

# Philadelphia Yearly Meeting of the Religious Society of Friends and Affiliate

Consolidated Financial Statements  
Years Ended September 30, 2023 and 2022



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**PHILADELPHIA YEARLY MEETING OF  
THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE**

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## **INDEPENDENT AUDITOR'S REPORT**

**The Audit Committee  
Philadelphia Yearly Meeting of the  
Religious Society of Friends and Affiliate  
Philadelphia, Pennsylvania**

### **Opinion**

We have audited the accompanying consolidated financial statements of Philadelphia Yearly Meeting of the Religious Society of Friends and Affiliate (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Philadelphia Yearly Meeting of the Religious Society of Friends and Affiliate as of September 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

### **Basis for Opinion**

We conducted our audits in accordance with U.S. generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Philadelphia Yearly Meeting of the Religious Society of Friends and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Philadelphia Yearly Meeting of the Religious Society of Friends and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Philadelphia Yearly Meeting of the Religious Society of Friends and Affiliate's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Philadelphia Yearly Meeting of the Religious Society of Friends and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 16 and 17 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*BBD, LLP.*

**Philadelphia, Pennsylvania**  
**March 8, 2024**

**PHILADELPHIA YEARLY MEETING OF  
THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**September 30, 2023 and 2022**

	2023			2022		
	Without Donor Restrictions	With Restrictions	Total	Without Donor Restrictions	With Restrictions	Total
<b>ASSETS</b>						
Cash	\$ 825,269	\$ 1,570,272	\$ 2,395,541	\$ 1,406,270	\$ 1,301,865	\$ 2,708,135
Accounts receivable						
Meetings	10,910	-	10,910	16,975	-	16,975
Friends Pension Plan	455,297	-	455,297	-	-	-
Other	88,398	-	88,398	9,920	-	9,920
Prepaid expenses	27,160	-	27,160	18,367	-	18,367
Investments						
Owned by the Yearly Meeting	5,240,738	31,689,802	36,930,540	4,753,088	29,380,296	34,133,384
Held by Friends Fiduciary Corporation as Trustee	9,122,808	9,863,817	18,986,625	8,436,945	9,136,432	17,573,377
Investment in Friends Center Corporation	2,698,000	-	2,698,000	2,779,000	-	2,779,000
Beneficial interests in trust agreements						
Charitable remainder unitrust	-	474,564	474,564	-	441,787	441,787
Perpetual trusts	-	8,882,502	8,882,502	-	8,308,454	8,308,454
Property and equipment, net	1,363,103	-	1,363,103	1,170,315	-	1,170,315
<b>Total assets</b>	<b>\$ 19,831,683</b>	<b>\$ 52,480,957</b>	<b>\$ 72,312,640</b>	<b>\$ 18,590,880</b>	<b>\$ 48,568,834</b>	<b>\$ 67,159,714</b>
<b>LIABILITIES AND NET ASSETS</b>						
Accounts payable and accrued expenses	\$ 575,122	\$ -	\$ 575,122	\$ 464,447	\$ -	\$ 464,447
Funds held for others	223,369	-	223,369	216,079	-	216,079
Contribution payable to Friends Center Corporation	80,401	-	80,401	95,828	-	95,828
<b>Total liabilities</b>	<b>878,892</b>	<b>-</b>	<b>878,892</b>	<b>776,354</b>	<b>-</b>	<b>776,354</b>
<b>NET ASSETS</b>						
Without donor restrictions						
Operating	12,469,309	-	12,469,309	12,159,581	-	12,159,581
Board designated						
Operating reserves	1,797,212	-	1,797,212	1,288,530	-	1,288,530
Capital reserves	625,167	-	625,167	417,100	-	417,100
Net investment in property and equipment	4,061,103	-	4,061,103	3,949,315	-	3,949,315
<b>Total net assets without donor restrictions</b>	<b>18,952,791</b>	<b>-</b>	<b>18,952,791</b>	<b>17,814,526</b>	<b>-</b>	<b>17,814,526</b>
With donor restrictions	-	52,480,957	52,480,957	-	48,568,834	48,568,834
<b>Total net assets</b>	<b>18,952,791</b>	<b>52,480,957</b>	<b>71,433,748</b>	<b>17,814,526</b>	<b>48,568,834</b>	<b>66,383,360</b>
<b>Total liabilities and net assets</b>	<b>\$ 19,831,683</b>	<b>\$ 52,480,957</b>	<b>\$ 72,312,640</b>	<b>\$ 18,590,880</b>	<b>\$ 48,568,834</b>	<b>\$ 67,159,714</b>

