



FY 2022 APPROVED BUDGET

Oct. 1, 2021 through Sept. 30, 2022

APPROVED BUDGET FOR FUNDS WITHOUT DONOR RESTRICTIONS AND FUNDS WITH DONOR RESTRICTIONS

FY 2022 Budget Notes by Line Item

Administrative Council released this proposed budget to Annual Session and it was approved at its afternoon business session on Thursday, July 29.

A word about Unrestricted and Restricted

These notes continue to use “unrestricted” and “restricted” as shorthand for the required basis for presentation for non-profit entities:

- net assets without donor restrictions, which are available for use in general operations,
- net assets with donor restrictions, which have donor or grantor-imposed restrictions that may be temporary in nature or perpetual in nature.

Paycheck Protection Program loan forgiveness does not show in the FY 2021 projection

Loan forgiveness was a non-cash event that does not affect operating income or expense.

Arch Street is the big news about the FY 2021 projection

Arch Street revenue will exceed expectations in FY 2021. In addition to its annual appeal, the Arch Street Meeting House Preservation Trust (ASMHPPT) launched and completed a fundraising campaign to realize its plans for new outdoor exhibits and signage. Successful grant applications are funding program and education efforts. PYM also received a restricted bequest for the Meeting House.

On the expense side, major renovations to the non-historic sections of the building are almost complete. Changes include new office and meeting space on the second floor and a new kitchen off the East Room that will serve the monthly meeting and also facilitate catering for events.

The Friends 403(b) Plan is the big news about the FY 2022 budget

Next year’s budget features materially lower staff benefit costs. On July 1, PYM’s retirement program switched from the Friends Pension Plan to a new Friends 403(b) Plan. The old pension plan was frozen; all benefits accrued by past and present staff and by retirees have been preserved.

Moving to a 403(b) allows PYM to provide a meaningful, generous staff benefit. Budgeting for retirement expenses becomes reliable, a welcome contrast to the high and variable pension costs of recent years. An advantage for younger staff is that their balances in the 403(b) plan are 100% vested and portable. Most staff do not spend many years of their professional career with PYM. Both the Friends Pension Plan and the Friends 403(b) Plan are managed by the Pension Committee, an independent board that provides retirement programs for Quaker organizations.

INCOME AND FUNDS AVAILABLE

Line 1, Support from Meetings

The Covenant is our single largest source of unrestricted income and PYM is deeply grateful for meeting support. We hope that some meetings may be able to increase their Covenant amounts.

Line 2, Arch Street donations /Arch Street Meeting House Preservation Trust fundraising

Arch Street reopened its grounds to visitors and is scaling up visitor hours in the building, following COVID guidelines. In addition to the ASMHPT annual appeal, the FY 2021 projection reflects a successful fundraising campaign for new indoor exhibits and for outdoor exhibits and signage. A lower number is budgeted for FY 2022. Tour income and rentals are under Event & Program Fees.

Line 3, Grants and Other Gifts

Largely budgeted for restricted grant funding for Arch Street.

Line 4, Bequests

In FY 2021, PYM received a final distribution of \$44,933 from an \$80,200 restricted bequest by the estate of William Hibbs for the Arch Street Meeting House. Other bequests were made to the Legacy Fund, a restricted fund where income goes into the annual fund, and to unrestricted endowment per PYM's approved bequest policy. There are no known bequests in process for distribution in FY 2022.

Line 5, Support from Individuals

The Annual Fund contributes a significant part of PYM's unrestricted budget. Despite the deaths of some of our major donors in recent years, many regular donors have increased their giving and new donors have been drawn to contribute. A gift of any size is appreciated. Thank you! Our whole yearly meeting community grows deeper and stronger in a culture of generosity.

Line 6, Total Contributions Income

Unrestricted contributions represent 46% of Line 11, total unrestricted funds available. Restricted contributions represent 12% of total restricted funds available. Contributions represent 35% of budgeted Total Funds Available in FY 2022.

