

2020 NYYM Budget

Financial Services Committee Report to Fall Sessions

Financial Services Committee (FSC) is presenting two budgets for New York Yearly Meeting's 2020 operations - one that provides **partial** funding for children, youth and young adult staff support and one that provides **full** funding for children, youth and young adult staff support. Significant time and effort has gone into developing the budget that provides full funding; however, FSC believes the process is not yet complete and needs more time and discernment. **The committee is recommending the Yearly Meeting approve at Fall Sessions the budget that provides partial funding.** This will give the Yearly Meeting an approved budget for 2020 that contains funding to continue the current Interim Young Adult Field Secretary position through June. Meanwhile, FSC will continue the necessary seasoning of the budget that includes full funding, with the goal of completing the process by Spring Sessions.

Background

At Summer Sessions 2018, the Yearly Meeting affirmed the need to create full-time staff support for youth and young adults (Y/YA) and directed FSC to craft a 2019 budget that included this position. At Fall Sessions 2018, a 2019 operating budget was presented that included the Y/YA position funded primarily by a drawdown from invested trust funds and redirection of funds away from several other Yearly Meeting activities. Since there was not support for this budget it was withdrawn. Per NYYM's financial procedures covering this situation, a small group of people drafted an interim budget for 2019 and FSC presented a new budget at Spring Sessions 2019, which was approved. It did not include funding for the Y/YA position.

Following Summer Sessions 2019, an ad hoc committee worked to identify sources of income that could be redirected towards funding full-time staff support for Y/YA.

Where we are now

Using the ad hoc committee's work, FSC has drafted a proposed budget that includes full-time Y/YA support. This budget requires many difficult changes. On the budget spreadsheet, the column labeled "2020 Full Y/YA" is this budget.

As a preliminary matter, FSC affirms its belief that all of the ways we are currently using our resources support good work. A proposed decrease in financial support for an activity does not reflect a judgement of the value of that work. It simply reflects the fact that we are not able to afford to continue to do everything we are currently doing and also have the financial resources for full-time staff support of youth and young adults.

The Full Y/YA budget is based on the assumption that it is the first year of a three-year plan. That is, some of the changes made to support this plan are only being made for a three-year

period. Before the end of this three-year period, the Yearly Meeting will need to do further discernment regarding appropriate next steps.

In drafting the full Y/YA budget, the ad hoc committee, and then FSC, considered all possible sources of income that could be directed towards funding the work with Y/YA. As part of this work, the Trustees have agreed to some drawdown of trust fund principal to support the Y/YA position, if needed. The total of the potential drawdown has been capped at \$109,000 over the three years of this plan. These funds will only be drawn down at the end of each year if there is a shortfall. Relying on trust fund principal to more fully fund the position is not sustainable.

While significant time has been spent in discernment of the Full Y/YA budget by FSC, it was the sense of the committee that it is not yet fully seasoned and would be better presented as a first reading at Fall Sessions. In particular, there are some decisions that need to be made by various committees, and some actions that need to be taken by the Yearly Meeting, before the budget will be ready to be approved. The affected committees have been working on making the necessary decisions, but there has not been adequate time for them to complete the process. In addition, it was the sense of FSC that the Yearly Meeting could not be asked to approve a budget with significant changes, without first providing information on the impact of these changes - such as the impact of redirecting income from some trust funds to the operating account and away from Witness committees - and appropriate time to discern and reflect.

Therefore, FSC has also prepared a budget, labeled "2020 Partial Y/YA" on the spreadsheet. This budget includes funding to continue an Interim Young Adult Field Secretary through June, but without the need for the significant changes necessary for the Full Y/YA budget. FSC commits to continue the process that was begun by the ad hoc committee, and to continue to work with the affected committees, with the goal of bringing an updated, more fully-seasoned budget to the Yearly Meeting at Spring Sessions. This will also allow time for the Yearly Meeting body to review the information regarding the proposed changes that need to be approved, so these changes can be addressed at Spring Sessions.

FSC is recommending approval of the 2020 Partial Y/YA budget and is requesting the Yearly Meeting's discernment at Fall Sessions on the issues raised in the first reading of the 2020 Full Y/YA budget.

