

FY 2016 PROPOSED BUDGET
Oct. 1, 2015 through Sept. 30, 2016

GENERAL (UNRESTRICTED) FUNDS
2016 Budget Notes by Line Item

2016 HIGHLIGHTS – What’s new and different

- **PYM Budget: the Story! The Magazine!** Please see the new Magazine for some of the exciting stories behind the numbers.
- **Estimated income** in the three-year budget includes increased Covenant support from monthly meetings and increased investment and program income. When we began three-year budgets in FY 2013, it was our practice to show flat income, just to demonstrate the budget’s sustainability. Now it seems sensible and realistic to estimate income, if we can reasonably project changes. Where we are not able to make good projections, estimates are flat.
- **The 4.5% Distribution Rate from Friends Fiduciary** on PYM-owned general funds. PYM has both restricted funds where income is restricted by purpose and unrestricted general funds where income flows into the general fund budget. Of its general funds held at Friends Fiduciary, PYM is the trustee for approximately 25% of them. Friends Fiduciary is the trustee for the remaining 75% of general funds and PYM is the income beneficiary.



For FY 2016, we are taking a 4.5% distribution rate on the general funds where PYM is trustee. The 4.5% rate will apply to the 25% of PYM’s general funds where PYM is trustee. On the 75% where Friends Fiduciary is trustee, Friends Fiduciary sets the distribution rate; their standard distribution rate will decline to 4.25% in calendar 2016 and 4.0% in calendar 2017.

Restricted funds are not in the general fund budget. For more information about the distribution rate on restricted funds, see the PYM website: www.pym.org/financial-stewardship-committee/pym-investment-distribution-rate-information-for-meetings

2016 HIGHLIGHTS – What’s the same

- **Another balanced budget** – FY 2016 should be PYM’s fifth balanced budget in five years, starting with FY 2012, which came through the financial crisis to end in the black.
- **Burlington Meeting House** has only the cost of insurance in this budget. Otherwise, BMH does not use general funds (though it is included in PYM’s audit). As approved by Interim Meeting in May 2013, BMH operates under the care and management of its Trustees with the support of BMH-associated restricted funds. We share the Trustees’ hope and expectation that BMH will become fully independent in 2017.

INCOME AND FUNDS AVAILABLE

Line 1, Support from Meetings

Covenant contributions from monthly meetings make up the largest part of general fund income. Each year we ask the meetings to increase their covenants to maintain pace with inflation. In recent years we have been conservative in our budgeting and have not included the requested increase on the income line. In FY 2016, for the first time since FY 2013, we are adding a 1.5% increase.

Our fiscal sustainability and our capacity to expand service to Friends and meetings depend upon increased giving. The Financial Stewardship Committee felt it was important that this reality be reflected consistently in the budget. Although the income line has been increased, we made the conservative decision not to increase spending to match. If meetings are able to rise to the occasion, the increase in covenant contributions will be used to support monthly meetings in making effective use of their local media for sharing news. See the Magazine article on Shovel-Ready projects.

Line 2, Gifts of Support

Visitor contributions at Arch Street.

Line 3, Bequests

Hard-to-predict bequests have a placeholder number in the budget.

Line 4, Annual Fund

The Annual Fund has been inching down the past few years and we are holding it flat for FY 2016. The facts are that each year only 20% of PYM members contribute to the yearly meeting through the Annual Fund. Of those who give, only 10% contribute \$1,000 or more. These same trends may affect monthly meeting contributions as well. It is important for all of us to work together to address them.

Line 5, Contributions Income

Contributions income represents 56% of Total Funds Available.

Line 6, Funds Held at Friends Fiduciary

Of the unrestricted general funds held at Friends Fiduciary (where income goes into the general fund budget), PYM is trustee for 25% of them and Friends Fiduciary for 75%. We expect income from these funds to increase about 5% next year. With the benefit of our operating reserves, some PYM funds that had been held in cash were reinvested in the Consolidated Fund and are now contributing income. Friends Fiduciary's reduced payout will affect funds where they are trustee and only the second of two distributions in our 2016 fiscal year. In FY 2017 and FY 2018 we project lower income as Friends Fiduciary's scheduled rate reductions to 4.25% and 4.0% flow through our fiscal years.

Line 7, Funds Held at Third-Party Banks

Third-party bank trustees hold approximately \$9 million in funds for PYM and pay between 4.5% and 5.0%. Since the distributions are based on portfolio values as of certain dates, e.g., December 31 or September 30, they are harder to predict and we are estimating flat income.

Line 8, Event and Program Fees

Event and Program Fees look almost 9% higher in FY 2016, largely from increased rental activity at Arch Street, but also from pass-through fees for background checks for monthly meetings volunteers.

