

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

Consolidated Financial Statements

September 30, 2017 and 2016

**Kreischer
Miller**

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**PHILADELPHIA YEARLY MEETING OF
THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE**
September 30, 2017 and 2016

CONTENTS

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

Consolidated Statements of Financial Position	1-2
Consolidated Statements of Activities	3-4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6-23

SUPPLEMENTARY INFORMATION

Schedule I - Cash Flows by Restrictions	24-25
Schedule II - Temporarily Restricted Revenue and Net Assets Released from Restrictions	26
Schedule III - Schedules of Financial Position - Arch Street Meeting House Preservation Trust	27-28
Schedule IV - Schedules of Activities - Arch Street Meeting House Preservation Trust	29-30

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, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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, 2017 and 2016, 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.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, effective September 30, 2016, Philadelphia Yearly Meeting of the Religious Society of Friends and Affiliate adopted Accounting Standards Update (ASU) 2015-07, *Fair Value Measurement (Topic 820): Disclosure for Investments in Certain Entities that Calculate Net Asset Value (NAV) per Share (or Its Equivalent)*, which impacts the disclosure of investments and presentation of fair value of certain investments. Our opinion is not modified with respect to this matter.

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.



Horsham, Pennsylvania
January 19, 2018

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

**Consolidated Statements of Financial Position
September 30, 2017 and 2016**

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 1,050,750	\$ 682,696	\$ -	\$ 1,733,446
Accounts receivable:				
Meetings	49,800	-	-	49,800
Annual fund	15,355	-	-	15,355
Other	152,488	12,917	89,189	254,594
Mary Jeanes loans receivable	-	30,000	-	30,000
Prepaid expenses	62,217	-	-	62,217
Total current assets	1,330,610	725,613	89,189	2,145,412
Mary Jeanes loans receivable, net	-	68,995	-	68,995
Investments-PYM is the trustee	3,904,246	17,281,651	12,494,442	33,680,339
Investments-Friends Fiduciary Corporation is the trustee	7,446,374	3,565,172	6,924,486	17,936,032
Investment in Friend Center Corporation	2,933,000	-	-	2,933,000
Beneficial interests in trust agreements:				
Charitable remainder unitrust	-	385,637	-	385,637
Other various trusts	-	4,483,159	4,916,866	9,400,025
Property and equipment, net	1,079,969	-	-	1,079,969
	<u>\$ 16,694,199</u>	<u>\$ 26,510,227</u>	<u>\$ 24,424,983</u>	<u>\$ 67,629,409</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 346,066	\$ -	\$ -	\$ 346,066
Current portion of contribution payable to Friends Center Corporation	18,120	-	-	18,120
Deferred revenue	4,305	-	-	4,305
Funds held for others	217,256	-	-	217,256
Total current liabilities	585,747	-	-	585,747
Contribution payable to Friends Center Corporation, long-term	140,059	-	-	140,059
Postretirement health benefit obligation	297,727	-	-	297,727
Pension benefit obligation	813,806	-	-	813,806
Total liabilities	<u>1,837,339</u>	<u>-</u>	<u>-</u>	<u>1,837,339</u>
Net assets:				
Unrestricted				
Operating	8,982,199	-	-	8,982,199
Designated:				
Operating reserves	1,112,109	-	-	1,112,109
Capital reserves	749,583	-	-	749,583
Net investment in property and equipment	4,012,969	-	-	4,012,969
Temporarily restricted	-	26,510,227	-	26,510,227
Permanently restricted	-	-	24,424,983	24,424,983
Total net assets	<u>14,856,860</u>	<u>26,510,227</u>	<u>24,424,983</u>	<u>65,792,070</u>
Total liabilities and net assets	<u>\$ 16,694,199</u>	<u>\$ 26,510,227</u>	<u>\$ 24,424,983</u>	<u>\$ 67,629,409</u>

See accompanying notes to consolidated financial statements.

2016			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 1,070,272	\$ 726,958	\$ -	\$ 1,797,230
75,950	-	-	75,950
22,930	-	-	22,930
40,055	-	-	40,055
-	30,000	-	30,000
48,391	-	-	48,391
1,257,598	756,958	-	2,014,556
-	105,934	-	105,934
3,436,095	14,920,503	9,781,853	28,138,451
6,851,235	3,256,832	6,386,575	16,494,642
3,023,000	-	-	3,023,000
-	332,334	2,674,226	3,006,560
-	4,153,408	4,623,506	8,776,914
2,783,718	-	-	2,783,718
\$ 17,351,646	\$ 23,525,969	\$ 23,466,160	\$ 64,343,775
\$ 327,938	\$ -	\$ -	\$ 327,938
18,120	-	-	18,120
3,865	-	-	3,865
262,923	-	-	262,923
612,846	-	-	612,846
142,703	-	-	142,703
312,129	-	-	312,129
363,903	-	-	363,903
1,431,581	-	-	1,431,581
8,489,230	-	-	8,489,230
1,054,117	-	-	1,054,117
570,000	-	-	570,000
5,806,718	-	-	5,806,718
-	23,525,969	-	23,525,969
-	-	23,466,160	23,466,160
15,920,065	23,525,969	23,466,160	62,912,194
\$ 17,351,646	\$ 23,525,969	\$ 23,466,160	\$ 64,343,775

