not possible to predict exact response
Annual Deficit Elimination Charge – Fixed Amount	Revenue up	Reduced	Increased	Hard to implement and explain; creates member uncertainty
Annual Deficit Elimination Charge – Percent Increase	Revenue up	None	Increased	Hard to implement and explain; creates member uncertainty
Minimum Pledge Amount	Revenue up; membership down	Reduced	Increased	

number of members can grow by both recruiting new members and reducing the number of members that let their membership expire.

Description: Expand the number of dues-paying members by increasing the visibility of both the Rabbi and Beit Am, and by conducting targeted advertising throughout Corvallis, Philomath, Albany and surrounding communities. Increase membership retention by establishing a set of procedures to welcome and integrate new members.

ELEMENT 3.2. Increase the dues rate from 1.75% to 2% of members' gross income

Problem statement: Increase income from dues by increasing the dues paid per member unit.

Description: A number of mechanisms were considered for increasing dues (Table 3, Appendix 4). There was a range of opinion at the membership gatherings on the approach that should be used to increase dues. Based on considerations of equity and ease of implementation (Table 3),

the FSC recommends increasing the dues rate. Such a change would have the same level of equity and administrative burden as our current policy.

ELEMENT 3.3. Set a minimum dues payment of 2% of gross income or $360 per household, whichever is *greater*, with a waiver process for those that cannot pay the minimum

Problem statement: Sixteen percent of member families pay no dues, and almost 40% pay less than $250 (Fig. 2). It is unknown to what extent this represents people experiencing financial hardship, those not paying the full 1.75% dues rate, or accounting errors. A number of people at the community gatherings felt that there should be a minimum payment to assure that everyone pays their fair share.

Description: Set a minimum dues payment of either 2% of gross income or $360, whichever is greater, along with a waiver policy to assure that no one is turned back because of financial hardship.

ELEMENT 3.4. Establish a process consistent with Beit Am values to encourage pledges to be in line with ability to pay

Problem statement: A strongly held value at Beit Am is that an intrusive process, such as requiring tax statements, should not be used to determine income levels. As a result, Beit Am has relied on members setting their own dues, and has no mechanism to ensure that pledges are in line with ability to pay. For example, half of our dues income comes from less than 20% of our membership. We have no idea if this is an accurate reflection of differences in gross income or if it means that not everyone is paying their fair share. Although many people expressed a willingness to pay more to keep the Rabbi, they also wanted assurances that everyone was paying their fair share. However, this needs to be balanced with a waiver policy to assure that no one is turned back because of financial hardship.

Description: Create a process that encourages all members to pay their fair share of dues. This could be accomplished by creating a Pledge Committee that considers whether pledges are in line with ability to pay. Explore other options, such as increased communication (Element 1), to encourage people to pay their fair share without the need for such a committee.

ELEMENT 3.5. Defer designating the first $50 of each pledge for building maintenance fees

Problem statement: Increase short-term dues revenue by deferring contributions to the Building Maintenance Fund

Description: The first $50 of each pledge is currently diverted to the Building Maintenance Fund. This restricted fund was created to pay for large expenditures (e.g., replacement of the boiler or roof) or emergency repairs on our current building. This fund currently contains over $27,000 (Table 1), which provides an acceptable cushion for these purposes. Collection of this

