

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

**Consolidated Financial Statements  
with Supplementary Information**

**September 30, 2021 and 2020**

**Kreischer  
Miller**

PEOPLE | IDEAS | SOLUTIONS

**PHILADELPHIA YEARLY MEETING OF  
THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE  
September 30, 2021 and 2020**

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**INDEPENDENT AUDITORS' REPORT**

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## Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of Philadelphia Yearly Meeting of the Religious Society of Friends and Affiliate, which comprise the consolidated statements of financial position as of September 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

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, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Other Matter*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information 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 audits 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in cursive script that reads "Kreisler Miller".

Horsham, Pennsylvania  
April 26, 2022

PHILADELPHIA YEARLY MEETING OF  
THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE

Consolidated Statements of Financial Position  
September 30, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,064,381	\$ -	\$ 1,064,381
Restricted cash	-	1,342,607	1,342,607
Accounts receivable:			
Meetings	65,323	-	65,323
Other	6,600	-	6,600
Prepaid expenses	17,847	-	17,847
Total current assets	1,154,151	1,342,607	2,496,758
Investments-held by PYM directly	4,918,524	37,507,246	42,425,770
Investments-held by Friends Fiduciary Corporation as trustee	9,716,137	13,406,645	23,122,782
Investment in Friends Center Corporation	2,568,000	-	2,568,000
Beneficial interests in trust agreements:			
Charitable remainder unitrust	-	605,945	605,945
Other various trusts	-	10,541,262	10,541,262
Property and equipment, net	1,131,402	-	1,131,402
	<u>\$ 19,488,214</u>	<u>\$ 63,403,705</u>	<u>\$ 82,891,919</u>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Accounts payable and accrued expenses	\$ 270,368	\$ -	\$ 270,368
Current portion of contribution payable to Friends Center Corporation	18,125	-	18,125
Funds held for others	198,713	-	198,713
Total current liabilities	487,206	-	487,206
Loan payable, PPP	-	-	-
Contribution payable to Friends Center Corporation, long-term	73,565	-	73,565
Postretirement health benefit obligation	250,708	-	250,708
Pension benefit obligation	-	-	-
Total liabilities	<u>811,479</u>	<u>-</u>	<u>811,479</u>
Net assets:			
Without donor restrictions			
Operating	12,637,913	-	12,637,913
Board designated:			
Operating reserves	1,531,196	-	1,531,196
Capital reserves	808,224	-	808,224
Net investment in property and equipment	3,699,402	-	3,699,402
With donor restrictions	-	63,403,705	63,403,705
Total net assets	<u>18,676,735</u>	<u>63,403,705</u>	<u>82,080,440</u>
Total liabilities and net assets	<u>\$ 19,488,214</u>	<u>\$ 63,403,705</u>	<u>\$ 82,891,919</u>

See accompanying notes to consolidated financial statements.

2020

Without Donor Restrictions	With Donor Restrictions	Total
\$ 1,366,459	\$ -	\$ 1,366,459
-	991,424	991,424
44,075	-	44,075
13,630	-	13,630
14,255	-	14,255
1,438,419	991,424	2,429,843
4,229,250	32,081,987	36,311,237
8,189,442	11,324,887	19,514,329
2,637,000	-	2,637,000
-	490,809	490,809
-	9,480,757	9,480,757
1,034,324	-	1,034,324
\$ 17,528,435	\$ 54,369,864	\$ 71,898,299
\$ 192,868	\$ -	\$ 192,868
20,937	-	20,937
265,008	-	265,008
478,813	-	478,813
311,600	-	311,600
102,582	-	102,582
267,021	-	267,021
209,428	-	209,428
1,369,444	-	1,369,444
10,329,565	-	10,329,565
1,364,716	-	1,364,716
793,386	-	793,386
3,671,324	-	3,671,324
-	54,369,864	54,369,864
16,158,991	54,369,864	70,528,855
\$ 17,528,435	\$ 54,369,864	\$ 71,898,299