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

**Consolidated Statements of Activities
Years Ended September 30, 2017 and 2016**

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Changes in unrestricted net assets:				
Support and revenue:				
Support from meetings and members:				
Support from meetings	\$ 1,193,380	\$ -	\$ -	\$ 1,193,380
Gifts of support	326,789	142,106	89,189	558,084
Anna Jeanes Cremation Fund	-	197,259	20,000	217,259
Annual fund	341,603	-	-	341,603
Event and service fees	534,429	19,487	-	553,916
Interest and income from investments	820,266	1,025,481	-	1,845,747
Net assets released from restrictions	1,204,164	(1,204,164)	-	-
Total support and revenue	4,420,631	180,169	109,189	4,709,989
Expenses:				
Staff expenses	1,475,868	-	-	1,475,868
Pension fund accrual	629,412	-	-	629,412
Volunteer expenses	13,818	-	-	13,818
Contributions to others	53,814	-	-	53,814
Events and program expense	251,527	-	-	251,527
Professional and service fees	118,842	-	-	118,842
Copying, printing and posting	43,207	-	-	43,207
Rent and utilities	317,402	-	-	317,402
Computer and office support	94,107	-	-	94,107
Insurance and maintenance	183,678	-	-	183,678
Temporary fund expenses	1,204,164	-	-	1,204,164
Depreciation	180,043	-	-	180,043
Total expenses	4,565,882	-	-	4,565,882
Change in net assets before other changes	(145,251)	180,169	109,189	144,107
Other changes:				
Realized and unrealized income on investments-PYM is the trustee	249,364	2,024,485	4,032	2,277,881
Realized and unrealized income on investments-Friends Fiduciary Corporation is the trustee	595,139	404,065	553,427	1,552,631
Change in value of investment in Friends Center Corporation	(90,000)	-	-	(90,000)
Change in value of beneficial interests in trusts held by external trustees	-	383,052	537,583	920,635
Loss on disposal of assets	(493,096)	-	-	(493,096)
Contribution to Burlington Quarterly Meeting	(1,179,361)	(7,513)	(245,408)	(1,432,282)
Transfer of assets to the School of the Spirit	-	-	-	-
	(917,954)	2,804,089	849,634	2,735,769
Change in net assets	(1,063,205)	2,984,258	958,823	2,879,876
Net assets, beginning of year	15,920,065	23,525,969	23,466,160	62,912,194
Net assets, end of year	\$ 14,856,860	\$ 26,510,227	\$ 24,424,983	\$ 65,792,070

See accompanying notes to consolidated financial statements.

2016			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 1,222,831	\$ -	\$ -	\$ 1,222,831
119,585	188,092	-	307,677
-	-	-	-
341,078	-	-	341,078
579,284	88,930	-	668,214
813,396	1,030,220	-	1,843,616
1,209,158	(1,209,158)	-	-
4,285,332	98,084	-	4,383,416
1,548,581	-	-	1,548,581
469,096	-	-	469,096
5,583	-	-	5,583
40,049	-	-	40,049
203,330	-	-	203,330
85,571	-	-	85,571
42,680	-	-	42,680
306,930	-	-	306,930
72,193	-	-	72,193
113,141	-	-	113,141
1,209,158	-	-	1,209,158
186,130	-	-	186,130
4,282,442	-	-	4,282,442
2,890	98,084	-	100,974
168,127	1,377,821	1,367	1,547,315
399,152	259,405	372,073	1,030,630
(83,000)	-	-	(83,000)
-	168,732	289,455	458,187
-	-	-	-
-	-	-	-
-	(208,970)	-	(208,970)
484,279	1,596,988	662,895	2,744,162
487,169	1,695,072	662,895	2,845,136
15,432,896	21,830,897	22,803,265	60,067,058
\$ 15,920,065	\$ 23,525,969	\$ 23,466,160	\$ 62,912,194

