



SAN DIEGO JEWISH ACADEMY
BOARD OF TRUSTEES MEETING

Tuesday, June 7, 2016

SAN DIEGO JEWISH ACADEMY

BOARD OF TRUSTEES MEETING

TUESDAY JUNE 7, 2016

11:00 AM – 2:00 PM

AGENDA

AGENDA ITEM	APPROVAL REQUIRED RESOLUTION # <i>(refer to draft resolutions)</i>	START TIME/ MINUTES	DISCUSSION LEADER(S)
1 <i>D'var Torah</i>		11:00 / 5	Rabbi Yael
2 Consent Agenda	1	11:05 / 5	Theresa
3 Audit Committee Report	2	11:10 / 5	Ben
4 Parent Survey Results (Measuring Success)		11:15 / 45	Daniel Chiat
Lunch		Noon / 20	* *
5 Advancement Committee Report		12:20 / 5	Jessica/Rachelle
6 Finance Committee Report	3, 4	12:25 / 30	Dan/Skip
7 Head of School Report	5	12:55 / 20	Chaim
8 Board President Report		1:15 / 15	Theresa
9 Good and Welfare		1:30 / 5	Theresa
10 Executive Session	6	1:35 / 25	Theresa
11 Adjournment		2:00 PM	Theresa

Upcoming SDJA Events

Early Childhood Center

Promotion to Kindergarten

Tuesday, June 7, 6:30 – 8:00 pm

SDJA Ulam

Golda Meir Lower School

5th grade Shacharit Service
K-5 Step Up Ceremony

Thursday, June 9, 8:00 – 9:30 am
Thursday, June 9, 2:00 – 2:45 pm

SDJA Ulam
GMLS Steps

**FOR THE MINUTES OF THE MEETING OF
THE BOARD OF TRUSTEES OF
SAN DIEGO JEWISH ACADEMY**

June 7, 2016

DRAFT RESOLUTIONS

CONSENT AGENDA

1. *Approval of BOT Meeting Minutes*

RESOLVED, the minutes of the regular meeting of the BOT on May 19, 2016 are hereby approved and the Secretary of the School is directed to insert a copy of such minutes into the School's minute book.

AUDIT COMMITTEE REPORT

2. *Amended Audit Committee Charter*

RESOLVED, the updated Charter of the Audit Committee is hereby approved.

FINANCE COMMITTEE REPORT

3. *New Bank Account and Line of Credit Authorization*

RESOLVED, as presented and discussed at this meeting, the BOT hereby authorizes SDJA to open bank accounts with First Republic Bank, and, at the appropriate time, close corresponding bank accounts held at Comerica Bank; and

FURTHER RESOLVED, the BOT hereby authorizes SDJA to secure a revolving line of credit with First Republic Bank to ensure access to sufficient cash-on-hand requirements that may be needed on an emergency or temporary basis.

4. *Repayment of Bond Debt Principal*

RESOLVED, as presented and discussed at this meeting, the BOT authorizes SDJA to fully pay its outstanding bond debt balance using unrestricted cash-on-hand, and take all further actions necessary or appropriate to fully retire the bond debt and associated interest and fees being incurred by the school.

(continued next page)

**FOR THE MINUTES OF THE MEETING OF
THE BOARD OF TRUSTEES OF
SAN DIEGO JEWISH ACADEMY**

June 7, 2016

DRAFT RESOLUTIONS (continued)

HEAD OF SCHOOL REPORT

5. *Authorization to Open ECC for Special Holiday Programming*

RESOLVED, the BOT hereby approves opening SDJA's Early Childhood Center on the Jewish Holidays of *Sukkot*, *Sheminie Atzeret*, *Simchat Torah*, and *Shavuot* for special holiday celebrations staffed by ECC teachers opting to work on those holidays.

EXECUTIVE SESSION

6. *Extend Head of School's Employment Agreement*

RESOLVED, the term of Chaim Heller's Employment Agreement with SDJA is hereby extended one additional year, through June 30, 2019.

**MINUTES OF THE MEETING OF
THE BOARD OF TRUSTEES OF
THE SAN DIEGO JEWISH ACADEMY**

May 19, 2016

A regular meeting of the Board of Trustees (BOT) of the San Diego Jewish Academy (SDJA) was held at SDJA's central administrative offices on May 19, 2016 immediately following the Annual General Meeting of Members.