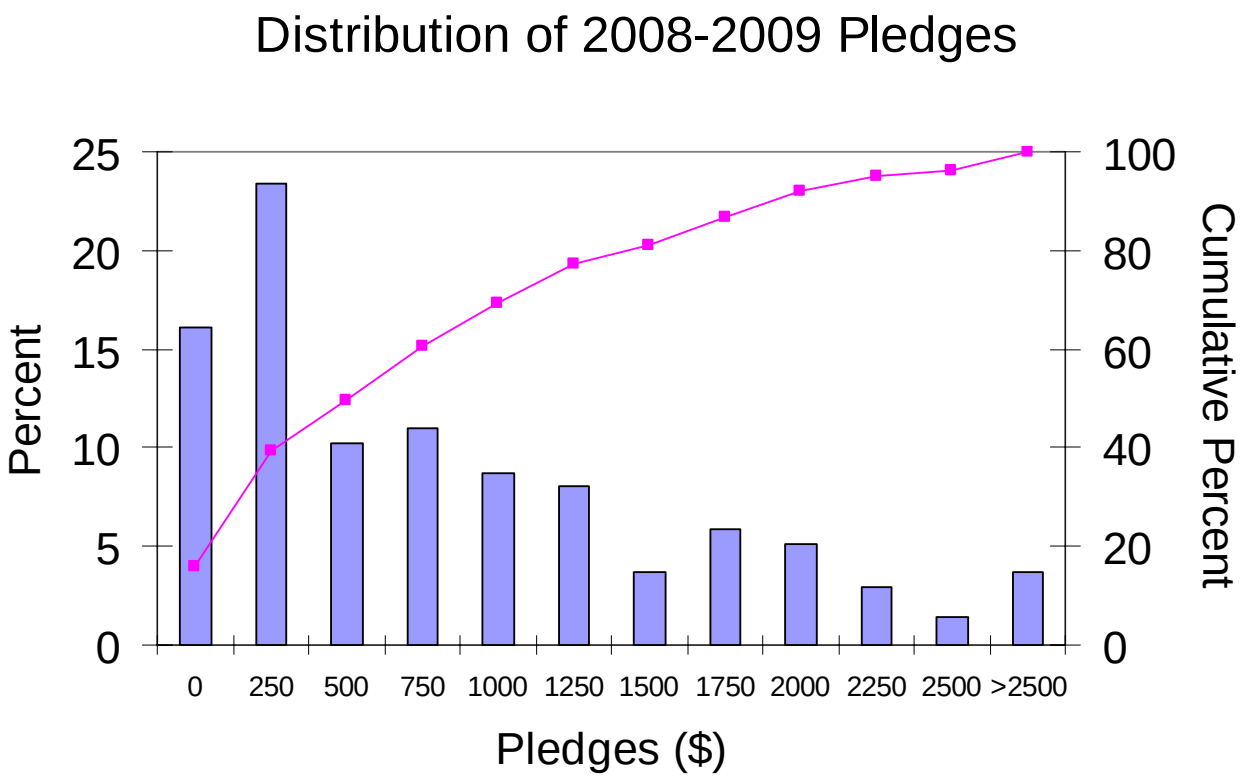


Figure 2. Percent and cumulative percent of pledges by amount pledged.

fee can safely be deferred until further funds are needed, and the $50 from each pledge should go to the general fund.

ELEMENT 3.6. Establish a tuition fee that recovers a significant portion of VJCCS costs

Problem statement: Beit Am has long held the view that the community should bear the cost of educating its children. However, there are a number of reasons to begin charging tuition: a) Beit Am is the only institution in the Willamette Valley that does not charge for religious school, b) Parents have traditionally had a primary responsibility for supporting VJCCS, e.g., by volunteering as teachers, and c) VJCCS is no longer functioning as a cooperative, but now has paid staff with personnel costs of $12,200 (Table 1), plus a portion of the Rabbi's time. Many members expressed the opinion at the community gatherings that parents ought to bear a portion of this cost. However, VJCCS is undergoing a transition where learning opportunities (such as Shabbat services) are being substituted for some of the traditional class time, and it is difficult to estimate costs at this time.

Description: The costs of VJCCS in its new format should be determined and a tuition fee should be instituted that recovers a significant portion of estimated long-term personnel costs

(principal and teacher salaries). It is anticipated that this tuition fee will be lower for the pre-K and K-1 classes, and that it will include a discount for families with more than one child in the upper grades. As with all Beit Am functions, suitable arrangements for reductions in the tuition will be made for families who are unable to support the tuition at the established level.

ELEMENT 3.7. Raise an additional $1000 in net income by identifying fees that should be established or increased

Problem statement: One approach to raising revenue that was suggested at the membership gatherings was establishing or increasing in-house fees for activities that are provided by Beit Am as part of its normal offerings (see Element 3.8 for a discussion of fundraising in the local community, and Appendix 5 for a general analysis of fundraising options). Currently, most of these offerings are either free (e.g., Membership Directory advertisements, Readers Theater) or a nominal fee is charged (e.g., Hanukkah party, community Seder). At the same time, members do not want to be "nickel and dimed" by being charged for every benefit offered by Beit Am.

Description: Raise an additional $1,000 in income by comprehensively reviewing and evaluating areas where fees should be established or increased, especially offerings that non-members take advantage of. This evaluation should consider possible negative impacts on recruitment of new members (Element 3.1).

ELEMENT 3.8. Develop our fundraising capacity by raising $2500 in 2009-2010 and increasing targets over time

Problem statement: Besides raising money from in-house fees (Element 3.7), fundraising events can be a source of income (see Appendix 5 for a general analysis of fundraising options). Opinions at the community gatherings varied widely on how much we should rely on fundraising. Many people thought that fundraising was a waste of time, requiring huge investments in effort and organization and generating little in return. In addition, fundraising activities are hampered by the Beit Am policy that business cannot be conducted on Shabbat or major Jewish holidays. Also, it was pointed out that the fundraising calendar in Corvallis is crowded, and Beit Am does not have a large and general draw. Other people had more positive opinions and experiences with fundraising, and felt that it could be used to raise thousands of dollars and minimize the need for increased dues. What is certain is that Beit Am has never demonstrated the capacity to conduct on-going fundraising that could regularly and reliably contribute to balancing the budget. Such a capacity needs to be developed over time.

