



FY 2024 PROPOSED BUDGET

Oct. 1, 2023, through Sept. 30, 2024

FY 2024 Budget Notes by Line Item

Administrative Council has released this Proposed Budget to Annual Sessions.

A word about Unrestricted and Restricted

These notes use “unrestricted” and “restricted” as shorthand for the required basis for presentation for non-profit entities:

- net assets without donor restrictions, which are available for use in general operations,
- net assets with donor restrictions, which have donor or grantor-imposed restrictions that may be temporary in nature or perpetual in nature.

What’s New -- Shared Services Agreement with Arch Street Meeting House Preservation Trust

Last year, PYM and the Arch Street Meeting House Preservation Trust (ASMHPPT) signed a Shared Services Agreement, effective Oct. 1, 2022. The need for such an agreement was driven by the Trust’s forward motion to support its mission.

ASMHPPT began a capital campaign last fall with a \$150,000 grant from the National Fund for Sacred Places, a program of Partners for Sacred Places in collaboration with the National Trust for Historic Preservation. The campaign has launched a variety of capital projects within the meetinghouse, including engineering updates to the HVAC and boiler systems and a new fire suppression system. The projects and new exhibits should be complete in time for the US Semi-quincentennial. On July 4, 2026, the nation will celebrate its 250th birthday and Philadelphia expects millions of additional visitors that summer.

The Shared Services Agreement supports the financial detail required by a capital campaign for grant applications and regulatory filings. It clarifies roles and responsibilities between PYM and ASMHPPT, spells out who pays for what, and documents internal transactions between PYM and ASMHPPT.

The Shared Services Agreement has a five-year term with an annual schedule of specific items. In this budget, most FY 2024 event and program fees moved from the unrestricted budget to ASMHPPT in the restricted budget. The fee income includes rental and event income at Arch Street as well as income from tours and visitors. On the expense side, ASMHPPT is picking up an equal amount of costs around utilities, staffing, and maintenance. In all, PYM’s general fund subsidy of the Arch Street site has been reduced and greater responsibility has shifted to ASMHPPT.

INCOME AND FUNDS AVAILABLE

Line 1, Support from Meetings

The Covenant is our single largest source of unrestricted income and PYM is deeply grateful for meeting support. We hope that some meetings may be able to increase their Covenant amounts.

Line 2, Arch Street donations /Arch Street Meeting House Preservation Trust fundraising

Budgeted for ASMHPT annual appeal. The Capital Campaign has separate financial reporting outside the PYM budget.

Line 3, Grants and Other Gifts

Budgeted for restricted grant funding for Arch Street.

Line 4, Bequests

There are no known bequests in process for distribution in FY 2024. PYM has received no bequests in FY 2023 to date.

Line 5, Support from Individuals

The Annual Fund contributes a significant part of PYM's unrestricted budget. During the Worship & Care "Care Package" matching campaign in the winter of 2022-23, many regular donors increased their giving and new donors were drawn to contribute. PYM appreciates a gift of any size. Thank you! Our whole yearly meeting community grows deeper and stronger in a culture of generosity.

Line 6, Total Contributions Income

Total budgeted contributions of \$1.46 million represent 34% of Total Funds Available in FY 2024, Line 11. Budgeted contributions without donor restrictions of \$1.3 million are 48% of total unrestricted funds available. Contributions with donor restrictions represent 9% of restricted funds available.

Line 7, Funds Held at Friends Fiduciary

Friends Fiduciary pays a 4% distribution based on a three-year average of Quaker Growth & Income Fund unit value. PYM's funds at Friends Fiduciary include an investment in the Impact Accelerator Fund, a bridge loan fund sponsored by the Reinvestment Fund, which pays a preferred dividend. Unrestricted income supports the general fund budget. Restricted income is largely granting income paid out in Line 15, Contributions to Others. It also includes some restricted program funding.

Line 8, Funds Held at Third-Party Banks

Third-party banks hold unrestricted funds for PYM as trusts (PNC) and as private foundations (BNY Mellon). Wells Fargo holds a restricted-purpose fund for PYM as a private foundation. Income is not easily predictable. Some funds base their distributions on market values as of a certain date, such as December 31. Others base distributions on a three-year average. Income for fiscal years 2023 and 2024 is expected flat as the three-year average includes poor market returns in calendar 2022.

Line 9, Event and Program Fees

Under the Shared Services Agreement, most FY 2024 event and program fees moved from the Unrestricted Budget to the Restricted Budget under ASMHPT. These include rental and event income at Arch Street as well as income from tours and visitors to Arch Street. ASMHPT is picking up an equal amount of costs around utilities, staffing, and maintenance.