Trustees Present

Theresa Dupuis (Chair), Lawrence Bartlett, Brenda Bielas, Michel Cohen, Ira Feinswog, Jessica Fink, Dan Feldman, Ben Handler, Ingram Losner, Rabbi Yael Ridberg, Jami Rosenthal

Trustees Absent

Susan Chortek-Weisman, Leslie Fastlicht Russo, Heidi Gantwerk, Julian Josephson, Russell Silberstein, Beni Surpin, Laura Vainer, Caryn Viterbi

Also Present

Chaim Heller, Skip Carpowich, outgoing Trustee Jessica Effress, Rachelle Jagolinzer, Kelly King, Mike Quigley, Sheila Reilly

CONSENT AGENDA

After discussion, the following resolution (motion by Ingram Losner, seconded by Michel Cohen) was unanimously adopted:

RESOLVED, the minutes of the regular meeting of the BOT on April 14, 2016 are hereby approved and the Secretary of the School is directed to insert a copy of such minutes into the School's minute book.

BOARD PRESIDENT

Theresa welcomed the newly elected Board members and individually thanked and recognized all of the trustees and staff for their unique talents and dedication. She also announced that Rabbi Yael Ridberg has agreed to Chair the Board beginning in the 2017-2018 school year.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 7:00 pm.

Ira Feinswog, Secretary



AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

June 7, 2016

SDJA's Audit Committee (Ben Handler, Chair) met on May 27, 2016. Report items for the upcoming Board of Trustees meeting are summarized below.

Amendment to Audit Committee Charter

At the recommendation of SDJA's independent audit firm, West Rhode & Roberts, the Committee compared its current charter to the Charter of the Finance Committee, to ensure no gaps in combined scope. Based on this review, the Committee is recommending an amendment to its charter to include oversight of risk management, and also, to modify the minimum required number of members. A copy of the draft amended charter is enclosed, along with a copy of the current Charter of the Finance Committee, for reference

Appointment of Independent Audit Firm

West Rhode & Roberts will be conducting the 2015 401(k) audit, and 2015/16 financial statement audit, in accordance with its engagement proposal letter previously approved by the BOT.

Internal Controls Development Matrix

The Audit Committee is assisting in developing and monitoring the continuous enhancement of internal controls at SDJA, with the periodic review of an Internal Control Development Matrix (attached for reference).



DRAFT

Charter of the Audit Committee

This Charter governs the operations of the Audit Committee (“the Committee”) of the Board of Trustees (“the Board”) of San Diego Jewish Academy (“SDJA”).

Role of the Committee

The Committee shall assist the Board in fulfilling its responsibility for the safeguarding of assets, and for the oversight of the quality and integrity of the accounting and internal control practices of SDJA, as well as other duties and responsibilities as set forth in this Charter.

Membership

The Committee shall consist of ~~three~~two or more members, all of whom are free of any relationship that in the opinion of the Board would interfere with his or her exercise of independent judgment. Committee members, including a designated Committee Chair, shall be appointed by and serve at the pleasure of the Board. No executive officer of SDJA shall be a member of the Committee.

Members may be of diverse backgrounds and careers, however, each member must have a general working knowledge of financial reporting and be able to understand and interpret financial statements and related notes.

Meetings, Agendas and Minutes

The Committee will have at least two regularly scheduled meetings each year. Additional meetings may occur as the Committee or its Chair deems advisable.

Agendas and meeting materials will be sent to members of the Committee prior to each meeting. Minutes of each Committee meeting and records of all other Committee actions shall be prepared by a secretary of the meeting designated by the Committee and shall be filed with SDJA’s corporate records.

The Committee, through its Chair, reports to the full Board.

Principal Responsibilities

The principal responsibilities of the Committee are as follows:

- A. Recommend to the Board the selection and retention of the independent audit firm that audits SDJA’s financial statements and retirement plan. The Committee will affirm that the auditor is independent, and will review and approve the audit scope and process proposed by the auditor.

- B. Receive and review the independent auditors' reports, observations and recommendations, and management's responses thereto.
- C. Receive and review the annual audited financial statements with management and the independent auditor, and report to the full Board on the results of the audit.

D. Review the programs and policies of SDJA designed to ensure compliance with applicable laws and regulations, including protection of tax-exempt status, and monitor the results of these compliance efforts.