PHILADELPHIA YEARLY MEETING OF  
THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE

Consolidated Statements of Activities  
Years Ended September 30, 2021 and 2020

	2021		
	Without donor Restrictions	With Donor Restrictions	Total
Changes in net assets:			
Support and revenue:			
Support and contributions:			
Support from meetings	\$ 967,232	\$ -	\$ 967,232
Gifts of support	243,904	289,344	533,248
Annual fund	344,028	-	344,028
Event and service fees	470,535	25,363	495,898
Net investment return	888,031	1,265,647	2,153,678
Net assets released from restrictions	1,416,059	(1,416,059)	-
Total support and revenue	4,329,789	164,295	4,494,084
Expenses:			
Program services	3,041,613	-	3,041,613
Administration	882,949	-	882,949
Development	423,584	-	423,584
Total expenses	4,348,146	-	4,348,146
Change in net assets before other changes	(18,357)	164,295	145,938
Other changes:			
Realized and unrealized gains on investments-held by PYM directly	605,546	5,613,977	6,219,523
Realized and unrealized gains on investments-held by Friends Fiduciary Corporation as trustee	1,478,527	2,079,928	3,558,455
Change in value of investment in Friends Center Corporation	(69,000)	-	(69,000)
Change in value of beneficial interests in trusts held by external trustees	-	1,175,641	1,175,641
Change in pension benefit obligation	209,428	-	209,428
Forgiveness of indebtedness	311,600	-	311,600
	2,536,101	8,869,546	11,405,647
Change in net assets	2,517,744	9,033,841	11,551,585
Net assets, beginning of year	16,158,991	54,369,864	70,528,855
Net assets, end of year	\$ 18,676,735	\$ 63,403,705	\$ 82,080,440

See accompanying notes to consolidated financial statements.

2020		
Without donor Restrictions	With Donor Restrictions	Total
\$ 982,448	\$ -	\$ 982,448
16,463	82,299	98,762
322,519	-	322,519
486,234	11,393	497,627
863,263	1,321,039	2,184,302
1,831,362	(1,831,362)	-
4,502,289	(416,631)	4,085,658
3,527,069	-	3,527,069
855,489	-	855,489
343,976	-	343,976
4,726,534	-	4,726,534
(224,245)	(416,631)	(640,876)
210,174	1,235,755	1,445,929
332,091	487,868	819,959
(108,000)	-	(108,000)
-	147,359	147,359
683,773	-	683,773
-	-	-
1,118,038	1,870,982	2,989,020
893,793	1,454,351	2,348,144
15,265,198	52,915,513	68,180,711
\$ 16,158,991	\$ 54,369,864	\$ 70,528,855



PHILADELPHIA YEARLY MEETING OF  
THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE

Consolidated Statements of Functional Expenses  
Years Ended September 30, 2021 and 2020

	2021			Total Expenses
	Program Services	Administrative	Development	
Staff expenses	\$ 1,286,652	\$ 549,562	\$ 268,073	\$ 2,104,287
Volunteer expenses	1,555	-	-	1,555
Contributions to others	1,096,619	-	-	1,096,619
Events and program expense	164,591	-	-	164,591
Professional and service fees	32,177	153,493	90,351	276,021
Copying, printing and postage	11,549	4,653	14,538	30,740
Rent and utilities	197,450	74,720	31,817	303,987
Computer and office support	19,373	70,520	4,556	94,449
Insurance and maintenance	109,669	19,665	9,340	138,674
Depreciation	121,978	10,336	4,909	137,223
	<u>\$ 3,041,613</u>	<u>\$ 882,949</u>	<u>\$ 423,584</u>	<u>\$ 4,348,146</u>
	2020			
	Program Services	Administrative	Development	Total Expenses
Staff expenses	\$ 1,344,093	\$ 419,816	\$ 236,695	\$ 2,000,604
Volunteer expenses	8,751	-	-	8,751
Contributions to others	1,499,899	-	-	1,499,899
Events and program expense	148,330	-	-	148,330
Professional and service fees	41,209	264,344	44,509	326,157
Copying, printing and postage	17,558	5,141	18,522	41,221
Rent and utilities	218,577	60,767	29,457	308,801
Computer and office support	25,921	86,275	4,495	116,691
Insurance and maintenance	100,988	11,719	6,303	119,010
Depreciation	121,743	7,427	3,995	133,165
	<u>\$ 3,527,069</u>	<u>\$ 855,489</u>	<u>\$ 343,976</u>	<u>\$ 4,702,629</u>