Description: Beit Am should develop a fundraising capacity by first prioritizing possible activities (Table 4) by level of effort and potential revenue. As part of this prioritization effort, the Fundraising Committee should survey organizers of other fundraising events in the local community – especially by other religious organizations – to get a good idea of the level of effort required and potential returns. Achievable fundraising goals should then be set that increase over time. To demonstrate this capacity, Beit Am should set a fundraising goal of $2,500 for 2009-2010.

Table 4. List of potential fundraising ideas generated at community gatherings.

- Ebay sale
- Rummage/garage/flea market sale
- Art or services auction (live or silent) or sale
- Klezmer dances
- Rent a theatre to have a bigger event
- Look at what other NGO's do, e.g. the success of the Heartland Humane fundraiser with an outside celebrity
- scrip.com
- Mike Aronson event (bigger venue and charge fee)
- Raffle (car, bicycle, etc.)
- Annual kosher dinner
- Bring churches together at Passover
- Ecumenical Thanksgiving
- Hamantaschen sale
- Sponsor events like educational weekends, fun run
- High ticket dinners
- Series of one day workshops by members
- Have larger fundraisers, like a magician from Las Vegas
- Dine-out events at different restaurants (McMenamins, Papa's Pizza, American Dream do this for schools)
- Sell kosher foods, Shabbat candles, etc.
- Kosher foods on "wheels" such as the Schwann food delivery
- Bingo
- Darkside partnership – Jewish or middle east film festival; maybe tie in to Holocaust week
- Big name entertainer, lecture, concert
- Neil Gladstone benefit
- Jewish food festival. People like experiencing foods of other cultures
- Hanukah party could be a fundraiser because its already so well attended. Fees much larger for non-members. Cake auction at Hanukah party
- Look at types of fundraisers listed in the Jewish Review. Speakers, musical groups
- Interfaith/peace/cultural festival. Really large, connecting with other cultures We would host, might have to split money
- Publish and market Ze'ev's method for learning Hebrew in one day
- Fall festival or Da Vinci Days food or art booth
- Jewish writer / literary event
- Organize concerts for all; cost money, but brings back more
- Cub scouts raise a lot of money selling $1 candy bars
- Raised $2600 ($75/ticket) for dinner and music event
- Provide an annual traditional dinner, sell tickets, collaborate with OSU, etc.

ELEMENT 4. Defer additional fundraising for a new building

Problem statement: The Board decided that one of the highest priorities for this year was to make a decision on whether and how to proceed with buying or constructing a new building. A New Building Committee was formed to gather information and present options to the Board on how it might proceed. Since purchase or construction of a new building could have significant financial consequences, the FSC needed to consider the issue of a new building while addressing the issue of financial sustainability.

Description: At the community gatherings, members were asked how to include a new building included in our financial planning. While support for a new building was mixed, there was almost universal consensus that a new building be deferred until after we balance our budget and the economy improves. Given that, a new building should only be pursued at the current time if this can be done with existing resources (i.e., the New Building restricted fund, sale of the current 36th St. building, and/or sale of the Harrison Blvd. property). Any active fundraising to construct, buy, expand, or improve a new building should be deferred.

ELEMENT 5. Reorganize Beit Am's financial and administrative practices

Problem statement: Implementation of this strategy poses significant new and additional requirements for administering Beit Am. Mechanisms are needed to make sure these requirements are met.

Description: Communications practices, management of volunteers, financial monitoring, fundraising, fair share pledge review policies, fees, pledge and fee waiver policies, VJCCS tuition (and scholarships), and accounting practices are among those that need to be revised. These tasks are the responsibility of the Beit Am Board, and only the Beit Am Board has the authority to implement them. However, given the breadth and importance of these revisions for the future of Beit Am, a standing committee should be established to support and inform the Board of progress towards these goals. This committee should provide the Board with information and assistance for implementing the strategy, monitoring progress, taking corrective actions if targets aren't being met (e.g., *ad-hoc* fundraising drives), and recommending adaptive changes to the strategy. This committee should be chaired by the Treasurer and report to the Beit Am President.