Line 7, Funds Held at Friends Fiduciary

Friends Fiduciary pays a 4% distribution based on a three-year average of Quaker Growth & Income Fund unit value. PYM's funds at Friends Fiduciary include an investment in the Impact Accelerator Fund, a bridge loan fund sponsored by the Reinvestment Fund, which pays a preferred dividend. Unrestricted income supports the general fund budget. Restricted income is largely granting income paid out in Line 16, Contributions to Others. It also includes some restricted program funding.

Line 8, Funds Held at Third-Party Banks

Third-party banks hold unrestricted funds for PYM as trusts (PNC) and as private foundations (BNY Mellon). Wells Fargo holds a restricted-purpose fund for PYM as a private foundation. Income is difficult to predict since some of these funds base their distributions on market values as of a certain date, such as December 31. To be prudent, we have assumed slightly lower income for FY 2022.

Line 9, Event and Program Fees

The FY 2022 budget assumes in-person Annual Sessions next summer and normal activity at Arch Street. Restricted fees are associated with Friends Counseling Service. PYM will continue virtual programming through FY 2021, while Arch Street is ramping up rental income, tours, and events.

Line 10, Administrative Fees

PYM charges its restricted-purpose funds an administrative fee based on their principal value at Friends Fiduciary on June 30 each year. The fee is unrestricted income to PYM, per accounting rules. The Quaker Growth & Income Fund's unit value was higher at June 30, 2021, than a year earlier.

PYM's restricted-purpose funds are largely granting funds. PYM follows foundation best practices: we view administrative costs as shared in the aggregate. We also use a tiered fee schedule that charges a slightly lower fee to smaller funds. Administrative fees pay for PYM's grantmaking function and the administrative costs of managing restricted monies.

Line 11, Total Funds Available

Unrestricted total funds available are budgeted at \$2.84 million, 46% from contributions and 54% from investment income, program income and fees. Restricted total funds available, budgeted at \$1.45 million, are 12% from contributions and 88% from investment income, program income and fees. Combined funds available of \$4.29 million are 97% of the FY 2021 projection, which has benefited from fundraising programs at Arch Street.

EXPENSES**Line 12, Staff Salaries and Wages**

PYM staff numbers are currently level at 19.6 full-time equivalent employees (FTEs) in the unrestricted budget and 4.3 FTEs in the restricted budget for 23.9 total FTEs.

Some restricted funding for staff comes from investment income, notably the Theodore H. Nitsche Fund. Nitsche will provide Arch Street with more than \$100,000 in FY 2022. The Arch Street Meeting House Preservation Trust provides restricted funding and grants to cover Arch Street program staff.

At \$1.597 million, the total budget for staff salaries and wages is 14% above the 2021 projection of \$1.39 million. The increase includes a) an across-the-board cost of living adjustment, effective Oct. 1, 2021; b) two positions moving to staff expense from consulting expense; and c) the first full year of phased-in adjustments to senior staff salaries, as directed by Administrative Council after a review of objective salary benchmarking surveys of similarly sized nonprofits in the Philadelphia region. Consultant and contractor expenses are recorded on Line 18, Professional & Service Fees. The FY 2022 budget also allows for several new hires and possible job configurations in mid-year, based on planned staff retirements and departures.

Line 13, Payroll Taxes, Benefits, and Employee Travel

This line includes payroll taxes, health insurance, workers comp insurance, staff training and travel, and PYM's employer contribution to staff retirement. The shift to a new 403(b) Plan will materially reduce retirement costs. It stabilizes retirement contributions at 10% of the salary budget for benefits-eligible staff. Firm health insurance costs for calendar 2022 will not be known until open enrollment in the fall. Health insurance is budgeted at 15% of the salary budget for benefits-eligible staff and we believe that will be sufficient. Employee travel is minimal.

Line 14, Total Staff Expenses

Total staff expenses are budgeted at \$2.04 million, a 2% increase over the FY 2021 projection.