**See accompanying notes**

**PHILADELPHIA YEARLY MEETING OF  
THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**Years ended September 30, 2023 and 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>						
Support and contributions						
Support from meetings	\$ 1,027,540	\$ -	\$ 1,027,540	\$ 973,825	\$ -	\$ 973,825
Gifts of support	91,016	149,839	240,855	471,210	216,788	687,998
Annual fund	326,383	196,570	522,953	288,919	78,363	367,282
Event and service fees	659,761	-	659,761	584,361	-	584,361
Interest and dividends (income distribution)	1,112,050	1,304,715	2,416,765	1,082,316	1,080,812	2,163,128
Net assets released from restrictions	1,477,150	(1,477,150)	-	1,734,266	(1,734,266)	-
<b>Total revenue and support</b>	<u>4,693,900</u>	<u>173,974</u>	<u>4,867,874</u>	<u>5,134,897</u>	<u>(358,303)</u>	<u>4,776,594</u>
<b>EXPENSES</b>						
<b>Program services</b>	3,038,026	-	3,038,026	2,908,709	-	2,908,709
<b>Support services</b>						
Administration	1,032,894	-	1,032,894	1,133,306	-	1,133,306
Development	335,686	-	335,686	337,250	-	337,250
<b>Total expenses</b>	<u>4,406,606</u>	<u>-</u>	<u>4,406,606</u>	<u>4,379,265</u>	<u>-</u>	<u>4,379,265</u>
<b>Change in net assets before other changes</b>	<u>287,294</u>	<u>173,974</u>	<u>461,268</u>	<u>755,632</u>	<u>(358,303)</u>	<u>397,329</u>
<b>OTHER CHANGES</b>						
Realized and unrealized gain (loss) on investments						
Owned by the Yearly Meeting	354,648	2,385,138	2,739,786	(1,387,153)	(7,912,360)	(9,299,513)
Held by Friends Fiduciary Corporation as Trustee	577,323	746,186	1,323,509	(1,606,785)	(3,002,145)	(4,608,930)
Change in value of investment in Friends Center Corporation	(81,000)	-	(81,000)	211,000	-	211,000
Change in value of beneficial interests in trust - held by external trustees	-	606,825	606,825	-	(2,396,966)	(2,396,966)
Reclassification of net assets	-	-	-	1,165,097	(1,165,097)	-
<b>Total other changes</b>	<u>850,971</u>	<u>3,738,149</u>	<u>4,589,120</u>	<u>(1,617,841)</u>	<u>(14,476,568)</u>	<u>(16,094,409)</u>
<b>CHANGE IN NET ASSETS</b>	<u>1,138,265</u>	<u>3,912,123</u>	<u>5,050,388</u>	<u>(862,209)</u>	<u>(14,834,871)</u>	<u>(15,697,080)</u>
<b>NET ASSETS</b>						
Beginning of year	17,814,526	48,568,834	66,383,360	18,676,735	63,403,705	82,080,440
<b>End of year</b>	<u>\$ 18,952,791</u>	<u>\$ 52,480,957</u>	<u>\$ 71,433,748</u>	<u>\$ 17,814,526</u>	<u>\$ 48,568,834</u>	<u>\$ 66,383,360</u>

**See accompanying notes**

**PHILADELPHIA YEARLY MEETING OF  
THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

**Years ended September 30, 2023 and 2022**

	2023				2022			
	<u>Program Services</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>	<u>Program Services</u>	<u>Administration</u>	<u>Development</u>	<u>Total</u>
Staff expenses	\$ 1,303,046	\$ 483,682	\$ 188,034	\$ 1,974,762	\$ 1,248,605	\$ 511,010	\$ 174,729	\$ 1,934,344
Contributions to others	976,489	1,000	-	977,489	1,031,515	-	-	1,031,515
Events and program expense	186,501	2,241	2,328	191,070	203,559	-	-	203,559
Professional and service fees	40,825	281,362	81,384	403,571	33,469	246,854	83,441	363,764
Copying, printing and postage	7,902	27,994	22,204	58,100	12,686	5,788	5,091	23,565
Occupancy	214,702	91,557	35,941	342,200	200,271	116,410	24,793	341,474
Computer and office support	24,975	127,210	5,795	157,980	21,273	86,764	10,433	118,470
Insurance and maintenance	157,006	15,288	-	172,294	60,957	68,563	15,963	145,483
Depreciation	126,580	2,560	-	129,140	96,374	97,917	22,800	217,091
	<u>\$ 3,038,026</u>	<u>\$ 1,032,894</u>	<u>\$ 335,686</u>	<u>\$ 4,406,606</u>	<u>\$ 2,908,709</u>	<u>\$ 1,133,306</u>	<u>\$ 337,250</u>	<u>\$ 4,379,265</u>