SECTION 3 – OTHER RECOMMENDATIONS

The following are FSC recommendations to the Board that are related to financial sustainability but are not major elements of the strategy:

- Define what a "member unit" is with respect to determining gross income (e.g., what happens if only one spouse attends?)
- Consider instituting mechanisms such as penalty fees, incentives, and education to ensure that pledges are received early in the fiscal year to facilitate planning and monitoring of finances
- Use money donated to the Rabbi retention fund (Table 1) annually
- Institute a $100 charge for ads in the Membership Directory
- Consider allowing paid advertisements in the newsletter
- Include advertisements/stories in other newspapers besides GT (e.g., Albany paper)
- Include Beit Am in yellow and/or white pages of other communities besides Corvallis
- Raise gift shop prices and sell items on-line
- Create the ability to pay dues through the web-site (e.g., VISA)
- Investigate ways to encourage and make it easier for members to make bequests
- Advertise for VJCCS
- Include a thermometer in the newsletter showing our progress in meeting the year's budget goals

APPENDIX 1 – FINANCIAL SUSTAINABILITY COMMITTEE CHARTER

Financial Sustainability Committee Charter
Approved 9/10/08

The Financial Sustainability Committee (FSC) is an ad-hoc committee that has primary responsibility to develop and submit for Board approval a financial strategy for FY10-13 that details specific approaches for achieving a sustainable, balanced budget for Beit Am. This financial strategy should be developed with community involvement. Specifically, the FSC will:

(1) Develop a draft financial strategy document outlining BA's finances and potential approaches for balancing the budget. This will include specific proposals for increasing various revenue streams; e.g., dues (amount pledged per unit and number of pledging units), fundraising, and other sources. The document will also recommend priority areas for budget cuts in the case that revenues do not sufficiently increase to balance the budget.

(2) Hold community meetings to educate members about BA's financial situation and gain input, feedback, and support on the various financial recommendations.

(3) Finalize the financial strategy and present it to the Board for approval by the end of FY09.

(4) Develop by the end of FY09 recommendations on how the financial strategy should be institutionalized. This includes how the progress and success of the financial strategy should be monitored and reported. The recommendations should also address how to institutionalize the process of reviewing and updating the financial strategy so it remains a living document that can be used beyond FY13.

The FSC shall be composed of the President of the Beit Am Board, who shall serve as chair. Other members will include the Board Treasurer, the Board members (or their designees) responsible for the Membership, New Building, and Fundraising portfolios, and the religious leader, who is a non-voting member. The chair may appoint others to the committee as necessary.

Any funds to support the activities of the FSC shall be requested from the Board. The FSC shall not be authorized to make explicit or implicit commitments with financial ramifications without the express consent of the Board. BA's Conflict of Interest Policy shall apply to the members of this committee and their activities.

APPENDIX 2 – JAN. 16, 2009 FSC LETTER TO MEMBERSHIP

Members of Beit Am,

I am writing to invite you to attend one of 12 small gatherings we will be holding between Jan. 28 and Feb. 19 to discuss Beit Am's future. The last few years have been exciting for Beit Am. We hired Benjamin Barnett as our rabbi and, together with him, have revamped our educational and religious programs. The relationship with Rabbi Benjamin has been spectacularly successful, and last year we signed a new contract that extends this relationship.

Supporting a full-time rabbi requires a significant financial commitment from the Beit Am community; it has more than doubled our operating budget. When he was hired, the Board consciously chose to use cash reserves to subsidize these on-going costs. It was hoped that having a rabbi would increase membership, and that the subsequent increase in dues revenue would cover the additional costs. Although membership and dues have increased, the additional revenue has not been sufficient to meet our budget. The result is that our expenditures continue to exceed our revenue. For example, this year we are estimating a $23,000 deficit that will come out of our limited cash reserves (a brief financial summary is included with this letter). This represents a shortfall of about $160-200 per family. Although we have reserves to cover this for the time being, this situation is not sustainable.

Rabbi Benjamin is one of our community's greatest assets, and the Board is committed to keeping him. For this to happen, we as a community need to develop a strategy for how to achieve a stable and sustainable budget. To begin this process, we are scheduling small community gatherings to describe our financial status in more detail and to listen to your ideas about improving our finances. This will be followed-up with a community survey that will solicit more specific feedback on our options.

It is essential that the Board have the broadest possible advice before it develops a financial plan for the coming years. Whether you are a recent member or one of long standing, we want to hear YOUR input and opinions. We urge you to attend one of these gatherings to help us improve Beit Am's future. Whether you attend one of our meetings or not, we welcome your comments on our finances and on the structure and level of detail in the attached financial summary report (you can mail your comments to the office or email them to me at leibozoid@comcast.net).

We look forward to talking to you in person at one of these meetings. Please turn this page over to learn how to sign up now.