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

**Consolidated Statements of Cash Flows
Years Ended September 30, 2017 and 2016**

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 2,879,876	\$ 2,845,136
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized (gain) on investments	(2,277,881)	(1,547,315)
Realized and unrealized (gain) on investments-Friends Fiduciary Corporation is the trustee	(1,552,631)	(1,030,630)
Change in investment in Friends Center Corporation	90,000	83,000
Change in value of beneficial interests in trust agreements	(920,635)	(458,187)
Depreciation	180,043	186,130
Contribution of property and equipment to Burlington Quarterly Meeting	1,080,000	-
Loss on disposal of assets	493,096	-
(Increase) decrease in:		
Cash held for Friends Pension Plan	-	4,210
Accounts receivable	(180,814)	85,721
Loans receivable	36,939	22,463
Prepaid expenses	(13,826)	(24,297)
Increase (decrease) in:		
Accounts payable	18,128	16,516
Contribution payable to Friends Center Corporation	(2,644)	(9,811)
Deferred revenue	440	(23,984)
Funds held for others (including Friends Pension Plan)	(45,667)	(24,930)
Postretirement health benefit obligation	(14,402)	6,690
Pension benefit obligation	449,903	343,580
Net cash provided by operating activities	219,925	474,292
Cash flows from investing activities:		
Decrease in deposits	-	11,717
Proceeds from sale of property and equipment	10	-
Proceeds from sale of investments	615,730	901,987
Purchases of investments	(850,049)	(974,514)
Purchase of property and equipment	(49,400)	(119,588)
Net cash used in investing activities	(283,709)	(180,398)
Net increase (decrease) in cash and cash equivalents	(63,784)	293,894
Cash and cash equivalents, beginning of year	1,797,230	1,503,336
Cash and cash equivalents, end of year	\$ 1,733,446	\$ 1,797,230

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, 2017 and 2016

(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 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 those 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 organized 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.

Burlington Meeting House, Inc. (BMH), a New Jersey nonprofit corporation, holds title to real property and improvements in Burlington, New Jersey, known as Burlington Meeting House and grounds. Under the bylaws of BMH, as in effect prior to September 17, 2017, PYM had the right to appoint the trustees and officers of BMH. By reason of such right, BMH was classified as a wholly-owned subsidiary of PYM and the assets of BMH were included in the consolidated assets of PYM. Effective September 17, 2017, PYM assigned (the Assignment) its right to appoint the trustees and officers of BMH to Burlington Quarterly Meeting (BQM) and the bylaws of BMH were amended consistent with such assignment. The Assignment was accounted for in PYM's consolidated accounts as a disposition of the assets of BMH by PYM. At the time of the Assignment, the assets of BMH had an appraised value of \$1,080,000. PYM recognized a loss of approximately \$493,000 in the disposition of assets arising from the Assignment. In connection with the Assignment, certain funds dedicated to the use, maintenance and operation of the BMH, and cash, in the amounts of \$255,000 and \$98,000, respectively, were transferred by PYM to BQM. The Assignment is recorded in the accompanying consolidated statements of activities and reflected in the accompanying consolidated statements of financial position.

Continued...

PHILADELPHIA YEARLY MEETING OF THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE

Notes to Consolidated Financial Statements September 30, 2017 and 2016

(1) Organization and Operations, Continued

Effective August 2016, the School of the Spirit, a former program of PYM, took action to become independent from PYM and will now function self-sufficiently under its own governance structure. In conjunction with the transition, PYM has transferred \$208,970 of temporarily restricted net assets, previously held by PYM on behalf of the School of the Spirit, to the School of the Spirit entity. The cash transfer is recorded in the accompanying consolidated statement of activities.

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 Philadelphia Yearly Meeting.

PHILADELPHIA YEARLY MEETING OF THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE

Notes to Consolidated Financial Statements
September 30, 2017 and 2016

(2) Summary of Significant Accounting Policies

Quaker Life Council, Continued

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, bringing members across meetings together to collaborate on projects of common interest.

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

The Yearly Meeting presents its consolidated financial statements in accordance with Financial Accounting Standards Board (FASB) *Accounting Standards Codification* (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Accordingly, the Yearly Meeting reports information regarding its financial position and activities according to the following three classes of net assets:

Unrestricted Net Assets

Unrestricted net assets are net assets that are not subject to donor imposed restrictions. Unrestricted net assets may include designated funds that can be re-designated.

Temporarily Restricted Net Assets

Temporarily restricted net assets are net assets that are subject to donor imposed restrictions or legal restrictions that will be satisfied by actions of the Yearly Meeting and/or the passage of time. When a restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as "net assets released from restrictions."

Permanently Restricted Net Assets

Permanently restricted net assets are subject to donor imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by the nonprofit organization receiving the contribution. Generally, the donor intends for the original contribution to be held in perpetuity. The related income and/or gains are available for the Yearly Meeting's use as specified by the donor.

Continued...

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

**Notes to Consolidated Financial Statements
September 30, 2017 and 2016**

(2) Summary of Significant Accounting Policies, Continued

Permanently Restricted Net Assets, Continued

For permanently restricted net assets not held by a third party trustee, the original contribution is recorded as permanently restricted. The undistributed portion of income and gains (total return) is recorded as temporarily restricted. Each year, the Yearly Meeting receives a cash distribution which is determined using a spending rate as allowed by Pennsylvania law. Donor restrictions as to the use of income must also be met before funds are distributed.

Investment income earned in the current year, which is subject to donor restriction, is recorded as unrestricted to the extent the restrictions are met in the current year.