~~D.~~E. Oversee SDJA's risk management and insurance program.

~~E.~~F. Approve any non-audit services by the independent auditors.

~~F.~~G. The Committee will review and update this Charter as necessary.

Adoption of Charter

This Charter was ~~approved and adopted~~ last updated and approved by the Board on ~~March 19, 2015~~ June 7 2016.



Charter of the Finance Committee

This Charter governs the operations of the Finance Committee (“the Committee”) of the Board of Trustees (“the Board”) of San Diego Jewish Academy (“SDJA”).

Role of the Committee

The assist in the fulfillment of the Board’s fiduciary responsibilities by providing oversight of the SDJA’s financial health and investment policies and practices, and support management by providing advice pertaining to financial matters of the School. The Committee recognizes that the School’s Business Office staff has more time, knowledge and detailed information on the School than Committee members; consequently, in carrying out its oversight responsibilities, the Committee is not providing expert or special assurance as to the School’s financial performance or any individual financial transaction.

Membership

The Committee shall consist of the Board Treasurer (who shall serve as Committee Chair), the Board President, the Immediate Past President, the Head of School, the CFO/COO, and a minimum of two at-large members.

Meetings, Agendas and Minutes

The Committee will meet at least 2 – 4 times annually. Additional meetings may occur as the Committee or its Chair deems advisable.

Agendas and meeting materials will be sent to members of the Committee prior to each meeting. Minutes of each Committee meeting and records of all other Committee actions shall be prepared by a secretary of the meeting designated by the Committee and shall be filed with SDJA’s corporate records.

The Committee, through its Chair, reports to the full Board.

Principal Responsibilities

The principal responsibilities of the Committee are as follows:

- A. Review and analyze the School’s annual budget, including tuition policies and rates. Make recommendations regarding annual budget to promote alignment with SDJA’s strategic plan, and advise the Board of significant variances from the approved budget as they may arise.
- B. Assess debt balances and promote fiscal discipline.

- C. Develop and review SDJA's investment policies, practices, objectives and performance. Interview and recommend potential investment managers, when deemed appropriate.
- D. Review and analyze SDJA's long-term financial projections.
- E. Examine any proposed major financial transaction and make recommendations to the Board with respect to them.
- F. Review and analyze financing alternatives with regard to major projects and make recommendations to the Board with respect thereto.
- G. The Committee will review and update this Charter as necessary.

Adoption of Charter

This Charter was last updated and approved by the Board on August 1, 2013.



Internal Controls Development Matrix

Internal Control Area / Description	Action Taken or Planned	Actual / Target Implementation Date
A. Control Enhancements Implemented Post June 2014	<i>(Notable items listed; other controls have been implemented)</i>	
1. Establish an Effective Audit Committee	Appoint Chair, adopt charter, appoint members, hold meetings	Fall 2014
2. Staffing and Duties	Assessed staff competencies, clarified job descriptions, adopted better segregation of duties, instituted greater accountability, replaced poor performing staff members, staff mentoring and training	Fall 2014, ongoing
3. Corporate Credit Cards (AMEX)	Implemented much tighter controls regarding criteria for receipts, summary of card holder transactions to promote effective reviews and approvals. Better training and staff communication.	Fall 2014
4. Check Disbursements	Implemented much tighter controls regarding criteria for clear and complete supporting documentation and proper coding of expenditures, and related training and accountability of staff	Fall 2014

Internal Controls Development Matrix

Internal Control Area / Description	Action Taken or Planned	Actual / Target Implementation Date
5. Legal Contracts	Addressed very poor use and management of contracts, lack of clarity regarding execution authority. Significant area of risk mitigation. Hired in-house counsel to bolster. Efforts are ongoing.	Fall 2014
6. Cash Receipts	Significantly reduced cash receipt limit, clarified policy/responsibilities	Fall 2014
7. Cash Management	Reorganized system of decentralized petty cash, including clarification of responsibilities, and internal audit procedures (surprise counts)	Fall 2014
8. Banking and General Ledger Controls	Clarified and documented authorizations for banking transactions and general ledger access (check signatures, wire transfers, intra-bank transfers, journal entries, etc.	Fall 2014
9. Payroll Processing	Implemented electronic authorization and approval for personnel transactions, review and approval of pay rate changes, streamlining of data management and reporting to reduce errors and enable more effective management controls	Winter 2015