Line 10, Administrative Fees

PYM charges its restricted-purpose funds an administrative fee based on principal value at Friends Fiduciary each June 30. The fee is unrestricted income to PYM, per accounting rules. Quaker Growth & Income Fund unit value is currently close to where it was a year ago.

PYM's restricted-purpose funds are largely granting funds. PYM follows foundation best practices: we view administrative costs as shared in the aggregate. We also use a tiered fee schedule that charges a slightly lower fee to smaller funds. Administrative fees pay for PYM's grantmaking function and the administrative costs of managing restricted monies.

Line 11, Total Funds Available

Total funds without donor restrictions are budgeted at \$2.7 million, 48% from contributions and 52% from investment income, program, and fees. Total funds with donor restrictions are budgeted at \$1.65 million, 9% from contributions and 92% from investment income, program, and fees. Combined funds of \$4.37 million are 99% of the 2023 projection.

EXPENSES

Line 12, Staff Salaries and Wages

PYM staff numbers, projected for Sept. 30, 2023, and next year, are 20 full-time equivalent employees (FTEs) in the unrestricted budget and 6 FTEs in the restricted budget for 26 total FTEs. PYM has budgeted a 3% cost of living adjustment (COLA), for all staff in the new fiscal year.

The total budget for staff salaries and wages, at \$1.78 million, reflects full staffing. PYM entered FY 2023 looking to fill six positions and the first half of the year was under budget. Four positions were filled this spring and two more should be filled by early summer.

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

Line 13, Payroll Taxes, Benefits, and Employee Travel

This line includes payroll taxes, health insurance, workers comp insurance, staff training and travel, and PYM's employer contribution to staff retirement. Retirement benefits are provided by the Friends 403(b) Plan; employer contributions are 7% of the salary budget for benefits-eligible staff plus a dollar-for-dollar match of employee deferrals up to 3% of salary. Employees who choose to save 3% of salary receive a 10% total employer contribution. Health insurance costs for calendar 2024 will not be known until open enrollment in the fall of 2023, but we expect to provide excellent cost-effective coverage through the Friends Mutual Health Group. Employees who do not receive health care through PYM are provided with a monthly payment toward their health care that is covered on the salary line.

Line 14, Total Staff Expenses

Total staff expenses are budgeted at \$2.3 million or 51% of total budgeted spending.

Line 15, Contributions to Others

PYM uses a portion of unrestricted Chace Fund income to contribute to other 501(c)(3) charities, in accordance with the Chace will. The recipients are mainly religious organizations such as FGC, AFSC,

FCNL, FWCC and the National Council of Churches. Friends Fiduciary is trustee of the Chace Fund. Contributions to others also include Louisa & Corson Poley Fund income, granted to Burlington Quarter, per the 2017 Burlington Meeting House Agreement. Outreach grants to monthly meetings come from the Membership Development Fund, an unrestricted reserve fund.

Restricted contributions reflect the more than 400 grants PYM makes each year to individuals, meetings, and nonprofit organizations. Restricted grants vary from year to year, often because of timing across fiscal years. Grants may be made from restricted reserves (accumulated, unspent income from prior years) as well as from current year restricted income.

Line 16, Event and Program Expense

The unrestricted budget covers a range of programs: Annual Sessions, Continuing Sessions, youth programs, other smaller programs, volunteer expenses, publications, and a Quaker Life Council “program envelope” to support collaboratives, programs, and events.

Restricted expense includes Friends Counseling Service, spending from grants at Arch Street, and various restricted program funds budgeted for Annual Sessions, youth, and other smaller programs.

Line 17, Professional and Service Fees

Unrestricted spending includes normal and typical fees for the PYM audit, payroll services, banking services, routine consulting, and legal work. By the end of FY 2023, the work of the PYM controller will have largely transitioned from a consulting basis to PYM staff. Work formerly done by consultants in development and communications has already moved to the staff budget in Line 12 as open positions were filled. Restricted spending is budgeted for ASMHPT.

Line 18, Development Expense

Unrestricted costs are for PYM and include merchant account fees to support online giving. Restricted costs are for ASMHPT.

Line 19, Copying, Printing and Postage

Unrestricted costs are for PYM and restricted costs for ASMHPT.

Line 20, Rent (Friends Center Expenses and Other)

Rent expense includes Friends Center rent and small storage charges. PYM is one of three equity partners in Friends Center with the AFSC and Central Philadelphia Monthly Meeting. Rent increased 8% in FY 2024 to cover costs associated with the relocation of the Friends Child Care Center. Rent is expected to return to low single digit increases in 2025 and beyond.