See accompanying notes to consolidated financial statements.

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

**Consolidated Statements of Cash Flows  
Years Ended September 30, 2021 and 2020**

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ 11,551,585	\$ 2,348,144
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Realized and unrealized gain on investments-held by PYM	(6,219,523)	(1,445,929)
Realized and unrealized gain on investments-held by Friends Fiduciary Corporation as trustee	(3,558,455)	(819,959)
Change in value of investment in Friends Center Corporation	69,000	108,000
Change in value of beneficial interests in trust agreements	(1,175,641)	(147,359)
Depreciation	137,223	133,165
Forgiveness of indebtedness	(311,600)	-
(Increase) decrease in:		
Accounts receivable	(14,218)	46,125
Loans receivable	-	17,059
Prepaid expenses	(3,592)	(550)
Increase (decrease) in:		
Accounts payable and accrued expenses	77,500	25,234
Contribution payable to Friends Center Corporation	(31,829)	(13,161)
Funds held for others	(66,295)	45,357
Postretirement health benefit obligation	(16,313)	(4,733)
Pension benefit obligation	(209,428)	(683,773)
Net cash provided by (used in) provided by operating activities	<u>228,414</u>	<u>(392,380)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	299,699	1,215,000
Purchases of investments	(244,707)	(1,140,530)
Purchase of property and equipment	(234,301)	(118,873)
Net cash used in investing activities	<u>(179,309)</u>	<u>(44,403)</u>
Cash flows from financing activity:		
Proceeds from loan payable	-	311,600
Net increase (decrease) in cash and cash equivalents	49,105	(125,183)
Cash, cash equivalents and restricted cash, beginning of year	<u>2,357,883</u>	<u>2,483,066</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 2,406,988</u>	<u>\$ 2,357,883</u>
The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statements of financial position:		
Cash and cash equivalents	\$ 1,064,381	\$ 1,366,459
Restricted cash	1,342,607	991,424
	<u>\$ 2,406,988</u>	<u>\$ 2,357,883</u>

See accompanying notes to consolidated financial statements.

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

## Notes to Consolidated Financial Statements September 30, 2021 and 2020

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### (1) Organization and Operations

Philadelphia Yearly Meeting of the Religious Society of Friends (PYM), a Pennsylvania nonprofit corporation, 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 corporation incorporated in 2011, as a supporting organization to PYM in the maintenance, operation, renovation, improvement and preservation of the 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 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.

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

**Notes to Consolidated Financial Statements  
September 30, 2021 and 2020**

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**(1) Organization and Operations, Continued**

**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.

**(2) Summary of Significant Accounting Policies**

***Basis of Accounting***

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and include the accounts of PYM and its affiliate, ASMHPT. All significant inter-organization transactions have been eliminated in consolidation.

***Basis of Presentation***

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

***Net Assets Without Donor Restrictions*** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for operating and capital reserves.

