

## Finance Committee Report to PYM, July 2015

Finance Committee brings this report to Pacific Yearly Meeting (PYM) for its sessions in July 2015. We hope that each of you attending PYM will read and understand this report before these recommendations are brought to plenary session for consideration and possible approval. Speak to a Finance Committee member if you have questions or concerns, preferably well before the budget and financial policy items are brought to plenary for consideration<sup>1</sup>.

The Finance Committee meets just before Representative Committee in March<sup>2</sup> to consider interim financial requests, including budget augmentations, and to prepare the PYM Sessions fees and budget for the coming summer meetings<sup>3</sup>. The Session Budget and fees cannot be dealt with earlier than just before Representative Committee, as the contract is often not defined and negotiated until about March or April. We also meet at PYM Sessions in the summer for urgent items and to provide an opportunity for those Friends who did not talk to us before PYM to express their financial requests and concerns.

We hope that this report to PYM will help Friends come prepared to consider and act on the matters of finance and budget which Finance Committee brings to Plenary.

**1. PYM recommended budget for donations to other Friends Organizations for the current budget year:** The Finance Committee recommended outreach contributions to Quaker organizations brought to PYM a year ago were not approved, and an ad hoc committee was appointed to decide how to distribute the budget. Representative Committee, having received a report with proposed guidelines and allocations for the current fiscal year, adopted the recommended guidelines but referred the specific budget allocation recommendations back to the Finance Committee since RepCom could not unite on the ad hoc committee's recommendation. The Finance Committee now recommends that the schedule of donations as recommended by the ad hoc committee, except for the recommended donations to AFSC and QUNO be approved for the current FY 21014-15 be approved. Specifically, we recommend the following donations:

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<sup>1</sup> Finance Committee members are Stratton Jaquette, Claire Gorfinkel, Ed Flowers, Laura Magnani, Martha Hunkins, and Mary Miché plus participating ex officio member Roy Allen (Treasurer).

<sup>2</sup> RepCom meets the Saturday before the first Sunday in March and is thus sometimes the last day of February.

<sup>3</sup> Finance Committee supported by the Registrars bring the Session budget for consideration and approval at RepCom in 'March'. At the same time, the proposed attendance fee schedule comes for approval.

FCNL	\$ 1,500
FCL – California	1,000
FWCC	1,500
Quaker Office at the UN	500
William Penn House	250
AFSC	2,000
Friends House Moscow Support Association	750
Casa de los Amigos	500
Friends General Conference	500
Quaker Earthcare Witness	500
<b>TOTAL</b>	<b>\$ 9,000</b>

**2. Augmentations for FY 2014-15:** No augmentation requests have been received by the Finance Committee.

**3. Finance etc. procedures meeting for new clerks:** Finance Committee has agreed to the suggestion that the Finance and Nominating Committees jointly sponsor a session for new committee clerks sometime during this Yearly Meeting.

**4. Specific Suggestions for changes to polices etc., mainly from individuals:** Finance Committee reviewed suggestions for changes to our finance practices.

a) **Upcoming (January 2016) FWCC in Peru:** There are budget implications for PYM’s delegates attending these meetings. The Finance Committee took this into consideration in its budget recommendations for the coming fiscal year.

b) We received a **concern about travel reimbursement for a recent meeting in Mexico City**; however we did not receive sufficient information and documentation to act, viz. it was not clear to us to what meeting this referred.

c) We received an **objection to the requirement for committee members to assert “hardship”** in order to be reimbursed for travel expenses that exceed the standard mileage rate. We have altered wording on the forms to eliminate the need for justification of requests for reimbursement of travel expenses in excess of the mileage allowance. Such requests no longer require that claim, and no longer require the committee clerk’s approval. Reimbursement for such expenses, *to the extent that they exceed applicable mileage allowances*, are charged to “5237 Committee supplemental expenses” rather than to the individual committee’s budget.

d) We received a **request for clearer guidelines, with greater consistency, related to reimbursement policies**, guidelines and documentation requirements, for reimbursement of travel expenses for committee meetings and for representatives’ and delegates’ travel. Although Finance Committee agreed to under take this task, we could not begin on that task at this time.

**5. Budgeting for Delegate/Representative/Liaison Travel Expenses:** The Finance Committee's budget recommendations for conference travel for outside organizations are based on fully reimbursing the expected costs for each PYM delegate or representative to attend one conference or meeting per year, except for appointees to the Board of Directors for *Western Friend* (an official organ of Pacific Yearly Meeting). This decision is hereby reported to PYM.

**6. Concerning the numbers of PYM representatives to various organizations:** The Finance Committee calls your attention to the budget implications of fully funding travel expenses for the current numbers of delegates appointed and offers an example of the budget impact of possible smaller numbers. We recommend that PYM implement these changes given the implications of our current policies coupled with the number of delegates we appoint. We think it wise for reductions in numbers of delegates begin with the 2016-2017 appointments year.

We drew up an alternative budget for Conference Travel, to illustrate what the budget impact would be if the numbers of delegates were capped at 2 per organization, except for *Western Friend* and the FWCC Triennial. This alternative may be presented to PYM as part of the Finance Committee report for illustrative purposes only; we are not making a recommendation as to what the numbers of delegates ought to be, yet clearly Finance Committee believes it is in PYM's interests to reduce the number of delegates we send to other organizations' meetings.