On behalf of the Financial Sustainability Committee,

Scott Leibowitz, President

How to Sign Up for a Community Gathering

We have planned 12 community gatherings to describe our financial status and to listen to ideas about improving our finances. To ensure a full discussion, we've chosen to limit the attendance at each of these gatherings to eight people. Gatherings are scheduled on the following dates (specific locations will be provided prior to the meetings):

Day	Date	Time	Location
Wed.	Jan. 28	7:00-9:00pm	Corvallis
Thu.	Jan. 29	3:00-5:00pm	Corvallis
Sun.	Feb. 1	2:00-4:00pm	Albany
Mon.	Feb. 2	7:00-9:00pm	Corvallis
Tue.	Feb. 3	7:00-9:00pm	Corvallis
Thu.	Feb. 5	7:00-9:00pm	Corvallis
Wed.	Feb. 11	2:00-4:00pm	Corvallis
Fri.	Feb. 13	2:00-4:00pm	Corvallis
Sun.	Feb. 15	7:00-9:00pm	Corvallis
Mon.	Feb. 16	7:00-9:00pm	Corvallis
Wed.	Feb. 18	7:00-9:00pm	Corvallis
Thu.	Feb. 19	7:00-9:00pm	Philomath

If you have internet access, please go to the following site and follow the on-line instructions:

http://www.doodle.com/participation.html?pollId=bzb9z4gdwhsn43hm

Please note that you should include a separate line for each adult that will be attending.

If you do not have internet access, please call the Beit Am office (753-0067) and provide your name, phone number, preferred date, and the number of attendees.

PLEASE SIGN UP FOR COMMUNITY GATHERINGS BY SUNSET ON FRI., JAN. 23rd

APPENDIX 2 – CONTINUED

FY2009 Budget Summary (Estimated)

Total members: 137 member families

Income		**Expenses**	
Total pledges:	$102,000	Total personnel costs:	$112,164
Total other income:	$21,280	Total building operations:	$13,132
Total income:	$123,280	Total other:	$21,252
		Total expenditures:	$146,548

Expected deficit: $23,268

Assets

Non-restricted funds:	$164,419
New building fund*:	$240,577
Other restricted funds*:	$74,969
Total funds:	$479,965

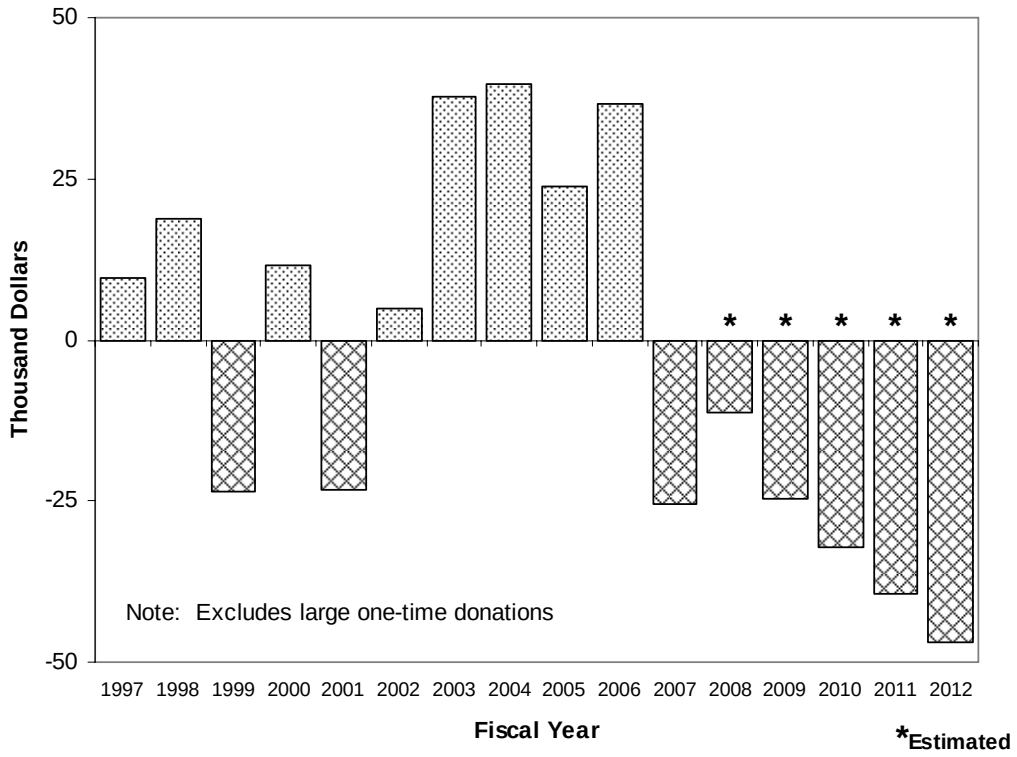
*Restricted funds cannot be used for operating expenses