As described further below, beneficial interest in trust agreements and investments-Friends Fiduciary Corporation is the trustee, are net assets held by third party trustees. All gains and interest on beneficial interest in trust agreements and gains and interest on the permanently restricted portion of investments-Friends Fiduciary Corporation is the trustee, are recorded each year as changes to permanently restricted net assets on the consolidated statements of activities.

Use of Estimates

The preparation of 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 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

For purposes of the statement of cash flows, 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, with gains and losses included in the consolidated statements of activities. Investment income is recorded as earned.

Continued...

PHILADELPHIA YEARLY MEETING OF
THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE

Notes to Consolidated Financial Statements
September 30, 2017 and 2016

(2) Summary of Significant Accounting Policies, Continued

Fair Value Measurements of Assets and Liabilities

FASB 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, 2017 and 2016, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Investments-Friends Fiduciary Corporation

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 Consolidated Fund and FFC's Short Term Investment Fund (FFC Funds). FFC's Consolidated Fund is a co-mingled socially responsible investment fund sponsored by FFC. FFC's Consolidated 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 (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.

Continued...

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

**Notes to Consolidated Financial Statements
September 30, 2017 and 2016**

(2) Summary of Significant Accounting Policies, Continued

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 trusts to the Yearly Meeting are recorded as interest and income from investments on the consolidated statements of activities.

During the year ended September 30, 2017, approximately \$2,900,000 of assets held under a certain beneficial interest in trust agreement became fully owned by PYM and, therefore, were transferred to Investments - PYM is the trustee on the consolidated statement of financial position.

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.

Support and Contributions

Support and contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire within the fiscal year in which the contributions are received. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending upon the nature of the restrictions. When a restriction expires (that is when a stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted net assets are transferred to unrestricted net assets.

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.

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. Committee members and other volunteers recorded approximately 25,079 and 22,959 hours of donated services for the years ended September 30, 2017 and 2016, respectively.

Continued...

PHILADELPHIA YEARLY MEETING OF
THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE

Notes to Consolidated Financial Statements
September 30, 2017 and 2016

(2) Summary of Significant Accounting Policies, Continued

Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized on a functional basis in the following schedule. Accordingly, certain costs have been allocated among the programs and supporting services benefited as follows for the years ended September 30:

	2017	2016
Program expenses	\$ 3,421,229	\$ 3,302,749
Administrative expenses	843,864	746,840
Development expenses	300,789	232,853
	<u>\$ 4,565,882</u>	<u>\$ 4,282,442</u>

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 religious organizations, PYM is not required to file a Federal Form 990 related to its tax exempt status.

ASMHPPT is a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. As such, ASMHPPT will not incur any liability for federal income taxes on exempt activities; unrelated business activities were not conducted during the years ended September 30, 2017 and 2016.

ASMHPPT files Federal Form 990. With few exceptions, ASMHPPT is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for years before fiscal year 2014. It is difficult to predict the final timing and resolution of any particular uncertain tax position. Management is unaware of any uncertain tax positions.

Concentrations of Credit Risk

Financial instruments which potentially subject the Yearly Meeting to concentrations of credit 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 and loans receivable, the composition of which is more fully described in Note 3.

Continued...

PHILADELPHIA YEARLY MEETING OF THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE

Notes to Consolidated Financial Statements September 30, 2017 and 2016

(2) Summary of Significant Accounting Policies, Continued

Concentrations of Credit Risk, Continued

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.

Recently Adopted Accounting Pronouncement

On May 1, 2015, the FASB issued Accounting Standards Update (ASU) 2015-07, *Fair Value Measurement (Topic 820): Disclosure for Investments in Certain Entities That Calculate Net Asset Value (NAV) per Share (or Its Equivalent)*. ASU 2015-07 removes the requirement to categorize, within the fair value hierarchy (Note 4), all investments for which fair value is measured using the NAV per share practical expedient. However, sufficient information must be provided to permit reconciliation of the fair value of assets categorized within the fair value hierarchy to the amounts presented in the consolidated statements of financial position. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. Upon adoption, the amendments shall be applied retrospectively to all periods presented. PYM has elected to early adopt ASU 2015-07 for the year ended September 30, 2017 and the update was retrospectively applied to September 30, 2016.

Recent Accounting Pronouncements

Issued in August 2016, ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, is intended to improve the presentation of consolidated financial statements of not-for-profit (NFP) entities and provide more useful information to donors, grantors, and other users. ASU 2016-14 eliminates the distinction between resources with permanent restrictions and those with temporary restrictions from the face of NFP financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets with donor restrictions and net assets without donor restrictions). ASU 2016-14 will also require additional information to be disclosed about investment return, expense classifications, liquidity and availability of resources and presentation of operating cash flows. The standard will take effect for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application is permitted. PYM is assessing the potential impact this guidance will have on its consolidated financial statements.

Continued...