***Net Assets With Donor Restrictions*** - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

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

**Notes to Consolidated Financial Statements  
September 30, 2021 and 2020**

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**(2) Summary of Significant Accounting Policies, Continued**

*Use of Estimates*

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Cash and Cash Equivalents*

The Yearly Meeting considers temporary cash investments and all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

*Investments*

Investments in equity securities with readily determinable fair value and all investments in debt securities are reported at their fair value as determined by quoted market prices. Net investment return is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

*Fair Value Measurements of Assets and Liabilities*

Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value in accordance with accounting principles generally accepted in the United States of America. FASB ASC 820 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories based on the inputs to their valuation techniques:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

For the years ended September 30, 2021 and 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent.

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

## Notes to Consolidated Financial Statements September 30, 2021 and 2020

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### (2) Summary of Significant Accounting Policies, Continued

#### *Investments-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 Yearly Meeting 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 (see Note 4).

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 assets and activity 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.

#### *Property and Equipment*

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.

#### *Revenue Recognition*

Revenues are recognized when control of the promised goods or services is transferred to the customer in an amount that reflects that consideration Yearly Meeting expects to be entitled to receive in exchange for those goods and services. Yearly Meeting applies the five-step revenue model under FASB ASC Topic 606 to determine when exchange revenue is earned and recognized. Yearly Meeting follows FASB ACC 958, *Not for Profit Entities*, for nonreciprocal transactions that are outside the scope of FASB ASC 606.

#### *Event and Service Fees*

Event and service fees are recognized as revenue in the applicable period when the related services are rendered. 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.



PHILADELPHIA YEARLY MEETING OF  
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Notes to Consolidated Financial Statements  
September 30, 2021 and 2020

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(2) Summary of Significant Accounting Policies, Continued

*Support and Contributions*

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

*Donated Services*

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 program and supporting services have been summarized on a functional basis in the accompanying consolidated statement of activities. PYM reports expenses attributable to a specific functional area as a direct expense of the respective functional area. PYM allocates the General Secretary and all Associate Secretaries over areas of service on the basis of time and effort. General overhead expenses are allocated across the areas of service by each function's pro rata share of total payroll. PYM's affiliate, ASMHPT, allocates its costs to the appropriate areas of service, either program, administrative, or development based on each area's pro rata share.

*Income Taxes*

PYM is exempt from federal income tax 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 religious organization, PYM is not required to annually file an Internal Revenue Service (IRS) Federal Form 990.

ASMHPT is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. As such, ASMHPT will not incur any liability for federal income taxes on exempt activities; unrelated business activities were not conducted during the years ended September 30, 2021 and 2020.

ASMHPT is required to annually file an IRS Federal Form 990. With few exceptions, ASMHPT is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for years before fiscal year 2018. It is difficult to predict the final timing and resolution of any particular uncertain tax position. Management is unaware of any uncertain tax positions.

PHILADELPHIA YEARLY MEETING OF  
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Notes to Consolidated Financial Statements  
September 30, 2021 and 2020

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(2) Summary of Significant Accounting Policies, Continued

*Concentrations of Risk*

Financial instruments, which potentially subject the Yearly Meeting to concentrations of risk, are cash and cash equivalents, accounts receivable, and investments. The 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, the composition of which is more fully described in Note 3. Yearly Meeting assesses the need for an allowance for bad debt collection based on management's judgement considering historical information.

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 consolidated financial statements.

*Subsequent Events*

The Yearly Meeting has performed an evaluation of subsequent events through April 26, 2022, which is the date the consolidated financial statements were available to be issued.

(3) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following:

	2021	2020
Cash and cash equivalents	\$ 1,064,381	\$ 1,366,459
Accounts receivable	71,923	57,705
	<u>\$ 1,136,304</u>	<u>\$ 1,424,164</u>

Approximately 41% of Yearly Meeting's revenue consists of support and contributions which are ongoing, major, and central to the Yearly Meeting's annual operations to be available to meet cash needs for general expenditures. Yearly Meeting manages its liquidity and reserves 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.



**PHILADELPHIA YEARLY MEETING OF  
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**Notes to Consolidated Financial Statements  
September 30, 2021 and 2020**

**(3) Liquidity and Availability, Continued**

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.