Line 9, Administrative Fees, including on Restricted Funds

Administrative fees on restricted funds for FY 2016 will be based on Consolidated Fund portfolio values on June 30, 2015.

Line 10, Total Funds Available

Budgeted to increase by 1.9%.

EXPENSES

Line 11, Staff Salaries and Wages

Staff salaries and wages are budgeted to increase 2.4% in FY 2016. Salaries include a modest cost of living increase, effective October 1, and there is an increased allowance for the use of flexible short-term project-based staffing.

Line 12, Payroll Taxes and Benefits

Budgeted to increase 5.3%, payroll taxes and benefits include taxes, estimated health care premiums for calendar 2016, pension costs, staff travel and training.

Line 13, Volunteer Expenses

Expected to increase 8.7%. Costs to facilitate background checks for monthly meeting volunteers will be offset by pass-through income under Event and Program Fees.

Line 14, Contributions to Others

Contributions made to outside organizations with general funds, mainly to other religious organizations such as FGC, AFSC, FCNL, FWCC and the National Council of Churches with general funds provided by the Chace Fund. This line drops in FY 2016 because FY 2015 includes some contributions made with general funds by working groups that will be laid down on September 30.

Line 15, Event and Program Expense

Event and Program Expense is budgeted to increase 8.9% in FY 2016. For the first time this coming year we will have Continuing Sessions – two single-day sessions for every Friend of every age and every meeting to come together to thrive in the Light together. The first Session is November 7 at Westtown School; the second in March at Arch Street. We have also added the Quaker Life Program Envelope, funding under the Quaker Life Council to support programs, events and services as the Spirit moves among us. Annual Sessions remains the largest event and program expense. Youth programs and communications (*PYM Today*, the website) are also budgeted here.

Line 16, Professional and Service Fees

Professional and Service Fees should decline in FY 2016. One-time costs associated with the fiscal year change and the implementation of the long-range plan will fall behind us. The line also includes fees for payroll services, bank services, credit card processing, consulting and legal work.

Line 17, Copying, Printing and Postage

We have budgeted a 10% increase in printing and mailing expenses to bring thousands of Friends and 105 meetings into relationship around Continuing Sessions, Annual Sessions and other leadings.

Line 18, Friends Center Expenses (rent and other)

The Friends Center rent budget for FY 2016 includes \$40,000 to address capital spending needs. The 15% increase compares to a FY 2015 expense that was lower than expected. Friends Center is

moving to multi-year budgeting and we expect increases in 2017-2018 to be modest. With the AFSC and Central Philadelphia Monthly Meeting, PYM is one of three equity partners in Friends Center.

Line 19, Utilities

Utilities at Arch Street Meeting House.

Line 20, Office Supplies and Support

Includes all office supplies, copier contracts, printers, etc.

Line 21, Computer Support and Licenses

Includes PYM computer support provided by the AFSC, annual computer licenses and routine accounting software support.

Line 22, Insurance

Property and liability insurance, including insurance for Burlington Meeting House through 2017.

Line 23, Repairs and Maintenance

Includes maintenance contracts for cleaning, equipment and grounds at Arch Street.

Line 24, Fixed Asset Depreciation

Calculated from depreciation schedules for Arch Street and depreciable equipment at PYM's offices. It does not include the Burlington Meeting House.

Line 25, Total Expenses

Budgeted to increase by 4.1% in FY 2016.

Line 26, Net Income

Net Income is income before any one-time expenses.

Line 27, General Secretary Transition

General Secretary Transition Funds were included in the FY 2015 budget at the request of the Search Committee, but will not continue into FY 2016.

Line 28, Net Income Available

Expected to be \$133,580 in FY 2016.

Line 29, Number of Full-time Equivalent Employees (FTEs)

PYM expects to employ 20.85 FTEs again in FY 2016.

Line 30, Average Total Expense per Month

Total expenses of \$2,888,500 (Line 25) divided by 12.

Questions or comments?

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**FY 2016 Proposed Budget
General (Unrestricted) Funds**