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

**Notes to Consolidated Financial Statements
September 30, 2017 and 2016**

(2) Summary of Significant Accounting Policies, Continued

Subsequent Events

The Yearly Meeting has performed an evaluation of subsequent events through January 19, 2018, which is the date the consolidated financial statements were available to be issued.

(3) Mary Jeanes Loans Receivable

The Yearly Meeting made loans to individuals for educational purposes from a fund established by a contribution from Anna T. Jeanes. This loan program was discontinued in fiscal year 2013. The loans are non-interest bearing and are expected to be collected within five years after graduation. The loans receivable balance at September 30, 2017 and 2016 of \$98,995 and \$135,934, respectively, are net of an allowance for doubtful accounts of \$86,736 and \$76,605, respectively, and a discount, calculated at 4%, of \$18,252 and \$24,323, respectively.

(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:

	2017			
	Total	Level 1	Level 2	Level 3
Beneficial interest in trust agreements	\$ 9,785,662	\$ -	\$ -	\$ 9,785,662
Investments measured at NAV (a)	51,616,371			
Total assets at fair value	<u>\$ 61,402,033</u>			
	2016			
	Total	Level 1	Level 2	Level 3
Beneficial interest in trust agreements	\$ 11,783,474	\$ -	\$ -	\$ 11,783,474
Investments measured at NAV (a)	44,633,093			
Total assets at fair value	<u>\$ 56,416,567</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.

Continued...

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

**Notes to Consolidated Financial Statements
September 30, 2017 and 2016**

(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 June 30, 2017 and 2016:

Investment	Fair Value at June 30,		Unfunded	Redemption	Redemption
	2017	2016	Commitments	Frequency	Notice Period
Investments - Friends Fiduciary Corporation	\$ 51,616,371	\$ 44,633,093	None	Daily	None

There was one significant transfer of approximately \$2.9 million from investment level 3 to investments measured at NAV during the year ended September 30, 2017. There were no transfers for the year ended September 30, 2016.

The fair value of the beneficial interest in perpetual trusts is based on the fair value of the assets held by the trust as reported by the trustees.

The changes in level 3 assets measured at fair value are summarized below:

	Beneficial Interest in Trust Agreements
Balance, September 30, 2015	\$ 11,325,287
Unrealized gain on investments included in changes in net assets	458,187
Balance, September 30, 2016	11,783,474
Unrealized gain on investments included in changes in net assets	920,635
Reclassification to Investment - PYM is the trustee	(2,918,447)
Balance, September 30, 2017	\$ 9,785,662

(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 Services 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.

Continued...

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

**Notes to Consolidated Financial Statements
September 30, 2017 and 2016**

(5) Investment in Friends Center Corporation, Continued

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, 2017 and 2016 was \$263,103 and \$252,995, respectively.

Effective July 1, 2014, PYM is required to pay a fixed portion of the Center's debt based on occupancy ratios which is included in rent expense shown above. The future minimum payments related to this obligation amount to \$96,323 for each of the next five years and \$1,517,081 thereafter.

(6) Property and Equipment

Property and equipment at September 30 consist of the following:

	2017	2016
Land	\$ -	\$ 289,100
Buildings	-	354,000
Property improvements	2,884,984	5,303,274
Equipment	171,760	521,147
	<u>3,056,744</u>	<u>6,467,521</u>
Accumulated depreciation	<u>(1,976,775)</u>	<u>(3,683,803)</u>
	<u>\$ 1,079,969</u>	<u>\$ 2,783,718</u>

Depreciation expense for the years ended September 30, 2017 and 2016 was \$180,043 and \$186,130, respectively.

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

**Notes to Consolidated Financial Statements
September 30, 2017 and 2016**

(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 to 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	\$ 18,120
Due within two to five years	72,480
Due after five years	104,298
	<u>194,898</u>
Discount at 4%	(36,719)
	<u>\$ 158,179</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 - PYM is the trustee on the consolidated statement 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 pooled life income fund, is determined using a discount rate of 4% and the beneficiary's estimated life expectancy, and are included in realized and unrealized income (loss) on investments - PYM is trustee in the accompanying consolidated statement of activities. At September 30, 2017 and 2016 the Yearly Meeting recorded a liability of \$217,256 and \$262,923, respectively, for the assets specified by donors to be transferred to other Quaker organizations.

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 10). Amounts received and not yet remitted to the Friends Pension Plan amounted to \$13,896 and \$7,065 at September 30, 2017 and 2016, respectively.

(9) 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 covers all full-time employees. To receive benefits, the participants must reach 65, have completed at least ten years of service by June 30, 2005, and have no intervening employment after leaving the Yearly Meeting.

Continued...

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

**Notes to Consolidated Financial Statements
September 30, 2017 and 2016**

(9) Postretirement Health Benefit Obligation, Continued

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 \$26,600 and \$26,504, respectively, for the years ended September 30, 2017 and 2016.