Other assets: 36th St. building and 5 acres north of LDS church off Harrison (both owned in full)

Liabilities

Contractual obligations

Annual Unrestricted Budget Surplus (FY97-FY12)



APPENDIX 3 – SCRIPT USED AT FSC SMALL GROUP MEETINGS

FINANCIAL SUSTAINABILITY SMALL GROUP MEETINGS
Final Script – 2/1/09

Note: *Italicized items are for group discussion*

Introduction

1) Thank you for joining us. Tonight, we'd like to hear your ideas on how to make Beit Am financially sustainable. I'll start by giving a brief review of our financial situation, and then we'll have a discussion on dues. That will be followed by discussions of fundraising and the new building. Then I'll wrap up by outlining our next steps

2) Since there's a number of topics we need to cover, I'd like to ask everyone to keep their comments brief, so we all have a chance to speak

What does Beit Am offer?

3) *Let's start by going around the room, introducing yourself, and briefly sharing what Beit Am offers you. In other words, why did you join Beit Am?*

Financial Review

4) Thank you all for sharing that. As you can see, many of you mentioned Rabbi Barnett as one of the important things that Beit Am offers you. And that directly relates to our discussion of financial sustainability. So to start that discussion, let me briefly review our situation

5) Based on community input, the Board hired Rabbi Benjamin in 2006

6) This more than doubled our budget, so that total expenditures now exceed our income

7) As planned, the Board has been drawing down our cash reserves to make up the deficit, but this isn't sustainable

Projected Deficits

8) Although membership and income have increased, we are still estimating an annual operating deficit of $20-25K for 2009, and with the deficit increasing over time due to inflation, contractual salary obligations, and loss of interest

9) This represents an average shortfall of $160-200 per family in 2009 if we assume 125 family units

Balancing the Budget

10) What this means is that Beit Am will not be able to continue employing the rabbi unless the community develops a viable strategy for balancing our budget

11) The four basic ways to do this are to increase membership, raise dues, increase fundraising, or cut expenses

12) Membership has grown, and we need to continue to try to draw new members. However, we cannot count on continued growth to make up deficits

13) Although we need to look for ways to cut costs, about 56% of our budget pays for the Rabbi (total personnel costs are 75% of the budget)

Dues

14) Increasing dues to pay for all or part of this deficit raises a number of issues; for example:

15) If we ask each family to increase their pledge by the $160-200 shortfall then this will impact low income families and those being impacted by the economic downturn the most

16) We could increase our 1.75% dues rate or go to a fixed fee schedule that covers the costs, but these would require some people to shoulder a larger burden

17) We could institute a "fee for service" policy – for example, charging for VJCCS and adult education programs – but this would not be effective if people lowered their pledges in response

18) *How do you feel about raising dues and what would be a fair and equitable way to do this?*

Fundraising

19) Thank you for all those wonderful comments. Moving on to our next topic, fundraising events aimed at the greater Corvallis community could help offset our deficit. However, this is likely to be limited because (a) we have little experience in fundraising, even within Beit Am, and (b) even established and experienced Corvallis charities with a broad base of support bring in limited money through fundraising ($3000-$6000). Thus, we are not likely to pay for more then a fifth of the deficit through fundraisers, and this could require several years for us to ramp up

20) Given these limitations, where do we get the manpower to organize and run these events?

21) How do we make sure the same people aren't doing all the work?

22) What kind of events could raise thousands of dollars each year?

23) *What kind of events do you think would have the greatest potential to bring in money at the lowest volunteer cost?*

24) Thank you, those are wonderful ideas that we'll fully consider. *Would you be willing to volunteer significant time for such fundraising efforts, and what is your experience with fundraising events?*

New Building

25) The discussion so far assumes we continue to occupy our current building. However, Beit Am purchased a 5-acre property with the idea of constructing a new building, and we have a new building fund with over $240,000

26) *How should we include a new building in our financial planning?*

27) *Are there any other comments, thoughts, or questions before I wrap things up?*

Next Steps

28) Thank you for attending and sharing your thoughts tonight. And special thanks to our host(s), _____. The next steps in this process will be:

29) The FSC will synthesize information from these small group meetings

30) Develop an on-line, anonymous survey to help us prioritize specific options. Please look for this survey towards the end of Feb. and complete it promptly so we have an accurate assessment of what the community supports

31) Based on this information, the FSC will develop a draft strategy

32) The strategy will then be finalized based on feedback from the Board

33) The Board will then make a decision on how to roll out the strategy to the community

Thank You
Thank you for participating in this important process
Feel free to contact me at email/phone # if you have any specific comments or feedback

APPENDIX 4 – ANALYSIS OF APPROACHES FOR INCREASING DUES

Our current policy is that we request that members contribute 1.75% of their gross household income. With this policy in place we have an expected operating deficit of $23,268 for the current budget year (2008-2009).