Internal Controls Development Matrix

Internal Control Area / Description	Action Taken or Planned	Actual / Target Implementation Date
10. Budget Responsibility and Controls	Institute new model for decentralized budgeting and cost management within divisions, departments and cost centers to better monitor and manage budget variances. Efforts are ongoing, major remapping of chart of accounts coming soon to increase effectiveness.	Spring 2015
11. Confidential Whistleblower Hotline	Implemented confidential third party hotline (Lighthouse Services) to enable employee reporting of fraud or ethics violations	Summer 2015
B. Planned / Potential Control Enhancements		
12. Central Safekeeping of Cash and Valuables	In response to burglary and theft of safe, redefined valuables and implemented new lock box and safekeeping practices. Also further reduced allowed cash receipt limit (maximum is \$300) and changed courier deposit day to Friday to avoid cash on hand over weekends.	Spring 2016
13. Oversight of Risk Management	Audit Committee review of SDJA Finance Committee Charter to ensure coordination and “gap” management. Amend Audit Committee Charter	Summer 2016

Internal Controls Development Matrix

Internal Control Area / Description	Action Taken or Planned	Actual / Target Implementation Date
13. Oversight of Risk Management (cont.)	(cont.) to include Oversight of Risk Management. Planned presentation by CFO and Outside Risk Management Advisor (Gallagher Levine) regarding significant areas of risk and mitigation approach, adequacy including insurance program coverage	Summer 2016
14. Payroll Controls	Hired new Payroll Coordinator to move primary payroll processing from Human Resources to Business Office. Will reorganize process and responsibilities for better segregation of duties and controls. Evaluating best approach to ensure Business Office Staff cannot make changes to employee files.	Summer 2016
15. Internal Control Narratives	Consider providing internal controls narratives to Audit Committee at pre-audit phase, allowing Committee to interface with Audit Partner on potential areas of focus for upcoming audit.	Summer 2016
16. Training / Onboarding of New Committee Members	CFO and Audit Committee Chair to design and implement best approach for new members, and plan for continuity	Summer 2016



Internal Controls Development Matrix

Internal Control Area / Description	Action Taken or Planned	Actual / Target Implementation Date
17. Delegation of Authorities	CFO, HOS and Audit Committee Chair to design and recommend clarification on levels of delegated authority and transaction review/authorization	Fall 2016

Note: SDJA Internal Controls Development Matrix is periodically updated by management for review and discussion at Audit Committee Meetings



FINANCE COMMITTEE REPORT

FINANCE COMMITTEE REPORT

June 7, 2016

SDJA's Finance Committee (Dan Feldman, Chair) met on May 26, 2016. Report items for the upcoming Board of Trustees meeting are summarized below.

Banking and Debt Elimination Plan

The Committee will be recommending a change in SDJA's primary bank and a change in plans for completing the School's bond debt elimination. Supporting materials are enclosed in this section and will be discussed at the meeting.

Financial Update

SDJA's financial picture for the current and next fiscal year will be summarized at the meeting, and a proposal for use of 2015/16 projected operating surplus will be presented. Refer to financial materials included in this section.



BANKING AND DEBT ELIMINATION PLAN

COMMERCIAL BANK AND DEBT PAYOFF COMPARISON

<u>Comparison Item</u>	<u>Comerica</u>	<u>First Republic</u>
Scenario	Continue Servicing Bond Debt	Payoff Bond Debt Using Cash Flow
Target Date (on or around)	7/1/16	7/1/16
Debt Instrument in Place	Existing Bond	Line of Credit
Type of Variable Interest Rate	SIFMA	1M LIBOR
Current APR/Interest Rate	2.55%	2.20%
Projected Debt Balance		
Current	\$3.275M	\$3.275M
7/1/16	\$2.417M	\$0
7/1/17	\$1.048M	\$0
7/1/18	\$1.010M	\$0
12/31/18	\$0	\$0
Projected Operating Cash		
7/1/16	\$5.022M	\$2.605M
7/1/17	\$6.423M	\$5.375M
7/1/18	\$6.641M	\$5.631M
12/31/18	\$6.479M	\$6.479M
Lowest Projected Cash Balance	\$4.262M	\$2.007M
	12/31/16	12/31/16
Projected Debt Interest/Fees		
7/1/16 - 7/1/19	\$101K (A)	\$10K (B)
	Estimated Net Savings (A) - (B)	\$91K