**(4) Assets Measured at Fair Value on a Recurring Basis**

The following is a summary of assets measured at fair value on a recurring basis and the valuation inputs used to value them at September 30:

	2021			
	Total	Level 1	Level 2	Level 3
Beneficial interest in trust agreements	\$ 11,147,207	\$ -	\$ -	\$ 11,147,207
Investments measured at NAV (a)	65,548,552			
Total assets at fair value	<u>\$ 76,695,759</u>			
		2020		
	Total	Level 1	Level 2	Level 3
Beneficial interest in trust agreements	\$ 9,971,566	\$ -	\$ -	\$ 9,971,566
Investments measured at NAV (a)	55,825,566			
Total assets at fair value	<u>\$ 65,797,132</u>			

(a) PYM invests in pooled investment funds which trade at the NAV per share practical expedient of the investments. These investments are not categorized within the fair value hierarchy.

FFC's Quaker Growth and Income Fund is a co-mingled socially 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 short-term funds.

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.

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**(4) Assets Measured at Fair Value on a Recurring Basis, Continued**

The following table summarizes investments measured at fair value based on the NAV per share as a practical expedient as of September 30, 2021 and 2020:

Investment	Fair Value at September 30,		Redemption Notice Period
	2021	2020	
FFC's Quaker Growth and Income Fund	\$ 63,766,178	\$ 54,042,671	None
FFC's Short Term Investment Fund	782,374	782,895	None
RFIA Impact Accelerator Bridge Loan Fund	1,000,000	1,000,000	Illiquid
	<u>\$ 65,548,552</u>	<u>\$ 55,825,566</u>	

There were no transfers for the years ended September 30, 2021 and 2020.

**(5) 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. Rent expense for the years ended September 30, 2021 and 2020 was \$257,390 and \$260,017, respectively.

Effective July 1, 2014, PYM is required to pay a fixed portion of the Center's debt based on occupancy ratios according to the lease agreement. The future minimum payments related to this obligation amount to \$96,323 for each of the next five years and \$1,131,790 thereafter.

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**(6) Property and Equipment**

Property and equipment at September 30 consist of the following:

	2021	2020
Property improvements	\$ 3,326,684	\$ 3,100,943
Equipment	301,188	292,628
	<u>3,627,872</u>	<u>3,393,571</u>
Accumulated depreciation	(2,496,470)	(2,359,247)
	<u>\$ 1,131,402</u>	<u>\$ 1,034,324</u>

Depreciation expense for the years ended September 30, 2021 and 2020 was \$137,223 and \$133,165, respectively.

**(7) 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 5). The contribution payable is expected to be paid as follows:

Due within one year	\$ 18,125
Due within two to five years	<u>107,842</u>
	125,967
Discount at 4%	<u>(34,277)</u>
	<u>\$ 91,690</u>

**(8) Pooled Life Income Fund and Funds Held for Others**

The Yearly Meeting 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 - held by PYM directly on the consolidated statements of financial position. Upon the death of the beneficiary, the assets are transferred to the Yearly Meeting 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, 2021 and 2020 the Yearly Meeting recorded a liability of \$255,072 and \$216,393, respectively, for the assets specified by donors to be transferred to other Quaker organizations.

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**(8) Pooled Life Income Fund and Funds Held for Others, Continued**

The Yearly Meeting receives semi-annual distributions from FFC and annual assessments from participating employers to fund the requirements of its participation in Friends Pension Plan (see Note 11). Amounts received and not yet remitted to the Friends Pension Plan amounted to \$(56,359) and \$48,615 at September 30, 2021 and 2020, respectively.