Options for a revised structure include:

1) Fixed fees for categories of membership
2) Different rates for different categories of membership
3) Increased rate
4) Annual deficit elimination surcharge
5) Minimum pledge

Combinations or variations on these policies might be worthy of consideration as well

Each of these options is defined and evaluated. The evaluation criteria are:

A) Probable effect on revenue
B) Probable level of effort required of responsible board member
C) Equity effects
D) Other issues

The options are discussed and summarized in Table A4.1.

Fixed fees for categories of members

Under this dues structure we would define classes of membership and set a fixed fee for each class. We could define fee classes based on age, family structure, member age, or income. Without knowing which classes of membership would be associated with each current pledge it's not possible to determine the effect on revenue with any certainty. However, we have four families that pledged $3,000 or more in the current year. It's hard to see how we could define a fee structure for a category that would ask these four families to pledge this amount, thus their contribution would decrease. Similarly, we have a large number of families (56 of 137) whose pledge implies work at minimum wage levels. It's hard to see how we could define a membership class that would be appropriate for this large number of members. While their pledges might go up, the level of effort required in discussing their pledges with the responsible board member could be high. If we could implement a fixed fee policy for different classes of members and our members were to follow it, then the pledges from our most well off members would likely decrease and the pledges from our least well off members would increase. One could consider this a less equitable policy than our current policy.

Different rates for different categories of membership

Under this dues structure we would define classes of membership and set a different rate for each class. We could define rate classes based on age, family structure, member age, or income.

Table A4.1. Possible effects of various options considered for raising dues.

Dues Structure	Probable Effect Compared with Current Dues Structure			
	Revenue Effect	**Equity Effect**	**Implementation Effect**	**Other**
Fixed Fees for Member Categories	Hard to predict, more likely to be down than up	Reduced	Increased	Not clear how to define categories and fees for categories in a "Beit Am" ish manner.
Different Rates for Member Categories	Hard to predict	Hard to predict	Same, but see "Other"	Increased burden on current high pledge families could be difficult
Increased Rate	Revenue up	None	Same	Not possible to predict exact response
Annual Deficit Elimination Charge – Fixed Amount	Revenue up	Reduced	Increased	Hard to implement and explain; creates member uncertainty
Annual Deficit Elimination Charge – Percent Increase	Revenue up	None	Increased	Hard to implement and explain; creates member uncertainty
Minimum Pledge Amount	Revenue up; membership down	Reduced	Increased	

Without knowing which classes of membership would be associated with each current pledge it's not possible to determine the effect on revenue with any certainty. If we could implement a different rate policy for different classes of members based on income and our members were to follow it, then the pledges from our most well off members would increase and therefore our revenue could increase. The difficulty with this policy would be in defining and defending the categories. In addition, the financial burden for supporting Beit Am would increasing fall on the most well off. Since about one-third of our revenue currently comes from ten member families increasing the burden on this group could encounter significant resistance or resentment.

Increased rate

Under this dues structure we would increase the rate to balance our budget. The rate necessary to balance our current budget is 2.128%. Given that our operating deficit is projected to grow in future years, we would need to set a higher rate if we were to wish to provide our members with an opportunity to balance Beit Am's operating budget. Such a change would have the same level of equity and impose the same burden on the responsible board member as our current policy.

Annual deficit elimination surcharge

Each year when our pledge level becomes clear we could request that members add a sufficient amount their pledge to make up this deficit. We could do this by adding a fixed amount or by asking for an percentage increase in the pledge. A fixed amount surcharge: Using this year's numbers, the fixed amount that would be added would be $170 (= deficit/number of members = $23,268/137). Since 28% of our members (39 out of 137) currently pledge less than this amount, it's unlikely that requests for a fixed fee of this amount would lead to a balanced budget. We would need to set the fixed amount somewhat higher to secure a balanced budget. In any event, members with lower pledges would be asked to increase their pledge by a relatively large amount, and members with higher pledges would be asked to increase their pledge by a relatively smaller amount. A fixed surcharge policy would shift the distribution of the financial burden to those with smaller pledges. For example, a $170 surcharge would constitute a 34% increase for a family contributing $500, but only a 9% increase for a family contributing $2,000. A percentage increase in the pledge amount: Using this year's numbers we would ask members to increase their pledges by 21.6%. Such a policy would keep the distribution of financial burden identical to our current policy – it would be identical to an increased rate policy.

An annual deficit elimination surcharge would pose a significant burden for the responsible board members in communicating the policy and in implementing it. It would also create uncertainty for our members.