Annual Sessions 2015

All Periods are 12 Months		12 Months Ended Sept. 30 FY 2015 Estimate	12 Months Ended Sept. 30 FY 2016 Proposed Budget	Dollar Variance Project. FY 2015 to Budget FY 2016	Percent Variance Project. FY 2015 to Budget FY 2016
INCOME AND FUNDS AVAILABLE					
1	Support from Meetings	1,220,000	1,238,000	18,000	1.5%
2	Gifts of Support	8,400	10,400	2,000	19.2%
3	Bequests	20,000	20,000	0	0.0%
4	Annual Fund	425,000	425,000	0	0.0%
5	Contributions Income	1,673,400	1,693,400	20,000	1.2%
6	Funds Held at Friends Fiduciary	400,000	420,000	20,000	4.8%
7	Funds Held at Third-Party Banks	348,000	348,000	0	0.0%
8	Event and Program Fees	194,355	213,180	18,825	8.8%
9	Administrative Fees, including on Restricted Funds	347,500	347,500	0	0.0%
10	TOTAL FUNDS AVAILABLE	2,963,255	3,022,080	58,825	1.9%
EXPENSES					
11	Staff Salaries and Wages	1,162,000	1,190,000	28,000	2.4%
12	Payroll Taxes and Benefits	498,300	526,000	27,700	5.3%
13	Volunteer Expenses	27,075	29,650	2,575	8.7%
14	Contributions to Others	46,300	35,500	-10,800	-30.4%
15	Event and Program Expense	281,850	309,525	27,675	8.9%
16	Professional and Service Fees	108,750	94,800	-13,950	-14.7%
17	Copying, Printing and Postage	63,000	70,075	7,075	10.1%
18	Rent	228,358	271,000	42,642	15.7%
19	Utilities	63,642	66,000	2,358	3.6%
20	Office Supplies and Support	19,450	21,000	1,550	7.4%
21	Computer Support and Licenses	66,750	66,750	0	0.0%
22	Insurance	41,400	42,000	600	1.4%
23	Repairs and Maintenance	48,200	51,200	3,000	5.9%
24	Fixed Asset Depreciation	115,000	115,000	0	0.0%
25	TOTAL EXPENSES	2,770,075	2,888,500	118,425	4.1%
26	NET INCOME	193,180	133,580	-59,600	NA
27	General Secretary Transition	25,000	0	0	NA
28	NET INCOME AVAILABLE	168,180	133,580	-34,600	NA
29	No. Full-time Equivalent Employees (FTEs)	20.85	20.85	20.85	0.0%
30	Average Total Expense per Month	230,840	240,708	9,869	4.1%

Three-Year Budget Framework 2016-2018
General (Unrestricted) Funds

Annual Sessions 2015

All Periods are 12 Months	12 Months Ended Sept. 30 FY 2015 Estimate	12 Months Ended Sept. 30 FY 2016 Proposed Budget	For Information Sept. 30 FY 2017 Budget	For Information Sept. 30 FY 2018 Budget
INCOME AND FUNDS AVAILABLE				
1 Support from Meetings	1,220,000	1,238,000	1,250,000	1,255,000
2 Gifts of Support	8,400	10,400	11,000	12,000
3 Bequests	20,000	20,000	20,000	20,000
4 Annual Fund	425,000	425,000	425,000	425,000
5 Contributions Income	1,673,400	1,693,400	1,706,000	1,712,000
6 Funds Held at Friends Fiduciary	400,000	420,000	410,000	400,000
7 Funds Held at Third-Party Banks	348,000	348,000	348,000	348,000
8 Event and Program Fees	194,355	213,180	223,200	234,350
9 Administrative Fees, including on Restricted Funds	347,500	347,500	347,500	347,500
10 TOTAL FUNDS AVAILABLE	2,963,255	3,022,080	3,034,700	3,041,850
EXPENSES				
11 Staff Salaries and Wages	1,162,000	1,190,000	1,210,000	1,234,000
12 Payroll Taxes and Benefits	498,300	526,000	539,050	549,850
13 Volunteer Expenses	27,075	29,650	30,000	30,000
14 Contributions to Others	46,300	35,500	35,500	35,500
15 Event and Program Expense	281,850	309,525	322,450	329,000
16 Professional and Service Fees	108,750	94,800	95,300	95,800
17 Copying, Printing and Postage	63,000	70,075	70,800	72,000
18 Rent	228,358	271,000	273,710	276,450
19 Utilities	63,642	66,000	67,320	68,650
20 Office Supplies and Support	19,450	21,000	21,400	21,850
21 Computer Support and Licenses	66,750	66,750	68,085	69,430
22 Insurance	41,400	42,000	42,420	30,500
23 Repairs and Maintenance	48,200	51,200	52,225	53,270
24 Fixed Asset Depreciation	115,000	115,000	115,000	115,000
25 TOTAL EXPENSES	2,770,075	2,888,500	2,943,260	2,981,300
26 NET INCOME	193,180	133,580	91,440	60,551
27 General Secretary Transition	25,000	0	0	0
28 NET INCOME AVAILABLE	168,180	133,580	91,440	60,551
29 No. Full-time Equivalent Employees (FTEs)	20.85	20.85	20.85	20.85
30 Average Total Expense per Month	230,840	240,708	245,272	248,442