**(9) Note Payable, Paycheck Protection Program**

In April 2020, PYM applied for, was approved for and received disbursement of a loan in the amount of \$311,600 from a bank pursuant to the Paycheck Protection Program (PPP) administered by the United States Small Business Administration (SBA) and authorized by Keeping American Workers Employed and Paid Act, which is part of the Coronavirus Aid, Relief and Economic Security Act, enacted on March 27, 2020. The PPP note was forgivable subject to PYM meeting specific requirements related to the use of the funds and good-faith certification requirements related to eligibility for the loan. In order to receive forgiveness, PYM submitted a loan forgiveness application which was subject to the review and approval by the SBA. PYM applied for forgiveness with the lender and received forgiveness of \$311,600 from the SBA in June 2021. The amount of loan forgiveness is presented as other changes in net assets on the accompanying consolidated statement of activities.

**(10) Postretirement Health Benefit Obligation**

The Yearly Meeting sponsors a defined benefit postretirement health insurance plan, subject to annual review by the Personnel and Finance Committees, which covered all full-time employees. To receive benefits, the participants must reach 65, have completed at least ten years of service by June 30, 2005. During the year ended June 30, 2005, the Yearly Meeting amended this plan to freeze participation in the plan.

Funding for the plan is provided on a monthly basis by paying a predetermined premium per person, as established by the insurance provider up to a maximum of \$252 per month. Contributions to the plan were \$26,729 for each of the years ended September 30, 2021 and 2020.

The postretirement health benefit obligation was determined using a discount rate of 2.6% and 2.4% for 2021 and 2020, respectively, and a medical trend rate of 0% for both 2021 and 2020.

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**(10) Postretirement Health Benefit Obligation, Continued**

The following table sets forth the plan's status reconciled with the amount shown on the consolidated statements of financial position as of September 30:

	<u>2021</u>	<u>2020</u>
Accumulated postretirement benefit obligation, fully vested:		
Retirees	\$ 250,708	\$ 267,021
Fully eligible active participants	-	-
Other plan participants	-	-
	<u>\$ 250,708</u>	<u>\$ 267,021</u>
Plan assets at fair value	<u>\$ -</u>	<u>\$ -</u>
Accumulated postretirement obligation in excess of plan assets	\$ 250,708	\$ 267,021
Unrecognized net gain from experience different from assumed and changes in assumptions	-	-
Accrued postretirement benefit cost on the consolidated statements of financial position	<u>\$ 250,708</u>	<u>\$ 267,021</u>

The following table sets forth the components of the net postretirement benefit cost for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Service cost	\$ -	\$ -
Interest cost on accumulated postretirement benefit obligation	6,030	7,673
Amortization of gain	14,323	(18,285)
Postretirement benefit cost	<u>\$ 20,353</u>	<u>\$ (10,612)</u>

The estimated net loss that will be amortized into net periodic postretirement benefit cost in 2022 is \$4,381.

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**(10) Postretirement Health Benefit Obligation, Continued**

The expected annual benefit payments for the next five years individually and the following five years in aggregate are as follows:

Year Ending September 30,	Amount
2022	\$ 31,000
2023	\$ 27,000
2024	\$ 25,000
2025	\$ 22,000
2026	\$ 20,000
2027-2031	\$ 74,000

PYM expects to contribute \$31,000 in 2022 for reimbursement of benefit payments.

**(11) Pension Plan**

PYM is a participant in Friends Pension Plan (the Plan) a multiple-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.

Under governmental regulations, in the event of plan termination or employer withdrawal, an employer may be liable for a portion of the Plan's unfunded vested benefits. PYM does not anticipate withdrawal from the Plan, nor is PYM aware of any unexpected plan terminations.

PYM used a measurement date of January 1, for September 30, 2021 and 2020 disclosures. The following table sets forth the combined Plan's funded status as of January 1:

	2021	2020
Benefit obligation	\$ 11,616,166	\$ 12,241,931
Fair value of plan assets	12,157,048	11,741,883
Funded status	\$ 540,882	\$ (500,048)

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**(11) Pension Plan, Continued**

PYM has an accrued pension liability of \$0 and \$209,428 at September 30, 2021 and 2020, respectively. The benefit obligation at January 1, 2021 and 2020 was determined by using a discount rate of 6.50%, an annual salary increase of 3.00% and the PRI-2012 White Collar Generational Mortality Table and Adjusted RP-2014 White Collar Mortality Table, respectively.