Supporting Information

Refer to attached letter from First Republic Bank



FIRST REPUBLIC BANK
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May 24, 2016

Mr. Chaim Heller, Head of School
Mr. Skip Carpowich, CFO/COO
San Diego Jewish Academy
11860 Carmel Creek Rd
San Diego, CA 92130

Dear Mr. Heller and Mr. Carpowich,

Thank you again for the opportunity to provide a proposal related to SDJA's financial services needs – and specifically, to recommend a strategy best suited to allow the Academy to retire its long term debt as soon as **and** at the lowest total cost possible. The outline below is intended to walk you through our recommendation.

1. Financing Strategy

- a. The Academy currently has SIFMA-based variable rate tax exempt bonds having an approximate interest rate of 2.55% - which includes the SIFMA index, plus annual costs for the Comerica Letter of Credit (roughly 1.85%), trustee and remarketing costs; these annual costs effectively serve as a spread or margin added to the index.
- b. As a result of the good liquidity position of the Academy, good operating surpluses, good fundraising, and stable prepaid tuitions (year over year), our recommendation is to use the aggregate cash to terminate the long term debt, “backstopped” by a Line of Credit (“LOC”) to ensure access to sufficient cash-on-hand – until such time as forecasted surpluses replenish cash used to terminate long term debt.

2. Analysis

- a. The Academy's cash flow forecast uses budgeted timing of monthly cash position before and after both receipts and payments – and expected LOC utilization (if any) – over a 2-yr period between June 2016 and December 2018.
- b. Based upon this forecasting, no LOC utilization is anticipated. The estimated fees for the LOC are \$10,000, over a 3-year period.
- c. Analysis also includes fee-for-service analysis of the Academy's cash management balances and needs – contrasted against earnings on yield bearing accounts.

3. Results

- a. The results of the analysis suggest that the Academy will save approximately \$91K through 12/2018 selecting First Republic's proposed strategy.
 - i. This strategy assumes zero LOC utilization.

San Francisco • Palo Alto • Los Angeles • Santa Barbara • Newport Beach • San Diego • Portland • Palm Beach • Boston • Greenwich • New York

- ii. Assumptions reflect paying for the Comerica letter of credit through the date of bond payoff (estimated to be July 2016).
 - iii. The net effect of fees and income for cash management services is essentially neutral – Comerica charges higher fees, but offers higher savings rates, versus First Republic’s no-fee model, though offering lower savings rates.
- 4. About the banks – both are similar in size, but have different missions.
 - a. Comerica Bank
 - i. Comerica Bank is held by a publicly traded holding company (Comerica Incorp), under CMA (NYSE).
 - ii. Operates as a commercial bank, based out of Dallas, TX – primary markets are major metro areas in Texas, California, Florida, Arizona and Michigan; origins date back to 1849 as the Detroit Savings Fund (later Detroit Bank).
 - iii. Core business is commercial, retail and business banking. Almost 500 retail locations.
 - iv. Financial Data (as of 3/2016):
 - 1. \$69B in total assets.
 - 2. EPS and PE of \$2.46 and 18.4, respectively. \$7.9B market cap.
 - 3. Credit Ratings of A-, A3 and A, from S&P, Moody’s & Fitch, respectively. Outlook is negative.
 - b. First Republic Bank
 - i. First Republic Bank has no holding company and is publicly traded under FRC (NYSE).
 - ii. Operates as a commercial and private banking bank, based out of San Francisco, CA – primary markets are major metro areas in California, Boston and New York (with satellite locations in Portland, OR and Palm Beach, FL); founded in 1995.
 - iii. Core business is private banking to individual households – business and commercial banking are extensions of that business, primarily being privately held service business (practice-based firms, private equity, venture capital and not-for-profits (including an emphasis on independent schools)). 58 retail locations.
 - iv. Financial Data (as of 3/2016):
 - 1. \$62B in total assets.
 - 2. EPS and PE of \$3.35 and 22.4, respectively. \$10B market cap.
 - 3. Credit Ratings of A-, A1 and A1, from S&P, Moody’s & Fitch, respectively. Outlook is stable.