Line 15, Volunteer Expenses

Unrestricted volunteer expenses are budgeted at \$15,000. This figure includes funding to cover the costs of PYM-appointed representatives participating in other Quaker organizations.

Line 16, Contributions to Others

PYM uses a portion of unrestricted Chace Fund income to contribute to other 501(c)(3) charities, in accordance with the Chace will. The recipients are mainly religious organizations such as FGC, AFSC, FCNL, FWCC and the National Council of Churches. Friends Fiduciary is trustee of the Chace Fund. Contributions also include Louisa & Corson Poley Fund income granted to Burlington Quarter, per the 2017 Burlington Meeting House Agreement. Outreach grants to monthly meetings come from the Membership Development Fund, an unrestricted reserve fund.

Restricted contributions reflect the more than 400 grants PYM makes each year to individuals, meetings, and nonprofit organizations. Restricted grants vary from year to year, often because of timing across fiscal years. Grants may be made from restricted reserves (accumulated, unspent income from prior years) as well as from current year restricted income.

Line 17, Event and Program Expense

The unrestricted budget covers a range of programs: Annual Sessions, Continuing Sessions, youth programs, other smaller programs, publications, and a Quaker Life Council “program envelope” to support collaboratives, programs, and events.

Restricted expense includes Friends Counseling Service, spending from grants at Arch Street, and various restricted program funds budgeted for Annual Sessions, youth, and other smaller programs.

Line 18, Professional and Service Fees

Unrestricted spending includes normal and typical fees for the PYM audit, payroll services, banking services, routine consulting and legal work, and credit card processing fees that support online giving to PYM and the monthly meetings. Currently the work of the PYM controller is performed on a consulting basis. Restricted spending is budgeted for ASMHPT.

FY 2022 spending is budgeted lower than the FY 2021 projection. The current year included one-time consulting around staff training. Some database consulting has moved to the staff budget.

Line 19, Development Expense

Unrestricted costs are for PYM and restricted costs for ASMHPT. Expenses have run low in FY 2021 from the absence of in-person events.

Line 20, Copying, Printing and Postage

Unrestricted costs are for PYM and restricted costs for ASMHPT.

Line 21, Rent (Friends Center Expenses and Other)

Rent expense includes Friends Center rent and small storage charges. PYM is one of three equity partners in Friends Center with the AFSC and Central Philadelphia Monthly Meeting.

Line 22, Utilities

Gas, electric and water at Arch Street Meeting House and telephone at PYM’s offices and Arch Street.

Line 23, Office Supplies and Support

Expenses for office supplies and miscellaneous administrative expenses.

Line 24, Computer Support and Licenses

Expenses for PYM information technology (IT) support provided by the AFSC, annual computer licenses, annual database licenses, and routine software licensing and support.

Line 25, Insurance

Property, liability, and Directors & Officers insurance.

Line 26, Repairs and Maintenance

The cost of maintenance and repairs of the building, equipment, and grounds at Arch Street Meeting House. This line includes non-routine repairs funded by the Capital Reserve Fund (see Line 30).

Line 27, Fixed Asset Depreciation

Depreciation is an unrestricted expense, calculated from depreciation schedules for Arch Street Meeting House and depreciable equipment and furnishings at PYM's offices.

Line 28, Total Expenses

Budgeted at \$4.35 million or 96% of the FY 2021 projection, mainly due to expected lower spending on renovations at Arch Street Meeting House (see Line 26).

Line 29, Net Income Available Prior to the Application of Reserves

The budgets may show a deficit because total expense includes items that will be paid for using cash from reserves. See Lines 30, 31 and 32.

Line 30, Capital Reserve Funds for Repairs at Arch Street

Unrestricted repairs and improvements expensed in Line 26 paid for by Capital Reserve funds.