Benefits paid by the Plan were \$1,217,206 and \$953,666 for the years ended January 1, 2021 and 2020, respectively. Total contributions to the Plan for the years ended January 1, 2021 and 2020 were \$381,402 and \$451,553, respectively. PYM's contributions to the Plan as determined by an actuary aggregated \$165,407 and \$217,040 for years ended September 30, 2021 and 2020, respectively.

The Plan's assets at January 1, 2021 and 2020 consist of a checking account, employer contribution receivables, investments and an investment in FFC's Quaker Growth and Income Fund. The checking account, held separately by PYM, manages funds for the Plan's short-term obligations, as described in Note 2. 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, financial trusts such as real estate investment trusts and fixed income investments.

The fair value of the Plan's assets by asset category are as follows as of January 1, 2021:

	Total	Level 1	Level 2	Level 3
Cash	\$ 1,117,283	\$ 1,117,283	\$ -	\$ -
Common stock - domestic	5,461,184	5,461,184	-	-
Common stock - foreign	311,755	311,755	-	-
Corporate bonds	572,439	572,439	-	-
Fixed income exchange traded funds	341,954	341,954	-	-
Government bonds	396,410	396,410	-	-
	<u>8,201,025</u>	<u>\$ 8,201,025</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at NAV (a)	3,573,334			
Assets held at fair value	11,774,359			
Employer contribution receivables	382,689			
Total plan assets	<u>\$ 12,157,048</u>			



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**(11) Pension Plan, Continued**

The fair value of the Plan's assets by asset category are as follows as of January 1, 2020:

	Total	Level 1	Level 2	Level 3
Cash	\$ 286,148	\$ 286,148	\$ -	\$ -
Investments measured at NAV (a)	11,004,212			
Assets held at fair value	11,290,360			
Employer contribution receivables	451,523			
Total plan assets	<u>\$ 11,741,883</u>			

(a) The Plan invests in pooled investment funds which trade at the NAV per share practical expedient of the investments. These investments are not categorized within the fair value hierarchy.

The following table summarizes investments at fair value based on the NAV per share as a practical expedient as of January 1, 2021 and 2020:

Investment	Fair Value at January 1,		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
	2021	2020			
FFC's Quaker Growth and Income Fund	\$ 3,573,334	\$ 11,004,212	None	Daily	None

The estimated net gain of the combined Plan that will be amortized into net periodic postretirement benefit cost in the future is \$998,907. The expected contribution to the combined Plan for 2022 is \$173,883 with PYM's portion estimated at \$68,964.

**(12) Retirement Plan**

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 to not enroll. For the year ended September 30, 2021, PYM's contribution to the 403(b) plan was \$33,537.



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**(13) Net Assets with Donor Restrictions**

Net assets are restricted as follows at September 30:

	2021	2020
Subject to expenditure for donor-specified purpose:		
Aging programs and grants	\$ 10,865,112	\$ 8,237,822
Education programs and grants	4,570,408	3,826,766
General fund	8,185,807	7,055,048
Quaker building programs and grants	5,397,580	4,485,212
Other programs	5,795,910	4,715,167
For future periods	877,835	737,760
	<u>35,692,652</u>	<u>29,057,775</u>
Endowments:		
Income restricted by donors for the following purposes:		
Available for general use	754,238	713,155
Aging programs and grants	9,970,761	9,525,638
Education programs	622,950	622,950
Quaker building programs and grants	10,047,014	8,686,022
Other programs	810,455	750,039
For future periods	46,061	33,509
Total endowments	<u>22,251,479</u>	<u>20,331,313</u>
Not subject to spending policy or appropriation:		
Beneficial interest in perpetual trusts	<u>5,459,574</u>	<u>4,980,776</u>
	<u>\$ 63,403,705</u>	<u>\$ 54,369,864</u>