More about First Republic:

- 1. Background on the Bank:
 - a. One of the top banks in the US, when measured on asset quality, capital ratios, stability, and service. Flat, service-oriented, having a credit culture geared towards high net worth households, privately held businesses and not-for-profits. All cash management, wealth management and credit relationships are managed & serviced locally, regardless of size.
 - b. Average loan losses of 1bp/year over 30 years – profitable every year since inception.
 - c. Headquartered in San Francisco – founded in 1985.
 - i. San Diego presence since 1987 – locations including Del Mar (Village), Del Mar (High Bluff), La Jolla, Downtown, La Mesa & Escondido.
- 2. Experience with Not-for-Profit Organizations:
 - a. More than 350 not-for profit clients, Bank-wide; 30 not-for profit clients in the San Diego market.

- b. Since June 2010, First Republic has completed more than 160 tax-exempt debt issuances totaling more than \$3.6B in commitments, across our markets.
 - c. Jason Shidler has completed 27 tax-exempt debt issuances since June 2010, totaling more than \$320MM.
 - d. 100% not-for-profit client retention in the San Diego market, since 2002.
3. Banking Professionals:
- a. Relationship Management (Leader): Victor Mena, Senior Managing Director, is a Private Banker with First Republic Bank since 1995, in San Diego and Orange County - and helps lead the Bank's efforts in both markets. He has personally been involved in several non-profit organizations throughout Southern California, as a volunteer, member and board officer. Victor has a B.S. degree from the University of California, UCLA.
 - b. Relationship Management (Credit): Jason Shidler, Managing Director, has been with First Republic since 2002. He focuses on credit origination and relationship management for privately held companies, non-for-profits, and commercial/residential real estate – in the Bank's CA markets. Jason has personally been involved in several non-profit organizations throughout CA. He keeps an office in downtown San Diego, CA – where he completed his BS studies in Finance (San Diego State Univ.). Prior to First Republic, Jason spent 9 years with Wells Fargo Bank.
 - c. Relationship Management (Treasury): Mary Jo Bayard, Preferred Banker, has been with First Republic since 2014, helping lead our cash management efforts in San Diego. She is located in our downtown San Diego office.

Thank you again for considering First Republic Bank as your financial services partner – *It's a privilege to serve you.*



STEM UPGRADE (CAPITAL PROJECT)

SAN DIEGO JEWISH ACADEMY

SCIENCE LABORATORY MODERNIZATION PROJECT

(in 000's)

PROJECT BUDGET

Construction/Renovation of Classrooms (5)	501
Furniture and Fixtures	100
Equipment, Technology and Supplies	129
Teacher Training	<u>20</u>
Total Project Budget	<u>750</u>

PROJECT FUNDING

Soiree Paddle Raise - STEM Directed	250
Soiree Annual Campaign - Unrestricted	<u>200 *</u>
Total Soiree	450
Legacy Heritage Grant Funds	150
FY15/16 Operating Surplus	100
Operating Budget - MUS STEM Funds	<u>50</u>
Total Project Funding	<u>750</u>

* Total Soiree Annual Campaign funds raised were \$266K; remaining \$66K is being allocated to support initiatives not covered by tuition alone such as tuition assistance, Israel programming, arts and music, and professional development.



FINANCIAL REPORT

SAN DIEGO JEWISH ACADEMY

Enrollment Data and Projection

	14/15	15/16	(a) 15/16	(b) 16/17	(b) - (a) Increase (Decrease)	%
	Actual	Budgeted	Current	Projected		
K-5 / Lower School	171	173	175	173	(2)	-1%
6-8 / Middle School	123	112	114	112	(2)	-2%
9-12 / Upper School	181	184	186	184	(2)	-1%
<i>Subtotal MUS</i>	304	296	300	296	(4)	-1%
TOTAL K-12	475	469	475	469	(6)	-1%
Preschool	64	78	85	95	10	12%
Infant Care	30	30	29	22	(7)	-24%
TOTAL	569	577	589	586	(3)	-1%

Note: **14/15** actual data as of May 2015. **15/16** current data as of May 2016.