Minimum Pledge Amount

Our pledge data show that a large number of members pledge very small amounts. We could institute a minimum pledge amount. If the minimum pledge amount were $300 and (using data for the current year) if all members currently contributing less than $300 were to contribute $300 we would decrease our deficit by about 50%. This approach would lead to a high level of effort for the board members involved (in granting waivers from the requirement for those not pledging the minimum) and would reduce equity as compared to our current distribution. We would probably also lose members.

Recommendation: Increase our dues rate

APPENDIX 5 – ANALYSIS OF FUNDRAISING OPTIONS

We identified three types of fundraising activities: (1) fundraising among our members; (2) fundraising in the local community; (3) fundraising through grants from foundations or other benefactors.

Fundraising among members. Other than through dues or direct charges for activities, this might involve "passing the hat" at various community events or scheduling activities such as a silent auction at events involving large numbers of Beit Am attendees (for example, the Hanukkah party). Also mentioned at the community meetings was offering "sponsorships" of a specific component of the Beit Am program for a given period, such as supporting the rabbi or the library or gift shop for a week. These activities might be a way to generate funds from those who might not be currently supporting their fair share of dues. They also serve to keep discussions of our financial status at the forefront of our members' attention. On the other hand, they may be labor intensive, usually don't generate significant revenues, and may possibly offend members who already pay their fair share of dues and are tired of being "nickel and dimed" on the budget.

Fundraising in the local community. Many of the attendees at the community meetings expressed support for holding some type of fundraising activity that would bring in funds from the entire mid-Willamette Valley community. For example, we might sponsor a lecture or a music concert, or we might hold a major food event such as a New York deli meal. Some attendees at the community meetings mentioned the revenues generated at annual fundraisers by other local organizations, such as Old Mill School, Ashbrook School, or Heartland Humane Society. However, it is important to remember that these are organizations with a broad local appeal, while we have only a very narrow base. It would be of interest to find comparable fundraising activities by local churches.

Concerns about this type of event include the personnel necessary to organize and plan it – would this involve new volunteers from among our membership or would the task fall on the same overworked people who already manage other aspects of the Beit Am program? Another difficulty with community-wide fundraising involves Shabbat – we cannot hold an event such as a lecture or concert on Friday evening, nor can we hold a rummage sale on a Saturday. It is even difficult to organize a Saturday night event, because that may involve set-up or preparation before sundown. (And it is, I believe, contrary to Jewish practice to hire someone to do work on Shabbat that benefits us but that we are prohibited from doing.) Aside from the financial benefits, holding a major annual event would have the advantage of making Beit Am a more visible presence in the local community. Finally, we must realize that the local programs that bring in a significant return are often long-standing events in the community, so if we plan to engage in this activity we must be prepared for small returns over several years until the event becomes established.

Fundraising through grant proposals. Grant proposals to foundations usually involve specific program ideas, rather than support of general operating funds. And they usually will require the receiving organization to undertake a program in which it is not currently engaged, so there may well be a net drain on operating funds. With foundation endowments showing the impacts of the

decline in the stock market, it is likely that most foundations will be reducing their payouts in the next couple of years. We do not believe that this is a fruitful avenue to pursue for fundraising.

Closely connected to this method of raising funds is the solicitation of donations from out-of-town relatives of Beit Am members, which is occasionally suggested as a fundraising idea. While this approach might prove to be beneficial in generating funds for a specific one-time project (such as the new building), we do not believe that it is likely to produce regular and sustainable income that addresses the deficit in our operating funds and that should be the goal of our fundraising activities. Our out-of-town relatives are probably supporting congregations in their own communities and are no more likely to be regular contributors here than we are to be regular contributors to their communities.

We believe that the only fundraising program that has any possibility of impacting the continuing deficit in our operating funds is a major activity in the local community. Even so, we are not optimistic about the possibilities, especially in the short run. For example, a performance event must sell 500 tickets at $30 each to produce $10,000 in revenue (assuming that pre-event costs would run about $5000). That's *very* hard to do in Corvallis. And even $10,000 per year, unlikely as it would be to raise, is only a small share of our continuing annual deficit.

We suggest that the Fundraising Committee study this possibility. A first task of this committee would be a thorough survey of fundraising events in the local community. This *must* include detailed face-to-face conversations with the event organizers of the sponsoring organizations to get a good idea of the level of effort required and a breakdown of the yield. For example, the reported yields of some local events include substantial revenues from sponsors or major donors in addition to the proceeds of the event itself. We need to focus on specifically how much can be raised by the event and not by the sponsorships. There must also be a thorough understanding of the up-front costs and the potential risks involved, as well as an estimate of the likely initial revenues and the possibility of their growth over time.