NOTES ON THE PROPOSED BUDGETS

All comments are regarding the Full Y/YA budget, unless noted otherwise. Any information pertaining to the Partial Y/YA budget is in *italics*.

Income

Donations

- The Full Y/YA budget shows a modest increase in covenant donations on the assumption that the new staff support will be a motivating factor for Meetings to increase their covenant donations.
- The Development committee is projecting a \$20,000 increase in the annual appeal for the Full Y/YA budget, from the \$40,000 historic base, on the assumption that the new staff support will be a motivating factor. (The larger number in 2018 included a one-time single contribution of \$25,000.) *The partial Y/YA budget includes a \$5,000 increase.*

Trust Fund distributions redirected from existing uses to operations

- Meeting Houses and Properties Fund - This fund was established by Trustees to help Meetings with the expense of caring for their properties. The majority of the principal for the fund came from the sale of properties, so there is no donor restriction on the use of the fund's distributions. The Full Y/YA budget would redirect trust fund distributions from the care of meeting houses and properties to Yearly Meeting operations for three years.
- Committee on the Expenditure of the H.H. Mosher Fund - The committee receives funding from the Edward B. Underhill Fund and Henry H. Mosher Fund, two funds that are under the care of the Yearly Meeting Trustees. The disbursements from these two trust funds are designated for the support of publications. The current major activity of this committee is the book table at summer sessions and the distribution of books to Monthly Meetings and other individuals and institutions. *In both proposed budgets, the distributions from these two funds would be redirected to operations in support of Yearly Meeting publications.* The committee would continue to manage the book table at summer sessions and would receive \$500 for operating costs and limited provision of free books. While this would not be sufficient to continue providing monthly meetings with free books at Summer Sessions, it would allow the committee to continue to provide books to prison worship groups. This will require the approval of a minute by the Yearly Meeting.
- *In addition to redirecting the trust fund income to operations, both budgets would lay down the Committee on the Expenditure of the H.H. Mosher Fund.*

- Lindley Murray Trust Fund - The trustees of the Lindley Murray Fund are appointed by the Yearly Meeting and are a separate body from the Yearly Meeting Trustees. The trustees of the fund meet annually to approve grants made from the proceeds of this fund. The Full Y/YA budget would direct all of the proceeds of this fund to Yearly Meeting operations for a three-year period, thus prioritizing Y/YA support over outside organizations. The chart below shows the 2019 contributions made by this fund. The lost contributions to Oakwood Friends School and Powell House would be offset by additional contributions in the operating budget.

Lindley Murray Fund	Contribution	
NYYM Related Organizations		\$ 8,550.00
Oakwood Friends School	\$ 6,000.00	
Powell House	\$ 2,550.00	
Other Quaker Organizations		\$ 9,900.00
American Friends Service Committee	\$ 1,900.00	
Friends General Conference	\$ 3,500.00	
Friends Journal	\$ 2,600.00	
FCNL	\$ 1,900.00	
Other Contributions		\$ 10,944.00
Scholarship	\$ 1,000.00	
Long Island Council of Churches	\$ 1,600.00	
Westbury Friends School	\$ 1,500.00	
YSOP	\$ 1,650.00	
Alternatives to Violence Project	\$ 1,350.00	
American Indian Community House	\$ 1,000.00	
Amerinda	\$ 1,394.00	
A Quaker Journey	\$ 500.00	
Creative Response to Conflict	\$ 950.00	
<i>Total Designated by Lindley Murray</i>	\$ 29,394.00	\$ 29,394.00

- Drawing Down Unrestricted Trust Fund Principal – The Trustees have committed to drawing down a maximum of \$109,000 of the principal of selected trust funds over the next three years, which represents \$100,000 to help fund staff support of youth and young adults, plus \$9,000 directed to annual operations to cover lost distributions associated with the \$100,000 drawdown. Trustees can only tap into the principal of funds that do not specify the preservation of principal. There is approximately \$1.8 million available to be drawn down. However, the proceeds from these funds are currently funding annual operations and every \$10,000 we draw down will reduce the income to operations by \$400 annually, assuming a 4% distribution rate.