Line 31, Miscellaneous Spending from Reserves, Grants and Accumulated Granting Income

Use of reserves includes unexpended grant funds from prior years and use of other reserve funds for programs and grants, including Membership Development grants (see Line 16).

Line 32, Arch Street Meeting House Preservation Trust Reserves

Restricted spending from its own reserves by ASMHPT.

Line 33, Net Balance

Budgeted at zero in FY 2022. FY 2021 shows a surplus, representing bequest funds for investment, (see Line 4).

Line 34, Number of Full-time Equivalent Employees (FTEs)

PYM expects to enter FY 2022 with 19.6 FTEs in the unrestricted budget and 4.3 in the restricted budget, for a total count of 23.9, level with the current employee count.

Questions or comments?

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ANNUAL SESSIONS 2021	FY 2022	FY 2022	FY 2022	FY 2021
APPROVED BUDGET FY 2022	Without Donor Restrictions	With Donor Restrictions	TOTAL	Projected Total
All Periods are 12 Months	Sept. 30, 2022 Proposed Budget	Sept. 30, 2022 Proposed Budget	Sept. 30, 2022 Proposed Total	Sept. 30, 2021 Projected Total
INCOME AND FUNDS AVAILABLE				
1 Support from Meetings (Covenant)	1,000,000	0	1,000,000	1,000,000
2 Arch Street Donations/ASMHT Fundraising	0	75,000	75,000	120,000
3 Grants and Other Gifts	0	95,000	95,000	95,000
4 Bequests	0	0	0	219,933
5 Support from Individuals (Annual Fund)	320,000	0	320,000	320,000
6 Contributions Income	1,320,000	170,000	1,490,000	1,754,933
7 Distributions on Funds Held at Friends Fiduciary	530,000	1,250,000	1,780,000	1,795,000
8 Distributions on Funds Held at Third-Party Banks	340,000	15,000	355,000	369,000
9 Event and Program Fees	206,000	15,000	221,000	133,000
10 Administrative Fee on Restricted Funds	450,000	0	450,000	381,000
11 TOTAL FUNDS AVAILABLE	2,846,000	1,450,000	4,296,000	4,432,933
EXPENSES				
12 Staff Salaries and Wages	1,391,000	206,000	1,597,000	1,390,000
13 Payroll Taxes, Benefits, Employee Travel	360,000	83,000	443,000	610,000
14 Total Staff Expenses	1,751,000	289,000	2,040,000	2,000,000
15 Volunteer Expenses	15,000	1,000	16,000	1,000
16 Contributions to Others	50,000	1,025,750	1,075,750	1,200,000
17 Event and Program Expense	163,900	81,000	244,900	180,000
18 Professional and Service Fees	200,000	32,500	232,500	280,000
19 Development Expense	20,000	10,000	30,000	20,000
20 Copying, Printing and Postage	30,000	4,750	34,750	29,000
21 Rent	270,600	0	270,600	269,000
22 Utilities	43,000	0	43,000	42,000
23 Office Supplies and Support	15,000	3,500	18,500	5,000
24 Computer Support and Licenses	75,000	2,500	77,500	70,000
25 Insurance	34,000	0	34,000	34,000
26 Repairs and Maintenance	107,500	0	107,500	269,200
27 Fixed Asset Depreciation	130,000	0	130,000	130,000
28 TOTAL EXPENSES	2,905,000	1,450,000	4,355,000	4,529,200
NET INCOME AVAILABLE PRIOR TO THE APPLICATION OF				
29 RESERVES	-59,000	0	-59,000	-96,267
30 Repairs at ASMH (Capital Reserve)	44,000	0	44,000	256,267
31 Other Misc Reserves (Grants & Granting Groups)	15,000	0	15,000	15,000
32 Arch Street Preservation Trust Reserve	0	0	0	0
33 NET BALANCE (bequests for investment in FY 2021)	0	0	0	175,000
34 No. Full-time Equivalent Employees (FTEs)	19.60	4.30	23.90	23.90