SAN DIEGO JEWISH ACADEMY
COMPARATIVE OPERATING BUDGET/ACTUAL DATA

FY14/15 Actual - FY16/17 Budget

(in 000's)

	Audited 14/15 Actual	Thru 3/31/16		(b) - (a)		(c)	16/17 Budget Variance						
		(a) 15/16 Budget	15/16 YTD	(b) 15/16 Projected	Increase (Decrease)		%	(c) - (a) Budget vs. Budget	%	(c) - (b) Budget vs. Projected	%		
REVENUE													
Tuition & Fees	10,712	10,812	10,071	11,010	198	2%	(1)	11,321	509	5%	311	3%	(10)
Tuition Assistance & Discounts	-2,226	-2,250	-1,780	-2,170	80	-4%	(2)	-2,333	-83	4%	-163	8%	(11)
Student Auxiliary Service Fees	452	401	378	422	21	5%		421	20	5%	-1	0%	
Early Child Center Net Fees	1,237	1,512	1,232	1,516	4	0%	(3)	1,509	-3	0%	-7	0%	
Total Student Tuition & Fees	10,175	10,475	9,901	10,778	303	3%		10,918	443	4%	140	1%	
Net Annual Campaign Revenue	309	400	566	609	209	52%	(4)	440	40	10%	-169	-28%	(12)
Support Funding & Releases	518	377	387	387	10	3%		182	-195	-52%	-205	-53%	(13)
Facility Rental, Catering & Other Revenue	534	493	544	583	90	18%	(5)	524	31	6%	-59	-10%	
TOTAL OPERATING REVENUE	11,536	11,745	11,398	12,357	612	5%		12,064	319	3%	-293	-2%	
EXPENSES													
Salaries & Wages	7,014	7,238	5,026	7,268	30	0%		7,420	182	3%	152	2%	(14)
Fringe Benefits	1,550	1,645	1,057	1,589	-56	-3%		1,738	93	6%	149	9%	(15)
Programs & Instructional Materials	590	572	470	629	57	10%	(6)	562	-10	-2%	-67	-11%	(16)
Facilities & Technology	1,559	1,568	1,124	1,634	66	4%	(7)	1,575	7	0%	-59	-4%	(17)
Reserve Contributions	321	180	135	655	475	264%	(8)	255	75	42%	-400	-61%	(18)
Administration & Support	597	541	428	560	19	4%	(9)	512	-29	-5%	-48	-9%	(19)
TOTAL OPERATING EXPENSES	11,631	11,744	8,240	12,335	591	5%		12,062	318	3%	-273	-2%	
NET OPERATING MARGIN	-95	1	3,158	22	21			2	1		-20		

Use of 13/14 Net Operating Margin 100 # Per Finance Committee directive, cap use of carryover at \$100,000

ADJUSTED NET OPERATING MARGIN 5

SAN DIEGO JEWISH ACADEMY

Operating Budget Variances

May 2016

Notes below are cross-referenced to comparative operating budget/actual data on prior page

2015/16 Operating Budget

Operating revenues are projected to exceed budget by \$612K (5%), primarily due to the following:

- (1) Tuition & Fees are projected to exceed budget by \$198K (2%) due to higher than budgeted K-12 enrollment (475 vs. 469, \$148K), and a projected reduction in student withdrawal refunds (\$50K).
- (2) Tuition Assistance & Discounts are projected to be under budget with \$80K in unallocated and returned (withdrawals) tuition assistance funds.
- (3) Early Childhood Center Net Fees are projected to exceed budget by \$4K (0%) as a decline and variability in the number of infant/toddlers will be offset by an increase in preschool enrollment.
- (4) Net Annual Campaign Revenue is projected to exceed budget by \$209K (52%) due to unrestricted fundraising from the 36th Anniversary Soiree. This revenue was unbudgeted (conservative) and is designated to support funding of the Science Laboratory Modernization Project (see (8) below).
- (5) Facility Rental, Catering & Other Revenue is projected to exceed budget by \$90K (18%) due to an increase external catering orders and additional rent from Dor Hadash for Shabbat services.