The postretirement benefit obligation was determined using a discount rate of 3.5% and 3.25% for 2017 and 2016, respectively, and a medical trend rate of 0% for 2017 and 2016.

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

	2017	2016
Accumulated postretirement benefit obligation, fully vested:		
Retirees	\$ 290,507	\$ 220,950
Fully eligible active participants	-	-
Other plan participants	-	90,186
	<u>\$ 290,507</u>	<u>\$ 311,136</u>
Plan assets at fair value	<u>\$ -</u>	<u>\$ -</u>
Accumulated postretirement obligation in excess of plan assets	\$ 290,507	\$ 311,136
Unrecognized net gain from experience different from assumed and changes in assumptions	<u>7,220</u>	<u>993</u>
Accrued postretirement benefit cost in the consolidated statement of financial position	<u>\$ 297,727</u>	<u>\$ 312,129</u>

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

	2017	2016
Service cost	\$ 3,501	\$ 3,840
Interest cost on accumulated postretirement benefit obligation	9,690	12,376
Amortization of (gain) loss	(993)	16,978
Postretirement benefit	<u>\$ 12,198</u>	<u>\$ 33,194</u>

Continued...

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

**Notes to Consolidated Financial Statements
September 30, 2017 and 2016**

(9) Postretirement Health Benefit Obligation, Continued

The estimated net gain that will be amortized into net periodic postretirement benefit cost in 2018 is \$7,220.

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
2018	\$ 30,000
2019	\$ 28,000
2020	\$ 26,000
2021	\$ 24,000
2022	\$ 22,000
2023-2027	\$ 86,000

PYM expects to contribute \$30,000 in 2018 for reimbursement of benefit payments.

(10) 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.

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, 2017 and 2016 disclosures. The following table sets forth the combined Plan's funded status as of January 1:

	2017	2016
Benefit obligation	\$ 11,775,056	\$ 11,303,336
Fair value of plan assets	10,102,201	9,963,743
Funded status	<u>\$ (1,672,855)</u>	<u>\$ (1,339,593)</u>

Continued...

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

**Notes to Consolidated Financial Statements
September 30, 2017 and 2016**

(10) Pension Plan, Continued

PYM has an accrued pension liability of \$813,806 and \$363,903 at September 30, 2017 and 2016, respectively. The benefit obligation at January 1, 2017 was determined by using a discount rate of 6.50%, an annual salary increase of 3.00% and the Adjusted RP-2014 White Collar Mortality Table. The benefit obligation at January 1, 2016 was determined by using a discount rate of 6.50%, an annual salary increase of 3.00% and a blend of the Internal Revenue Service (IRS) 2016 Static Mortality Table and Adjusted RP-2014 White Collar Mortality Table.

Benefits paid by the Plan were \$838,867 and \$810,112 for the years ended January 1, 2017 and 2016, respectively. Total contributions to the Plan for the years ended January 1, 2017 and 2016 were \$361,983 and \$240,587, respectively. PYM's contributions to the Plan as determined by an actuary aggregated \$176,078 and \$112,130 for years ended September 30, 2017 and 2016, respectively.

The Plan's assets at January 1, 2017 and 2016 consist of a checking account and an investment in FFC's Consolidated Fund. The checking account, held separately by PYM, manages funds for the Plan's short-term obligations, as described in Note 2. FFC's Consolidated 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, 2017:

	Total	Level 1	Level 2	Level 3
Cash	\$ 422,257	\$ -	\$ 422,257	\$ -
Investments measured at NAV (a)	9,679,944			
	<u>\$ 10,102,201</u>			

The fair value of the Plan's assets by asset category are as follows as of January 1, 2016:

	Total	Level 1	Level 2	Level 3
Cash	\$ 342,875	\$ -	\$ 342,875	\$ -
Investments measured at NAV (a)	9,620,868			
	<u>\$ 9,963,743</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.

Continued...

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

**Notes to Consolidated Financial Statements
September 30, 2017 and 2016**

(10) Pension Plan, Continued

The following table summarizes investments at fair value based on the NAV per share as a practical expedient as of January 1, 2017 and 2016:

Investment	Fair Value at January 1,		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
	2017	2016			
Investments - Friends Fiduciary Corporation	\$ 9,679,944	\$ 9,620,868	None	Daily	None

The estimated net loss of the combined Plan that will be amortized into net periodic postretirement benefit cost in the future is \$257,541. The expected contribution to the Plan for 2018 is \$405,335, PYM's portion is estimated at \$213,829.

(11) Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30:

	2017		
	Temporarily Restricted Cash	Other Temporarily Restricted Assets	Total
Aging programs	\$ 148,600	\$ 10,580,413	\$ 10,729,013
Education programs	183,261	3,188,148	3,371,409
Purposes subject to trustee approval	-	6,788,364	6,788,364
Meeting House projects	115,887	1,458,204	1,574,091
Outreach programs	182,629	2,855,773	3,038,402
Peace programs	52,319	292,606	344,925
For future periods	-	664,023	664,023
	<u>\$ 682,696</u>	<u>\$ 25,827,531</u>	<u>\$ 26,510,227</u>

Continued...