**(14) Endowment Funds**

The Yearly Meeting accounts for its endowment funds in accordance with FASB Staff Position 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and Enhanced Disclosures for All Endowment Funds* now incorporated in FASB ASC 958-205. The Commonwealth of Pennsylvania has not yet adopted the provisions of the UPMIFA, but the Yearly Meeting is required by FASB ASC 958-205 to disclose certain matters associated with its endowment funds. Endowment funds subject to FASB ASC 958-205 include net assets with donor restrictions that are perpetual in nature. Management of the Yearly Meeting does not consider any other fund, whether donor purpose restricted or board designated (without donor restrictions) to be subject to FASB ASC 958-205.

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(14) Endowment Funds, Continued

*Return Objectives and Risk Parameters*

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.

*Spending Policy*

During the year ended September 30, 2021, 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.

The following table summarizes the changes in the endowment fund for the years ended September 30, 2021 and 2020.

Endowment, September, 30, 2019	\$ 19,979,851
Realized and unrealized gain, net	351,462
Endowment, September, 30, 2020	<u>20,331,313</u>
Realized and unrealized gain, net	1,920,166
Endowment September 30, 2021	<u>\$ 22,251,479</u>

## SUPPLEMENTARY INFORMATION

**PHILADELPHIA YEARLY MEETING OF  
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**Schedules of Financial Position - Arch Street Meeting House Preservation Trust  
September 30, 2021 and 2020**

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>			
Current assets:			
Restricted cash	\$ -	\$ 3,657	\$ 3,657
Due from affiliate	-	109,440	109,440
Investments- held by PYM	-	116,012	116,012
	<u>\$ -</u>	<u>\$ 229,109</u>	<u>\$ 229,109</u>
<b>LIABILITIES AND NET ASSETS</b>			
Due to affiliate	\$ -	\$ -	\$ -
Net assets:			
With donor restrictions	-	229,109	229,109
Total liabilities and net assets	<u>\$ -</u>	<u>\$ 229,109</u>	<u>\$ 229,109</u>

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2020		
Without Donor Restrictions	With Donor Restrictions	Total
\$ -	\$ 3,655	\$ 3,655
-	-	-
-	100,103	100,103
<u>\$ -</u>	<u>\$ 103,758</u>	<u>\$ 103,758</u>
\$ -	\$ 27,337	\$ 27,337
-	76,421	76,421
<u>\$ -</u>	<u>\$ 103,758</u>	<u>\$ 103,758</u>

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**Schedules of Activities - Arch Street Meeting House Preservation Trust  
Years Ended September 30, 2021 and 2020**

	2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Changes in net assets:			
Support and revenue:			
Support and contributions			
Gifts of support	\$ -	\$ 241,414	\$ 241,414
Interest and income from investments	-	3,706	3,706
Net assets released from restrictions	92,432	(92,432)	-
Total support and revenue	92,432	152,688	245,120
Expenses:			
Staff expense	84,267	-	84,267
Events and program expense	848	-	848
Professional and service fees	7,198	-	7,198
Computer and office support	119	-	119.00
Total expenses	92,432	-	92,432
Change in net assets	-	152,688	152,688
Net assets, beginning of year	-	76,421	76,421
Net assets, end of year	\$ -	\$ 229,109	\$ 229,109

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2020		
Without Donor Restrictions	With Donor Restrictions	Total
\$ -	\$ 34,788	\$ 34,788
-	3,203	3,203
72,194	(72,194)	-
72,194	(34,203)	37,991
51,417	-	51,417
10,862	-	10,862
9,915	-	9,915
-	-	-
72,194	-	72,194
-	(34,203)	(34,203)
-	110,624	110,624
\$ -	\$ 76,421	\$ 76,421