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**See accompanying notes**

**PHILADELPHIA YEARLY MEETING OF  
THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**Years ended September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Change in net assets</i>	\$ 5,050,388	\$ (15,697,080)
<b>Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities</b>		
Realized and unrealized (gain) loss on investments	(4,063,295)	13,908,443
Change in value of investment in Friends Center Corporation	81,000	(211,000)
Change in value of beneficial interests in trust agreements	(606,825)	2,396,966
Depreciation	129,140	217,091
(Increase) decrease in		
Accounts receivable and prepaid expenses	(536,503)	44,508
Increase (decrease) in		
Accounts payable and accrued expenses	110,675	(56,629)
Contribution payable to Friends Center Corporation	(15,427)	4,138
Funds held for others	7,290	17,366
<b>Net cash provided by operating activities</b>	<u>156,443</u>	<u>623,803</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	79,696	771,040
Purchases of investments	(226,805)	(837,692)
Purchase of property and equipment	(321,928)	(256,004)
<b>Net cash used for investing activities</b>	<u>(469,037)</u>	<u>(322,656)</u>
<b>Net change in cash</b>	(312,594)	301,147
<b>CASH</b>		
Beginning of year	<u>2,708,135</u>	<u>2,406,988</u>
<b>End of year</b>	<u>\$ 2,395,541</u>	<u>\$ 2,708,135</u>

**See accompanying notes**



# PHILADELPHIA YEARLY MEETING OF THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

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### (1) NATURE OF OPERATIONS

Philadelphia Yearly Meeting of the Religious Society of Friends ("**PYM**"), a Pennsylvania nonprofit organization, founded in 1681 and incorporated July 1, 2002, is the overarching organizational structure and faith community for Quakers in the area of Southeastern Pennsylvania, Delaware, the Eastern Shore of Maryland and Central and Southern New Jersey. PYM as an institution exists to offer opportunities for shared worship, growth and learning and collective action for the members of these congregations. It also provides services to Monthly Meetings and their members, and provides avenues for the collective expression in service and witness of their common faith.

Arch Street Meeting House Preservation Trust ("**ASMHPT**") is a Pennsylvania nonprofit organization incorporated in 2011, as a supporting organization to PYM in the maintenance, operation, renovation, improvement and preservation of historic building, site and artifacts of the Arch Street Meeting House and grounds. ASMHPT's activities include: publishing and dissemination of materials, provision of programs and education about the history and the use of the historic property, the raising of funds for, and the financing of, any or all of the foregoing, and doing anything necessary or desirable to carry out the foregoing purposes. All Trustees and officers of ASMHPT are appointed by PYM.

Collectively, PYM and ASMHPT are referred to as the Yearly Meeting.

#### **Program Services**

Program services consist of the following internal boards:

##### ***Arch Street Meeting House Preservation Trust***

The Arch Street Meeting House Preservation Trust is responsible for ensuring that the programs operating out of the Arch Street Meeting House provide the best support possible for the Ministry of the Yearly Meeting in outreach to visitors and as a home for the activities of the Yearly Meeting community and Monthly Meeting of Friends of Philadelphia.

##### ***Administrative Council***

The Administrative Council holds full authority and responsibility for managing the affairs of PYM except for the authority and responsibility assigned to the Quaker Life Council or reserved to Yearly Meeting in Session, the yearly meeting officers or staff.

The Administrative Council's authority and responsibility shall include, but not be limited to: property, finance, budget preparation, audit, investments, development, grant-making, personnel and periodic strategic planning. The Council may appoint and lay down its own committees as needed, assigning responsibilities and appointing committee members who need not be members of the Administrative Council but are asked to do related work. The Council holds committees and other structures under its care accountable to their charge.