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

**Notes to Consolidated Financial Statements
September 30, 2017 and 2016**

(11) Temporarily Restricted Net Assets, Continued

	2016		
	Other Temporarily Restricted		
	Temporarily Restricted Cash	Assets	Total
Aging programs	\$ 96,905	\$ 9,127,054	\$ 9,223,959
Education programs	243,214	2,843,435	3,086,649
Purposes subject to trustee approval	-	6,242,515	6,242,515
Meeting House projects	98,209	1,248,734	1,346,943
Outreach programs	246,772	2,428,229	2,675,001
Peace programs	41,858	269,220	311,078
For future periods	-	639,824	639,824
	<u>\$ 726,958</u>	<u>\$ 22,799,011</u>	<u>\$ 23,525,969</u>

(12) Permanently Restricted Net Assets

Permanently restricted net assets, the income from which is available for unrestricted or temporarily restricted use of the Yearly Meeting as specified by the donor, consists of the following funds at September 30:

	2017	2016
Aging programs	\$ 13,603,656	\$ 13,091,464
Education programs	1,132,017	1,120,455
General programs	5,236,226	4,937,737
Meeting House projects	4,042,259	1,280,029
Outreach programs	355,941	313,282
Peace programs	23,579	21,694
For future periods	31,305	2,701,499
	<u>\$ 24,424,983</u>	<u>\$ 23,466,160</u>

PHILADELPHIA YEARLY MEETING OF THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE

Notes to Consolidated Financial Statements September 30, 2017 and 2016

(13) 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 permanently restricted and certain board designated net assets for which the Yearly Meeting is Trustee. Management of the Yearly Meeting does not consider any other fund, whether temporarily restricted or board designated (unrestricted) to be subject to FASB ASC 958-205.

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, 2017, the Yearly Meeting, for funds for which it is the Trustee, elected not to accept FFC's default investment spending policy that calculates the amount of money annually distributed from the permanently 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. Instead, the Yearly Meeting elected to require a distribution spending policy of an amount equal to 4.50% of a three-year average of the fair value of the endowment fund.

The changes in the endowment net assets for the years ended September 30, 2017 and 2016 are summarized in the accompanying consolidated statement of activities.

SUPPLEMENTARY INFORMATION

PHILADELPHIA YEARLY MEETING OF
THE RELIGIOUS SOCIETY OF FRIENDS AND AFFILIATE

Cash Flows by Restrictions
Years Ended September 30, 2017 and 2016

	2017		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Cash flows from operating activities:			
Change in net assets	\$ (1,063,205)	\$ 2,984,258	\$ 958,823
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:			
Realized and unrealized gain on investments	(249,364)	(2,024,485)	(4,032)
Realized and unrealized gain on investments - Friends Fiduciary Corporation is the trustee	(595,139)	(404,065)	(553,427)
Change in investment in Friends Center Corporation	90,000	-	-
Change in value of beneficial interests in trust agreements	-	(383,052)	(537,583)
Depreciation	180,043	-	-
Contribution of property and equipment to Burlington Quarterly Meeting	1,080,000	-	-
Loss on disposal of assets	493,096	-	-
(Increase) decrease in:			
Cash held for Friends Pension Plan	-	-	-
Accounts receivable	(78,708)	(12,917)	(89,189)
Loans receivable	-	36,939	-
Prepaid expenses	(13,826)	-	-
Increase (decrease) in:			
Accounts payable	18,128	-	-
Contribution payable to Friends Center Corporation	(2,644)	-	-
Deferred revenue	440	-	-
Funds held for others (including Friends Pension Plan)	(45,667)	-	-
Postretirement health benefit obligation	(14,402)	-	-
Pension benefit obligation	449,903	-	-
Net cash provided by (used in) operating activities	248,655	196,678	(225,408)
Cash flows from investing activities:			
Decrease in deposits	-	-	-
Proceeds from sale of property and equipment	10	-	-
Proceeds from sale of investments	41,602	328,720	245,408
Purchases of investments	(260,389)	(569,660)	(20,000)
Purchase of property and equipment	(49,400)	-	-
Net cash provided by (used in) investing activities	(268,177)	(240,940)	225,408
Net increase (decrease) in cash and cash equivalents	(19,522)	(44,262)	-
Cash and cash equivalents, beginning of year	1,070,272	726,958	-
Cash and cash equivalents, end of year	\$ 1,050,750	\$ 682,696	\$ -

