



FY 2023 APPROVED BUDGET

Oct. 1, 2022, through Sept. 30, 2023

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

FY 2023 Budget Notes by Line Item

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.

Looking ahead to changes in PYM staff positions

PYM has the gift of devoted staff. When there is turnover, as staff members move on, we have the opportunity to reflect on their meaningful contributions and to build on them. Grace Sharples Cooke, Associate Secretary for Advancement & Relationship, posted a farewell interview to the website in February. Zachary Dutton, Associate Secretary for Program & Religious Life, left at the end of June. Their contributions benefited us all greatly. Their departures provide us with an opportunity to retool our staff structure to support the community even more.

A staff plan was reviewed and threshed by councils, clerks, and Personnel Committee last winter. It consolidates some responsibilities of the two associate secretary positions into a single new position, Associate General Secretary. The AGS will manage internal systems and supervise and integrate the work of program, communications, and data. The AGS will also serve on a smaller executive team to work with PYM governance and translate mission and longer-range vision into the actual work we do.

Additionally, the Programs and Communications teams will each be supported by a director who will report to the Associate General Secretary. The Director of Programs position has already been filled by our own Melinda Wenner Bradley. Finally, the work of development and fundraising will shift back to being the only focus of a Director of Development position.

These changes reduce the number of executive positions and increase our capacity for direct work in supporting communications and program. They have little impact on the budget and on the total number of staff. They also meet another goal of making staff positions more flexible and sustainable in terms of a manageable portfolio of responsibilities. They should make it easier for staff to work collaboratively, to offer multiple gifts and approaches, and to engage yearly meeting Friends with responsive communications and program.

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

Budgeted ASMHPT annual appeal. Tour income and rentals are under Event & Program Fees. Arch Street welcomes visitors Wednesday through Sunday. Brand new outside exhibits are inviting visitors onto the meetinghouse grounds and encouraging them to come inside to learn more.

Line 3, Grants and Other Gifts

Largely budgeted for restricted grant funding for Arch Street. The FY 2022 projection reflects fundraising for programming, exhibits, and signage. A lower number is budgeted for FY 2023.

Line 4, Bequests

There are no known bequests in process for distribution in FY 2023. To date in FY 2022, PYM has received \$141,946 in bequests. These include a distribution from a pooled life income fund to be invested in PYM's unrestricted endowment per our bequest policy, and a gift made to the Legacy Fund, a restricted memorial fund. Legacy Fund income goes into the Annual Fund.

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

Budgeted contributions of \$1.47 million represent 34% of Total Funds Available in FY 2023. Budgeted contributions without donor restrictions of \$1.3 million represent 47% of Line 11, total unrestricted funds available. Contributions with donor restrictions represent 12% of restricted funds available.

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 15, 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. Income for FY 2022 will be higher than originally budgeted.

Line 9, Event and Program Fees

The FY 2023 budget assumes in-person and hybrid events around Annual Sessions and increased activity at Arch Street. Restricted fees are associated with Friends Counseling Service.

Line 10, Administrative Fees

Budgeted lower. PYM charges its restricted-purpose funds an administrative fee based on principal value at Friends Fiduciary each June 30. The fee is unrestricted income to PYM, per accounting rules. Principal value depends on the stock and bond markets, which are lower than they were a year ago.

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

Total funds without donor restrictions are budgeted at \$2.78 million, 47% from contributions and 53% from investment income, program, and fees. Total funds with donor restrictions are budgeted at \$1.52 million, 12% from contributions and 88% from investment income, program, and fees. Combined funds of \$4.3 million are flat with the 2022 projection.

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

PYM staff numbers, projected for Sept. 30, 2022, and next year, are 19.6 full-time equivalent employees (FTEs) in the unrestricted budget and 5 FTEs in the restricted budget for 24.6 total FTEs.

At \$1.6 million, the total budget for staff salaries and wages is 14% above the 2022 projection of \$1.4 million. We are looking to fill six positions by year end, five from planned staff departures and one new position, Youth Engagement Coordinator, following Melinda Wenner Bradley's promotion to Program Director.

Some restricted funding for staff comes from investment income, notably the Theodore H. Nitsche Fund. In FY 2023, Nitsche distributions will cover approximately \$118,000 of restricted salaries and benefits at Arch Street. The Arch Street Meeting House Preservation Trust provides restricted funding and grants to pay for Arch Street program staff.

Effective Oct. 1, 2022, PYM has budgeted a 3% cost of living adjustment (COLA), for all staff except the three most senior positions. Those senior staff will see a 2% COLA. Additionally, some \$32,000 in costs, formerly classified as a benefit, has moved to staff salaries in FY 2022 and FY 2023. The health insurance "cash-out" provides a \$200 monthly stipend to health-care eligible employees who do not take PYM's health insurance and to part-time employees not eligible for health insurance. The cash-out is taxable income and the new budget treatment aligns with PYM's payroll and IRS Form W2.

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. Retirement benefits are now provided by a 403(b) Plan and employer contributions are 10% of the salary budget for benefits-eligible staff. Health insurance costs for calendar 2023 will not be known until open enrollment in the fall of 2022, but we expect to provide excellent coverage while controlling costs. The health-care cash out moved to salaries (see Line 12). Current year benefits also include a contribution to the old defined benefit pension plan. That plan was frozen on June 30, 2021, but still included six months of accrued benefits to be paid this year. Employee travel is minimal.

Line 14, Total Staff Expenses

Total staff expenses are budgeted at \$2.06 million, a 2% increase over the FY 2022 projection.