##### ***Quaker Life Council***

Members of the Quaker Life Council undertake a solemn responsibility to help provide the Yearly Meeting community with humble leadership in Quaker faith and practice. With divine assistance and in relationship with other council members, Friends on the Quaker Life Council maintain the health and integrity of the community, spiritual depth and relationships within PYM.

The Quaker Life Council oversees the programs and activities of Yearly Meeting Friends, including nurturing monthly and quarterly meetings, supporting Friends' work for peace and justice, and bringing members across meetings together to collaborate on projects of common interest.

# PHILADELPHIA YEARLY MEETING OF THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

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### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Principles of Consolidation**

The consolidated financial statements include the accounts of PYM and ASMHPT. All material intercompany accounts and transactions have been eliminated.

#### **Basis of Accounting**

The consolidated financial statements have been prepared on the accrual basis of accounting. As a result, revenues are recognized when earned and expenses are recognized when incurred.

#### **Basis of Presentation**

The Yearly Meeting reports information regarding its financial position and activities according to the following classes of net assets:

##### ***Without donor restrictions***

Net assets that are not subject to donor-imposed restrictions.

##### ***With donor restrictions***

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of the Yearly Meeting and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as "***net assets released from restrictions***".

Also included in this category are net assets that are subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting the Yearly Meeting to expend the income generated in accordance with the provisions of the contribution.

#### **Estimates**

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

#### **Fair Value Measurements of Assets and Liabilities**

Generally accepted accounting principles ("***GAAP***") define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Yearly Meeting. Unobservable inputs reflect the Yearly Meeting's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1** – Valuations based on quoted prices in active markets for identical assets or liabilities that the Yearly Meeting has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

**Level 2** – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

# PHILADELPHIA YEARLY MEETING OF THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

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**Level 3** – Valuations based on inputs that are unobservable, that is, inputs that reflect the Yearly Meeting's own assumptions.

### **Investments and Investment Income**

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value as determined by quoted market prices with gains and losses in the statements of activities. Investment income is recorded as earned.

The Yearly Meeting invests in a professionally-managed portfolio that contains various types of securities (**See Note 3**). Such investments are exposed to market and credit risk. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in the near term would materially affect investment balances and the amounts reported in the financial statements.

### **Investments – Held by Friends Fiduciary Corporation as Trustee**

Friends Fiduciary Corporation ("**FFC**") is a Quaker nonprofit corporation that provides investment and trusteeship services for Friends meetings, schools and other nonprofit, tax-exempt organizations. FFC serves as the trustee and custodian for many trusts that name the PYM as the beneficiary. The value of the trusts are equal to the fair value of the underlying assets in the trusts. These assets are invested in units of FFC's Quaker Growth and Income Fund and FFC's Short Term Investment Fund.

PYM approves nominees for FFC's Board of Directors. The final choice of members elected to that Board, however, is by FFC, which alone has the ultimate right of selection. Therefore, PYM does not have a controlling interest in FFC. Accordingly, FFC's financial statements are not included in these consolidated financial statements.

### **Beneficial Interests in Trust Agreements**

Beneficial interests in trust agreements are reported at fair value based on Yearly Meeting's share of assets held in trust by third parties other than FFC. Distributions from the trusts to the Yearly Meeting are recorded as net investment return on the consolidated statements of activities. The fair value was determined using level 3 valuation inputs.

### **Property and Equipment**

The Yearly Meeting capitalizes all expenditures for property and equipment in excess of \$5,000. Property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the time of donation. Depreciation is computed over the estimated useful lives of the assets on a straight-line basis.

### **Event and Service Fees**

Event and service fees are recognized as revenue in the applicable period when the related services are rendered. The Yearly Meeting does not have any significant financing components as payment is received at or shortly after the services are rendered. Variable consideration is immaterial to revenue.

### **Support and Contributions**

Support and contributions received are recorded as net assets without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Donor-restricted support and contributions whose restrictions are satisfied in the same period are reported as net assets without donor restrictions.

Unconditional support and contributions are recognized as revenue when the related promise to give is received. Conditional support and contributions are recognized as revenue when the conditions are satisfied.

# PHILADELPHIA YEARLY MEETING OF THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

### Donated Services

The Yearly Meeting administers its programs with support from donated services from a substantial number of unpaid volunteers. The value of these donated services is not reflected in these consolidated financial statements since they do not meet the criteria for recognition.