2016			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 487,169	\$ 1,695,072	\$ 662,895	\$ 2,845,136
(168,127)	(1,377,821)	(1,367)	(1,547,315)
(399,152)	(259,405)	(372,073)	(1,030,630)
83,000	-	-	83,000
-	(168,732)	(289,455)	(458,187)
186,130	-	-	186,130
-	-	-	-
-	-	-	-
4,210	-	-	4,210
85,721	-	-	85,721
-	22,463	-	22,463
(24,297)	-	-	(24,297)
16,516	-	-	16,516
(9,811)	-	-	(9,811)
(23,984)	-	-	(23,984)
(24,930)	-	-	(24,930)
6,690	-	-	6,690
343,580	-	-	343,580
562,715	(88,423)	-	474,292
11,717	-	-	11,717
-	-	-	-
499,655	402,332	-	901,987
(608,659)	(365,855)	-	(974,514)
(119,588)	-	-	(119,588)
(216,875)	36,477	-	(180,398)
345,840	(51,946)	-	293,894
724,432	778,904	-	1,503,336
\$ 1,070,272	\$ 726,958	\$ -	\$ 1,797,230

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

**Temporarily Restricted Revenue and Net Assets Released from Restrictions
Years Ended September 30, 2017 and 2016**

	2017	2016
Support and revenue:		
Gifts of support	\$ 142,106	\$ 188,092
Anna Jeanes Cremation Fund	197,259	-
Event and service fees	19,487	88,930
Interest and income from investments	1,025,481	1,030,220
	<u>1,384,333</u>	<u>1,307,242</u>
Expenses:		
Staff expenses	168,395	131,463
Volunteer expenses	-	1,196
Contributions to others	882,096	840,936
Events and program expense	70,290	197,339
Professional and service fees	16,219	4,496
Copying, printing and posting	34,379	612
Rent and utilities	17,246	18,504
Computer and office support	1,768	-
Insurance and maintenance	13,771	14,612
	<u>1,204,164</u>	<u>1,209,158</u>
Change in net assets before other changes	<u>\$ 180,169</u>	<u>\$ 98,084</u>

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

**Schedules of Financial Position - Arch Street Meeting House Preservation Trust
September 30, 2017 and 2016**

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
ASSETS				
Current assets:				
Cash	\$ -	\$ 38,867	\$ -	\$ 38,867
Due from affiliate	-	-	-	-
Investments-PYM is the trustee	-	39,300	31,179	70,479
	<u>\$ -</u>	<u>\$ 78,167</u>	<u>\$ 31,179</u>	<u>\$ 109,346</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Due to affiliate	\$ -	\$ 16,412	\$ -	\$ 16,412
Net assets:				
Temporarily restricted	-	61,755	-	61,755
Permanently restricted	-	-	31,179	31,179
Total net assets	<u>-</u>	<u>61,755</u>	<u>31,179</u>	<u>92,934</u>
Total liabilities and net assets	<u>\$ -</u>	<u>\$ 78,167</u>	<u>\$ 31,179</u>	<u>\$ 109,346</u>

2016				
Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
\$ -	\$ 41,729	\$ -	\$ 41,729	
-	13,187	-	13,187	
-	26,693	31,179	57,872	
\$ -	\$ 81,609	\$ 31,179	\$ 112,788	
\$ -	\$ -	\$ -	\$ -	
-	81,609	-	81,609	
-	-	31,179	31,179	
-	81,609	31,179	112,788	
\$ -	\$ 81,609	\$ 31,179	\$ 112,788	

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

**Schedules of Activities - Arch Street Meeting House Preservation Trust
Years Ended September 30, 2017 and 2016**

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Changes in unrestricted net assets:				
Support and revenue:				
Support from meetings and members:				
Gifts of support	\$ -	\$ 46,916	\$ -	\$ 46,916
Event and service fees	-	3,940	-	3,940
Interest and income from investments	-	2,401	-	2,401
Net assets released from restrictions	78,409	(78,409)	-	-
Total support and revenue	78,409	(25,152)	-	53,257
Expenses:				
Staff expense	52,267	-	-	52,267
Events and program expense	1,664	-	-	1,664
Professional and service fees	24,084	-	-	24,084
Computer and office support	394	-	-	394
Total expenses	78,409	-	-	78,409
Change in net assets before other changes	-	(25,152)	-	(25,152)
Other changes:				
Realized and unrealized gain				
on investments-PYM is the trustee	-	5,298	-	5,298
	-	5,298	-	5,298
Change in net assets	-	(19,854)	-	(19,854)
Net assets, beginning of year	-	81,609	31,179	112,788
Net assets, end of year	\$ -	\$ 61,755	\$ 31,179	\$ 92,934

2016			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ -	\$ 43,168	\$ -	\$ 43,168
-	7,115	-	7,115
-	2,396	-	2,396
53,565	(53,565)	-	-
53,565	(886)	-	52,679
37,877	-	-	37,877
11,711	-	-	11,711
3,920	-	-	3,920
57	-	-	57
53,565	-	-	53,565
-	(886)	-	(886)
-	3,320	-	3,320
-	3,320	-	3,320
-	2,434	-	2,434
-	79,175	31,179	110,354
\$ -	\$ 81,609	\$ 31,179	\$ 112,788