Line 21, Utilities

PYM’s utility cost is now limited to telephone service at 1515 Cherry Street. Other utilities at this site are provided by Friends Center, a LEED Platinum building that uses geothermal heat and 100% wind-generated electricity. Gas, electric, water and phones at Arch Street are in the restricted budget and paid by ASMHPT under the Shared Services Agreement.

Line 22, Office Supplies and Support

Expenses for office supplies and miscellaneous administrative expenses.

Line 23, Computer Support and Licenses

Expenses for PYM information technology (IT) support provided by the AFSC, annual computer licenses, annual database licenses, and routine software licensing and support.

Line 24, Insurance

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

Line 25, Repairs and Maintenance

The cost of maintenance and repairs of the building, equipment, and grounds at Arch Street Meeting House. The 2023 projection includes significant repairs to the boiler, some of which will be funded by the Capital Reserve Fund (see Line 29).

Line 26, Fixed Asset Depreciation

Depreciation is an unrestricted expense, calculated from depreciation schedules for Arch Street Meeting House and depreciable equipment and furnishings at PYM's offices.

Line 27, Total Expenses

Budgeted at \$4.49 million, 3.7% ahead of the FY 2023 projection of \$4.33 million.

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

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

Line 29, Capital Reserve Funds for Repairs at Arch Street

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

Line 30, Miscellaneous Spending from Reserves, Grants and Accumulated Granting Income

Use of reserves includes unexpended grant funds from prior years and use of other reserve funds for programs and grants, including Membership Development grants (see Line 15).

Line 31, Net Balance

Budgeted at zero in FY 2024.

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

PYM should be fully staffed by September 30 with 20 FTEs in the unrestricted budget and 6 FTEs in the restricted budget for a total count of 26.

Questions or comments?

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Annual Sessions July 2023	FY 2024 Without Donor Restrictions	FY 2024 With Donor Restrictions	FY 2024 TOTAL	FY 2023 Projection
PROPOSED BUDGET FY 2024				
All Periods are 12 Months	Sept. 30, 2024 Budget	Sept. 30, 2024 Budget	Sept. 30, 2024 Budget Total	Sept. 30, 2023 Projection
INCOME AND FUNDS AVAILABLE				
1 Support from Meetings (Covenant)	965,000	0	965,000	965,000
2 Arch Street Donations/ASMHT Fundraising	0	75,000	75,000	125,000
3 Grants and Other Gifts	0	75,000	75,000	150,000
4 Bequests	0	0	0	0
5 Support from Individuals (Annual Fund)	350,000	0	350,000	330,000
6 Contributions Income	1,315,000	150,000	1,465,000	1,570,000
7 Distributions on Funds Held at Friends Fiduciary	600,000	1,375,500	1,975,500	1,900,000
8 Distributions on Funds Held at Third-Party Banks	368,500	15,000	383,500	385,000
9 Event and Program Fees	32,000	110,000	142,000	125,000
10 Administrative Fee on Restricted Funds	400,000	0	400,000	396,000
11 TOTAL FUNDS AVAILABLE	2,715,500	1,650,500	4,366,000	4,376,000
EXPENSES				
12 Staff Salaries and Wages	1,435,000	348,000	1,783,000	1,558,000
13 Payroll Taxes, Benefits, Employee Travel	398,500	130,000	528,500	470,000
14 Total Staff Expenses	1,833,500	478,000	2,311,500	2,028,000
15 Contributions to Others	60,000	1,020,000	1,080,000	1,080,000
16 Event and Program Expense	80,000	80,000	160,000	160,000
17 Professional and Service Fees	100,000	35,000	135,000	230,000
18 Development Expense	20,000	3,000	23,000	30,000
19 Copying, Printing and Postage	35,000	5,000	40,000	50,000
20 Rent	295,000	0	295,000	273,000
21 Utilities	10,000	50,000	60,000	70,000
22 Office Supplies and Support	12,000	3,000	15,000	16,000
23 Computer Support and Licenses	75,000	2,000	77,000	77,000
24 Insurance	40,000	0	40,000	40,000
25 Repairs and Maintenance	120,000	40,000	160,000	180,000
26 Fixed Asset Depreciation	100,000	0	100,000	100,000
27 TOTAL EXPENSES	2,780,500	1,716,000	4,496,500	4,334,000
NET INCOME AVAILABLE PRIOR TO THE APPLICATION OF				
28 RESERVES	-65,000	-65,500	-130,500	42,000
29 Repairs at ASMH (Capital Reserve)	50,000	0	50,000	50,000
30 Other Misc Reserves (Grants & Granting Groups)	15,000	65,500	80,500	10,000
31 NET BALANCE	0	0	0	102,000
32 No. Full-time Equivalent Employees (FTEs)	20.00	6.00	26.00	26.00