- Trust Fund distributions without donor restrictions - These are distributions from trust funds that are no longer restricted in their use by the original donor designation. The primary reason for the change is that the amount of the original donation has already been distributed according to the wishes of the donor. The identification of trust funds with this status was made as part of a multi-year process to clarify the status and appropriate use of all the Yearly Meeting's trust funds, with the assistance of the auditor. Following this discernment, in September 2018, the Trustees decided the funds listed below were now available for reassignment; and, for reasons of transparency and clarity, it would be most appropriate for the distributions from the funds to be directed to the operating budget, from which they would be allocated annually by the Yearly Meeting. Currently, the proceeds from these trust funds continue to go to uses similar to those originally identified by the donors. To accomplish the Trustees goal of transparency and clarity, the Yearly Meeting will be asked to approve directing the distributions of these funds to the operating budget.
 - The Full 2020 Y/YA budget includes allocations to offset the loss of the funds previously going to Powell House and Oakwood Friends School, and \$10,000 to the Sharing Fund to offset the loss of the funds to Witness. However, future budgets may make different designations, based on the priorities of the Yearly Meeting.

Fund	Year	Donation Amount	Donor Designation	Designated Use	2019 Dividend	June 2019 Value
Witness Committees						
Ellen L. Congdon	1926	\$4,000	Indians, Colored People, Mexicans	Barrington Dunbar	\$1,088	\$32,400
Levinus Painter Scholarship	1990	\$3,000	Indian Affairs Committee	Indian Affairs	\$308	\$9,165
Mae D. Barton	1967	\$13,594	American Indians	Indian Affairs	\$2,668	\$79,461
Ellen Collins	1914-1926	\$15,000	Temperance work	Prisons	\$4,080	\$121,500
Ella J. Chapman	1942	\$7,000	Missions	World Ministries	\$1,904	\$56,700
Ellen Collins Missionary	1914	\$10,000	Missions	World Ministries	\$2,720	\$81,000
Mary F. Thomas	1924	\$1,800	Home and Foreign Missions	World Ministries	\$490	\$14,580
Smyrna Meeting	1967	\$1,000	Missions	World Ministries	\$196	\$5,832
Oakwood Friends School						
High Point	1893-1936	\$12,125	African American students	Oakwood students	\$3,297	\$98,172
Powell House						
Maria W. Barton	1976	\$19,882	Educational Purposes	Powell House	\$3,514	\$104,652
TOTAL					\$20,264	\$603,462

Expenses

Personnel

In September 2019, the Yearly Meeting hired an Interim Young Adult Field Secretary. *Both budgets include funding for that part-time position until mid-year 2020.* Assuming, even with full funding, that the hiring of full-time staff would likely take place in mid-2020, the Full Y/YA budget adds funding for this position starting mid-year.

Contributions to Outside Organizations

Both budgets distinguish among the various outside organizations that are currently supported by the Yearly Meeting.

- NYYM-Related Organizations - Oakwood and Powell House are the two organizations under the care of the Yearly Meeting. The Full Y/YA budget maintains the same level of support in 2020 for these organizations as they received in 2019 from all Yearly Meeting sources. Funds previously directed to these organizations from Lindley Murray and the no-longer-donor-designated trust funds (mentioned above) are now included directly in the operating budget. In addition, Oakwood would continue to receive approximately \$54,000 in donor-designated trust fund income as part of that support.
- Affiliated Organizations (FUM, FGC, and FWCC) - The Yearly Meeting budget has traditionally included support for the named representatives to these organizations and a direct contribution to the organizations. *Both budgets maintain the same level of contribution in 2020 as these organizations received in 2019.* Both budgets also include support for named representatives.
- Membership Organizations - These are two State Council of Churches organizations: New York and New Jersey. *Both budgets include a proportional contribution to each council.*
- Other Organizations – *Both budgets use the rationale that discernment of which other external organizations should receive funding is best made by Witness Coordinating Committee, using Sharing Fund proceeds.* Neither budget includes any offsetting allocation to Witness to fund these organizations.