Operating expenses are projected to exceed budget by \$591K (5%), primarily due to the following:

- (6) Program & Instructional Materials are projected to exceed budget by \$57K (10%) primarily due to additional class materials costs that are spread evenly across all three school divisions (\$42K), and increased professional development costs in comparison to budget (\$8K).
- (7) Facilities & Technology expenses are projected to exceed budget by \$66K (4%) primarily due to critical, unbudgeted repairs and additions to roof gutters, drains and downspouts and other school infrastructure (e.g., exiting signs, fire pull stations). We plan to cover these costs using excess operating revenue rather than drawing from facilities reserves.
- (8) Reserve contributions are planned to exceed budget by \$475K (264%) based on the availability excess operating revenue. The planned uses of excess operating revenue include i) increasing the budgeted contribution to facilities reserves by \$45K; ii) contribution to a new technology device reserve (\$30K) to appropriate funds for the recurring large-scale replacement of employee desktops and laptops commencing in FY17/18; iii) a set aside of \$100K to fund the Board approved campus master plan initiative in FY16/17; and iv) contributions of \$300K to the Science Laboratory Modernization Project budget (refer to separate project budget and funding plan schedule).
- (9) Administration & Support expenses are projected to exceed budget by \$19K (4%) due additional net costs for school promotions/events, printing, supplies and various other expense categories.

2016/17 Preliminary Operating Budget

Budgeted 2016/17 operating revenue is \$293K (2%) lower than 2015/16 projected revenue, primarily due to the following:

- (10) Budgeted Tuition & Fees revenue is 311K (3%) higher primarily due to a 3.9% increase in tuition rates/PTO fees (\$276K) offset by reduced revenue from a slightly lower enrollment projection; and a reduction in budgeted bad debt expense (\$35K).
- (11) Tuition Assistance & Discounts are projected to be \$163K (8%) higher due to net unfunded Open Tent Scholarship aid (\$130K), and increased credits (multi-child, staff discount, rabbinic) of \$33K that result from applying a fixed % credit to a higher tuition figure.
- (10) Net Annual Campaign Revenue is budgeted \$169K (28%) lower than 2015/16 projected due to the one-time revenue generated from this year's Soiree event; and \$40K (10%) higher than 2015/16 budgeted revenue, in anticipation of higher level staffing in the Advancement Department, and implementation of PEJE Fundraising program recommendations.
- (13) Support Funding & Releases are budgeted \$195K (52%) lower due fully allocating three primary restricted funds in 2015/16 as follows: Professional Development Fund (\$85K), Jewish Education Fund (\$67,500), and STEM program funds (\$43,000). Historically directed gifts were raised for these categories, and funds were released as needed to support program activities. As in 2014/15, if additional 2015/16 revenue surpluses materialize (e.g., excess tuition revenue) and/or if expenses are further under budget, then these funds will not be fully released in 2015/16, but rather preserved for use in future periods.

Budgeted 2016/17 operating expenses are \$273K (2%) higher than 2015/16 projected, primarily due to the following:

- (14) Salaries & Wages are budgeted \$152K (2%) higher, primarily due to planned salary adjustments.
- (15) Fringe Benefits are budgeted \$93K (6%) higher, primarily due to the budgeted increase in salaries and wages noted above; budgeted increase in health insurance premiums of 7%; and budgeted increase in retirement plan contributions of 10%, as employee participation in the retirement plan has significantly increase (from 54% to 92%) due to improved design and administration of the plan.
- (16) Program & Instructional Materials are budgeted \$67K (11%) lower due higher athletic uniform costs (\$10K) in 2015/16, and over spending (\$57K) in various other categories in 2015/16, which we will seek to manage in a more controlled manner going forward.
- (17) Facilities & Technology expenses are budgeted \$59K (4%) lower as the prior year expense includes one-time critical roof and other repairs that are non-recurring in 2016/17.
- (18) Reserve contributions are budgeted at 2015/16 projected levels (\$255K) as follows: \$120K facilities reserves, \$75K debt service reserves, \$30K contingency reserves, and \$30K technology device replacement reserves. In recent years prior to 2015/16, the total reserve contribution budget was \$321K as follows: \$275K debt service reserves, \$31.5K facilities reserves, and \$15K contingency reserves. The reduction in debt service reserves has enabled a significantly higher contribution to other reserve categories, as well as a significantly higher professional development budget (\$190K vs. \$120K). The current combined balance in the facilities and contingency reserve funds is approximately \$1.4M, or 1.2% of the annual operating budget.
- (19) Administration & Support is budgeted \$29K (5%) lower than in 2015/16, primarily due to a reduction in recruitment/relocation expense as no major recruitments are planned (stable leadership team).