### Functional Allocation of Expenses

The costs of providing various program and supporting services have been presented on a functional basis in the consolidated statements of activities and functional expenses. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Expenses not directly attributable to a specific functional area are allocated. Significant expenses that are allocated include staff expenses which are allocated based on estimates of time and effort.

### Income Taxes

PYM is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision or liability for income taxes is recorded in the accompanying consolidated financial statements. As a convention of churches, PYM is not required to annually file an Internal Revenue Service ("**IRS**") Federal Form 990.

ASMHPY is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. As such, ASMHPY will not incur any liability for federal income taxes on exempt activities. Unrelated business activities were not conducted during the years ended September 30, 2023 and 2022.

GAAP requires entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. The Yearly Meeting believes that it had no uncertain tax positions as defined in GAAP.

### Concentration of Credit Risk

Financial instruments which potentially subject the Yearly Meeting to concentration of credit risk are cash and accounts receivable. Yearly Meeting maintains its cash at various high-quality financial institutions. At times, such deposits may exceed federally-insured limits. Accounts receivable consist primarily of amounts expected to be collected from Meetings and are expected to be collected in 2023.

### Reclassifications

Certain amounts in the 2022 consolidated financial statements have been reclassified in order to conform to the 2023 presentation.

## (3) INVESTMENTS

Investments consisted of the following at September 30:

	<u>2023</u>			
	<u>Owned by PYM</u>	<u>Held by FFC as Trustee</u>	<u>Total</u>	<u>2022</u>
Cash and money market funds	\$ 90,237	\$ -	\$ 90,237	\$ 97,944
FFC's Short Term Investment Fund	812,793	-	812,793	664,604
FFC's Quaker Growth and Income Fund	35,027,510	18,986,625	54,014,135	49,944,213
RFIA Impact Accelerator Bridge Loan Fund	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$36,930,540</u>	<u>\$18,986,625</u>	<u>\$55,917,165</u>	<u>\$51,706,761</u>

# PHILADELPHIA YEARLY MEETING OF THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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FFC's Quaker Growth and Income Fund is a co-mingled, social responsible investment fund sponsored by FFC. FFC's Quaker Growth and Income Fund's investment objective is to provide long-term total return by investing its assets in a balanced portfolio of common stock, real estate investment trusts and fixed income investments. FFC's Short Term Investment Fund is a diversified, socially responsible, fixed income investment fund sponsored by FFC and offers low volatility and a competitive return for the short-term funds. These co-mingled investment funds trade at the NAV per share practical expedient of the investments. These investments are not categorized within the fair value hierarchy.

The investment objective of the RFIA Impact Accelerator Bridge Loan Fund I LLC is to generate positive social impact in areas such as affordable housing, community health centers and involvement with educational providers. The Fund intends to achieve this objective by investing in a portfolio of debt investments, loans and loan interests. All of the Fund's investments will align with the Fund's nonprofit purpose. This investment is recorded using the equity method and cannot be redeemed, instead distributions will be received as the underlying assets are redeemed.

#### (4) INVESTMENT IN FRIENDS CENTER CORPORATION

Friends Center Corporation (the "**Center**") is a nonprofit organization that was formed by an agreement among PYM and two other Quaker nonprofit organizations – American Friends Service Committee ("**AFSC**") and Central Philadelphia Monthly Meeting ("**CPMM**"), to manage the real estate complex in Center City Philadelphia in which PYM, AFSC and CPMM are located.

PYM's investment in the Center is reported using the equity method as defined in the aforementioned agreement and is equal to a percentage of the Center's net assets. If PYM elects to withdraw from the Center, PYM would forfeit 10% of its equity investment. Management does not anticipate withdrawal over the next 12 months.

The agreement requires PYM to pay rent to the Center for the portion of the real estate complex that it occupies. The rent is determined on a year-to-year basis and PYM can vacate the space at any time. Rent expense for the years ended September 30, 2023 and 2022 was \$278,544 and \$264,457, respectively.

#### (5) PROPERTY AND EQUIPMENT

Property and equipment at September 30 consisted of the following:

	<u>2023</u>	<u>2022</u>
Property improvements	\$ 3,879,015	\$ 3,557,087
Equipment	<u>326,789</u>	<u>326,789</u>
	4,205,804	3,883,876
Less: accumulated depreciation	<u>(2,842,701)</u>	<u>(2,713,561)</u>
	<u>\$ 1,363,103</u>	<u>\$ 1,170,315</u>

Depreciation expense for the years ended September 30, 2023 and 2022 was \$129,140 and \$217,091, respectively.