Line 15, 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 16, Event and Program Expense

The unrestricted budget covers a range of programs: Annual Sessions, Continuing Sessions, youth programs, other smaller programs, volunteer expenses, 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 17, Professional and Service Fees

Unrestricted spending includes normal and typical fees for the PYM audit, payroll services, banking services, routine consulting, and legal work. Currently the work of the PYM controller is performed on a consulting basis. Restricted spending is budgeted for ASMHPT.

FY 2023 spending is budgeted lower than the FY 2022 projection. Some work currently being done by consultants in development and communications should move to the staff budget in Line 12 as open positions are filled.

Line 18, Development Expense

Expenses have run low from the absence of in-person events. Unrestricted costs are for PYM and include merchant account fees to support online giving. Restricted costs are for ASMHPT.

Line 19, Copying, Printing and Postage

Unrestricted costs are for PYM and restricted costs for ASMHPT.

Line 20, 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 21, Utilities

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

Line 22, Office Supplies and Support

Expenses for office supplies and miscellaneous administrative expenses.

Line 23, 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 24, Insurance

Property, liability, cyber, and Directors & Officers insurance.

Line 25, Repairs and Maintenance

The cost of maintenance and repairs of the building, equipment, and grounds at Arch Street Meeting House. The current year projection includes significant non-routine repairs that will be largely funded by the Capital Reserve Fund (see Line 29).

Line 26, 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. Depreciation for FY 2022 is expected to be higher than FY 2021 as renovations and improvements at Arch Street were completed. The higher expense will continue in FY 2023.

Line 27, Total Expenses

Budgeted at \$4.36 million or 99% of the FY 2022 projection, given expected lower spending on renovations at Arch Street Meeting House (see Line 25).

Line 28, Net Income Available Prior to the Application of Reserves

The budgets show a deficit because total expense includes items that will be paid for using cash from reserves. See Lines 29 and 30.

Line 29, Capital Reserve Funds for Repairs at Arch Street

Unrestricted repairs and improvements expensed in Line 25 paid for by Capital Reserve funds.

Line 30, 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 15).

Line 31, Net Balance

Budgeted at zero in FY 2023.

Line 32, Number of Full-time Equivalent Employees (FTEs)

Assuming open positions are filled by September 30, PYM expects to enter FY 2023 with 19.6 FTEs in the unrestricted budget and 5 FTEs in the restricted budget for a total count of 24.6.

Questions or comments?

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ANNUAL SESSIONS 2022	FY 2023	FY 2023	FY 2023	FY 2022
APPROVED BUDGET FY 2023	Without Donor Restrictions	With Donor Restrictions	TOTAL	Projected Total
All Periods are 12 Months	Sept. 30, 2023 Budget	Sept. 30, 2023 Budget	Sept. 30, 2023 Budget Total	Sept. 30, 2022 Projected Total
INCOME AND FUNDS AVAILABLE				
1 Support from Meetings (Covenant)	965,000	0	965,000	965,000
2 Arch Street Donations/ASMHT Fundraising	0	75,000	75,000	75,000
3 Grants and Other Gifts	0	100,000	100,000	130,000
4 Bequests	0	0	0	141,946
5 Support from Individuals (Annual Fund)	330,000	0	330,000	330,000
6 Contributions Income	1,295,000	175,000	1,470,000	1,641,946
7 Distributions on Funds Held at Friends Fiduciary	575,000	1,315,000	1,890,000	1,735,000
8 Distributions on Funds Held at Third-Party Banks	380,000	15,000	395,000	387,000
9 Event and Program Fees	125,000	15,000	140,000	95,000
10 Administrative Fee on Restricted Funds	409,000	0	409,000	461,400
11 TOTAL FUNDS AVAILABLE	2,784,000	1,520,000	4,304,000	4,320,346
EXPENSES				
12 Staff Salaries and Wages	1,393,000	226,000	1,619,000	1,410,000
13 Payroll Taxes, Benefits, Employee Travel	375,000	69,000	444,000	614,000
14 Total Staff Expenses	1,768,000	295,000	2,063,000	2,024,000
15 Contributions to Others	50,000	1,090,000	1,140,000	1,025,000
16 Event and Program Expense	80,000	80,000	160,000	125,000
17 Professional and Service Fees	195,000	35,000	230,000	275,000
18 Development Expense	20,000	10,000	30,000	30,000
19 Copying, Printing and Postage	30,000	5,000	35,000	32,000
20 Rent	273,000	0	273,000	270,600
21 Utilities	50,000	0	50,000	85,000
22 Office Supplies and Support	13,000	3,000	16,000	15,000
23 Computer Support and Licenses	75,000	2,000	77,000	77,000
24 Insurance	40,000	0	40,000	40,000
25 Repairs and Maintenance	75,000	0	75,000	225,000
26 Fixed Asset Depreciation	180,000	0	180,000	180,000
27 TOTAL EXPENSES	2,849,000	1,520,000	4,369,000	4,403,600
NET INCOME AVAILABLE PRIOR TO THE APPLICATION OF				
28 RESERVES	-65,000	0	-65,000	-83,254
29 Repairs at ASMH (Capital Reserve)	50,000	0	50,000	100,000
30 Other Misc Reserves (Grants & Granting Groups)	15,000	0	15,000	15,000
31 NET BALANCE	0	0	0	31,746
32 No. Full-time Equivalent Employees (FTEs)	19.60	5.00	24.60	24.60