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### (6) CONTRIBUTION PAYABLE TO FRIENDS CENTER CORPORATION

The contribution payable to the Center represents the amount that PYM has promised to pay to the Center to finance a renovation project of the real estate complex in which PYM is located (**See Note 3**). The contribution payable is expected to be paid as follows:

Due within one year	\$18,125
Due within two to five years	<u>71,592</u>
	89,717
Discount at 4%	<u>(9,316)</u>
	<u>\$80,401</u>

### (7) FUNDS HELD FOR OTHERS

PYM manages a pooled life income fund to which donors transfer assets and name a noncharitable beneficiary to receive the income for life. The assets are recorded in investments – owned by PYM on the consolidated statements of financial position. Upon the death of the beneficiary, the assets are transferred to PYM or to other Quaker organizations as specified by the donor.

Changes in the fair value of the liability to donors are determined using a discount rate of 4% and the beneficiary's estimated life expectancy and are included in realized and unrealized income on investments – held by PYM directly in the accompanying consolidated statements of activities. At September 30, 2023 and 2022, the Yearly Meeting recorded a liability of \$223,369 and \$211,355, respectively, for the assets specified by donors to be transferred to other Quaker organizations.

### (8) RETIREMENT PLANS

PYM is a participant in Friends Pension Plan (the "**Plan**"), a multi-employer, noncontributory, defined benefit pension plan covering substantially all of PYM's employees. PYM's relative position in this Plan is not readily determinable. The Plan is jointly sponsored by PYM and Friends General Conference who appoint a board to act as trustee. Effective December 31, 2020, entry into the Plan was closed to new participants. Effective June 30, 2021, benefit accruals ceased for the majority of participants with the exception of three active employees aged 60 or older with 10 or more years of service. Contributions to this plan amounted to \$1,983 and \$68,964 for the years ended September 30, 2023 and 2022, respectively. At September 30, 2023, the Plan owed PYM \$455,297 for expenditures PYM made on the Plan's behalf.

Effective July 1, 2021, PYM, along with several other employers, sponsor a defined contribution 403(b) plan. This 403(b) plan covers all employees of PYM age 21 or older who normally work 20 or more hours per week. All eligible employees may contribute any percentage of their salary provided they do not contribute more than their eligible compensation or more than the maximum permitted by law. The total value of an employee's account is fully and immediately vested. PYM contributes 7% of each eligible employee's compensation in addition to matching any employee's contributions up to 3% of their eligible compensation. Employees will be automatically enrolled into the plan to contribute 3% of their eligible compensation, as defined by the 403(b) plan agreement unless they elect not to enroll. For the years ended September 30, 2023 and 2022, PYM's contribution to the 403(b) plan was \$123,970 and \$131,118, respectively.

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**(9) NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consisted of the following:

	<b>Balance September 30, 2022</b>	<b>Additions/ (Subtractions)</b>	<b>Releases</b>	<b>Balance September 30, 2023</b>
Subject to expenditure for specified purpose or periods				
Aging programs and grants	\$ 3,259,761	\$ 607,082	\$ (442,601)	\$3,424,242
Education programs and grants	1,089,050	429,384	(341,709)	1,176,725
General fund	3,787,137	214,600	-	4,001,737
Quaker building programs and grants	1,936,704	920,027	(420,156)	2,436,575
Other programs	1,573,876	158,252	(105,810)	1,626,318
For future periods	<u>450,706</u>	<u>32,777</u>	<u>-</u>	<u>483,483</u>
	<u>12,097,234</u>	<u>2,362,122</u>	<u>(1,590,850)</u>	<u>13,149,080</u>
To be maintained indefinitely				
Endowments – income restricted for the following:				
General fund	1,873,163	151,272	-	2,024,435
Aging programs and grants	14,218,740	1,182,346	(40,320)	15,360,766
Educational programs	2,897,092	194,343	-	3,091,435
Quaker building programs and grants	11,410,861	1,011,673	(126,554)	12,295,980
Other programs	1,550,427	126,057	-	1,676,484
Beneficial interest in perpetual trusts	<u>4,521,317</u>	<u>361,460</u>	<u>-</u>	<u>4,882,777</u>
	<u>36,471,600</u>	<u>3,027,151</u>	<u>(166,874)</u>	<u>39,331,877</u>
	<u>\$48,568,834</u>	<u>\$ 5,389,273</u>	<u>\$(1,757,724)</u>	<u>\$52,480,957</u>
	<b>Balance September 30, 2021</b>	<b>Additions/ (Subtractions)</b>	<b>Releases</b>	<b>Balance September 30, 2022</b>
Subject to expenditure for specified purpose or periods				
Aging programs and grants	\$ 3,969,457	\$ (239,566)	\$ (470,130)	\$ 3,259,761
Education programs and grants	1,625,749	(141,775)	(394,924)	1,089,050
General fund	6,815,425	(1,669,241)	(1,359,047)	3,787,137
Quaker building programs and grants	2,376,567	(62,043)	(377,820)	1,936,704
Other programs	1,907,578	(224,066)	(109,636)	1,573,876
For future periods	<u>877,835</u>	<u>(172,057)</u>	<u>(255,072)</u>	<u>450,706</u>
	<u>17,572,611</u>	<u>(2,508,748)</u>	<u>(2,966,629)</u>	<u>12,097,234</u>
To be maintained indefinitely				
Endowments – income restricted for the following:				
General use	\$ 2,170,683	\$ (297,520)	\$ -	\$ 1,873,163
Aging programs and grants	18,208,047	(3,962,427)	(26,880)	14,218,740
Educational programs	3,567,609	(670,517)	-	2,897,092
Quaker building programs and grants	14,439,632	(2,934,171)	(94,600)	11,410,861
Other programs	1,985,549	(435,122)	-	1,550,427
Beneficial interest in perpetual trusts	<u>5,459,574</u>	<u>(938,257)</u>	<u>-</u>	<u>4,521,317</u>
	<u>45,831,094</u>	<u>(9,238,014)</u>	<u>(121,480)</u>	<u>36,471,600</u>
	<u>\$63,403,705</u>	<u>\$(11,746,762)</u>	<u>\$(3,088,109)</u>	<u>\$48,568,834</u>

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**(10) ENDOWMENT FUNDS**

An accounting standard exists which provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("**UPMIFA**"). The Yearly Meeting is not subject to this guidance since Pennsylvania has not enacted a version of UPMIFA. The standard also requires additional disclosures about an organization's endowment funds whether or not the organization is subject to UPMIFA.

In accordance with Pennsylvania statutes, the Yearly Meeting has adopted investment and spending policies for its endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of these endowment assets over the long-term. The Yearly Meeting's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

During the years ended September 30, 2023 and 2022, the Yearly Meeting, for funds for which it is the Trustee, elected to accept FFC's default investment spending policy that calculates the amount of money annually distributed from the donor restricted endowment fund to support various programs. FFC's current spending policy is to distribute an amount equal to 4% of a three-year average of the fair value of the endowment fund.

Changes in the endowment net assets are as follows:

	<b><u>With Donor Restrictions</u></b>
Endowment net assets, September 30, 2022	\$31,950,283
Investment gain, net	3,680,407
Amounts appropriated for expenditures	<u>(1,181,590)</u>
Endowment net assets, September 30, 2023	<b><u>\$34,449,100</u></b>
	<b><u>With Donor Restrictions</u></b>
Endowment net assets, September 30, 2021	\$40,371,520
Contributions	124,998
Investment loss, net	(7,758,649)
Amounts appropriated for expenditures	<u>(787,586)</u>
Endowment net assets, September 30, 2022	<b><u>\$31,950,283</u></b>

**(11) LIQUIDITY AND AVAILABILITY OF RESOURCES**

The following reflects the Yearly Meetings' financial assets as of the statement of financial position date, which has been reduced by financial assets not available within one year.

	<b><u>2023</u></b>	<b><u>2022</u></b>
Cash	\$ 2,395,541	\$ 2,708,135
Accounts receivable	554,605	26,895
Investments	<u>55,917,165</u>	<u>51,706,761</u>
Total financial assets	58,867,311	54,441,791



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Less: financial assets not available for general expenditures within one year		
Restricted by donors for specific purposes or periods	(8,674,791)	(7,868,309)
Restricted by donors to be maintained indefinitely	(34,449,100)	(31,950,281)
Investments without donor restrictions that are held by Friends Fiduciary Corporation as trustee	(9,122,808)	(8,436,945)
Board designated	<u>(2,422,379)</u>	<u>(1,705,630)</u>
Financial assets available within one year	<u>\$ 4,198,233</u>	<u>\$ 4,480,626</u>

Yearly Meeting manages its liquidity and reserves using the following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. As part of its liquidity management, Yearly Meeting has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Its policy is to maintain current financial assets at a minimum of 30 days operating expenses.

The Yearly Meeting invests cash in excess of daily requirements in various short-term investments including money market funds and certificates of deposit until it is required for operational use. In addition, Yearly Meeting has a policy to annually designate a portion of its net assets without donor restrictions to operations. In the event of an unanticipated liquidity need, board-designated net assets can be made available to meet operating needs if necessary with Administrative Council approval. Under certain circumstances, Yearly Meeting may request funds from the investments held by Friends Fiduciary Corporation upon approval.

**(12) SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 8, 2024, the date on which the consolidated financial statements were available to be issued. No material subsequent events have occurred since September 30, 2023 that required recognition or disclosure in the consolidated financial statements.

## **SUPPLEMENTARY INFORMATION**

**PHILADELPHIA YEARLY MEETING OF  
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**SCHEDULES OF FINANCIAL POSITION - ARCH STREET MEETING HOUSE PRESERVATION TRUST**

**September 30, 2023 and 2022**

	<b>2023</b>			<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Restrictions</b>	<b>Total</b>
<b>ASSETS</b>						
Cash	\$ 208,405	\$ 267,437	\$ 475,842	\$ -	\$ 3,660	\$ 3,660
Due from affiliate	-	-	-	-	140,898	140,898
Investments	-	107,788	107,788	-	95,606	95,606
	<u>\$ 208,405</u>	<u>\$ 375,225</u>	<u>\$ 583,630</u>	<u>\$ -</u>	<u>\$ 240,164</u>	<u>\$ 240,164</u>
<b>LIABILITIES</b>						
Due to affiliate	\$ 90,447	\$ -	\$ 90,447	\$ -	\$ -	\$ -
<b>NET ASSETS</b>						
With donor restrictions	<u>117,958</u>	<u>375,225</u>	<u>493,183</u>	<u>-</u>	<u>240,164</u>	<u>240,164</u>
<b>Total liabilities and net assets</b>	<u>\$ 208,405</u>	<u>\$ 375,225</u>	<u>\$ 583,630</u>	<u>\$ -</u>	<u>\$ 240,164</u>	<u>\$ 240,164</u>

**PHILADELPHIA YEARLY MEETING OF  
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**SCHEDULES OF ACTIVITIES - ARCH STREET MEETING HOUSE PRESERVATION TRUST**

**September 30, 2023 and 2022**

	<b>2023</b>			<b>2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Restrictions</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>						
Support and contributions						
Gifts of support	\$ -	\$ 346,409	\$ 346,409	\$ -	\$ 164,853	\$ 164,853
Event and service fees	117,958	-	117,958	-	-	-
Interest and dividends	-	18,681	18,681	-	3,945	3,945
Net assets released from restrictions	<u>230,029</u>	<u>(230,029)</u>	<u>-</u>	<u>157,743</u>	<u>(157,743)</u>	<u>-</u>
<b>Total revenue and support</b>	<u>347,987</u>	<u>135,061</u>	<u>483,048</u>	<u>157,743</u>	<u>11,055</u>	<u>168,798</u>
<b>EXPENSES</b>						
Staff expense	164,098	-	164,098	85,602	\$ -	85,602
Events and program expense	43,560	-	43,560	32,008	-	32,008
Professional and service fees	17,000	-	17,000	31,654	-	31,654
Occupancy	3,934	-	3,934	-	-	-
Computer and office support	<u>1,437</u>	<u>-</u>	<u>1,437</u>	<u>8,479</u>	<u>-</u>	<u>8,479</u>
<b>Total expenses</b>	<u>230,029</u>	<u>-</u>	<u>230,029</u>	<u>157,743</u>	<u>-</u>	<u>157,743</u>
<b>CHANGE IN NET ASSETS</b>	117,958	135,061	253,019	-	11,055	11,055
<b>NET ASSETS</b>						
Beginning of year	<u>-</u>	<u>240,164</u>	<u>240,164</u>	<u>-</u>	<u>229,109</u>	<u>229,109</u>
<b>End of year</b>	<u>\$ 117,958</u>	<u>\$ 375,225</u>	<u>\$ 493,183</u>	<u>\$ -</u>	<u>\$ 240,164</u>	<u>\$ 240,164</u>