Budget Line (Organization)	Proposed 2015-2016 Budget		Alternative – Reduced Numbers of Reps	
	No. reps.	Cost	No. reps	Cost
5271 Western Friend Board	3	1,500	3	1,500
5275 AFSC Corporation	5	2,500	2	1,000
5277 FCNL & William Penn House	6	9,000	2	3,000
5278 FGC Central Committee	2	2,000	2	2,000
5279 FWCC Section of the Americas	5	5,000	2	2,000
5280 Friends United Mtg Triennial	1	400	1	400
5283 Evangelical Friends Church SW	1	200	1	200
5286 Quaker Earthcare Witness	2	2,200	2	2,200
5287 FWCC Triennial	3	4,000	3	4,000
5288 Young Friends Travel/Scholarships		500		500
5289 Friends Peace Team Project	1	700	1	700
<b>COMBINED TOTAL</b>		<b>28,000</b>		<b>17,500</b>

**7. Proposed Budget for Fiscal Year 2015-2016:** We drafted a proposed budget for the coming fiscal year (attached). This budget reflects continuing the same expense budgets as for the current fiscal year (as adjusted by augmentations approved at RepCom 2015), with the following exceptions:

5215 Western Friend – increased \$500 to \$12,500 (per WF Board’s request)

5229 Nominating Committee – reduced \$500 to \$2,000 (no search for a new Presiding Clerk this year)

5233 Site – reduced \$275 to \$25 (no site search needed this year)

Support of Friends Organizations – same amounts as proposed for 2014-2015

5275 AFSC Corporation travel – increased \$1,300 to \$2,500 (5 reps @ \$500)

5277 FCNL & Penn House – increased \$4,500 to \$9,000 (6 @ \$1,500)

5278 FGC Central Committee – increased \$1,000 to \$2,000 (2 @ \$1,000)

5279 FWCC Sect of Americas – increased \$4,500 to \$5,000 (5 @ \$1,000)

5287 FWCC Triennial – increased \$2,000 to \$4,000 (Peru gathering this fiscal year; 3 @ \$2,000, drawing on an existing \$2,000 reserve)

6100 Youth Program – increased \$1,940 (per YPCC request)

**8. Proposed Quota Contributions to Fund PYM in 2015-16 (aka “assessment”):** To fund this budget, we propose that the per-member assessments (quota) be set at \$50 per member for all meetings (up from \$39 this year), plus an additional \$60 per member for California and Nevada meetings (up from \$56 this year) which benefit from the Youth Program. Thus the total would be \$110/member for California and Nevada meetings and \$50/member for Hawaii, Mexico City and Guatemala

meetings (versus \$95 and \$39 this year, respectively). This is based on the best information we have on the number of members in PYM and their distribution between SCQM, CPQM, and others. Note that 15 members became “missing” when Marin Friends Meeting was laid down and their members not transferred to other meetings; based on some past experience with this vagary, we have assumed that the quota for those 13 members will also be missing when we get contributions from our constituent meetings. We used 345 SCQM, 836 CPQM, and 104 in Hawaii, Mexico, and Guatemala meetings.

**9. PYM’s loan to FASE** matured on June 6. As FASE indicated it is ready to repay the loan, in light of reported change of management of FASE to a non-Quaker organization, and in consideration of the need to have access to PYM funds, including reserves, as needed, we decided not to renew the note.

**10. Concerning conversations about balancing the cost of attending PYM summer meetings between those who live close to the site and those who live at a distance:**

Mary Miché, in support of the conversations Finance Committee had on the subject at its meeting in early June, did some analysis on the issue of long distance travel to PYM if we continue to meet at Walker Creek. This is not a specific proposal to PYM for approval but rather a discussion piece based on genuine research; you will note that many assumptions have been made.

This focuses on Meetings that are over 200 miles south of Yearly Meeting site for summer sessions; San Jose, Santa Cruz, and all Bay Area Meetings are 100 miles or less from Walker Creek Ranch. The analysis chose some central points from which people might meet and share a van: San Diego, Los Angeles, Visalia, and San Luis Obispo and considered the cost of renting a van from each location. Here are the van costs to rent for one week (each van holds 7 people):

San Diego	\$437
Los Angeles	\$592
Visalia	\$433
San Luis Obispo	\$488

As you can see, it would be cheaper to rent two vans in San Diego and take one to Los Angeles since the total round trip would be more than \$100 cheaper. So a Los Angeles rental was eliminated from the analysis. The mileage from each pick-up site and calculating the gas cost at 20 mpg for minivans at \$4 per gallon yielded total round trip costs are as follows

San Diego	\$437 plus gas \$216 = total cost \$653	per person cost \$93
Visalia	\$433 plus gas \$106 = total cost \$539	per person cost \$77
San Luis Obispo	\$488 plus gas \$110 = total cost \$598	per person cost \$85

The analysis for renting smaller, 4 passenger cars at 30 mpg yield these results:

San Diego	\$255 + gas \$144 = total cost \$399	per person \$100
Visalia	\$222 + gas \$71 = total cost \$273	per person \$73
San Luis Obispo	\$228 + gas \$73 = total cost \$301	per person \$75

Considering that the cost is less to ride in a 4 passenger car from Visalia and San Luis Obispo, it is only cost effective to rent vans for the people from San Diego and Los Angeles area.

Considering that there should be some contribution per person to the cost of getting to Yearly Meeting, that contribution should be about \$25 per person, which is roughly what Bay Area people pay.

Thus if Yearly Meeting could provide a subsidy of \$50 per person for those coming from San Luis Obispo and Visalia rather than getting all involved in renting minivans etc., it would seem to balance out.

If we wanted to stay out of the minivan business from San Diego and Los Angeles area, we could give those folks a \$75 subsidy per person and let them put their money together, e.g., 4 people in one personal car paying \$75 each would provide \$144 worth of gas and \$156 of payment for the use of the car for the week, so that the car owner would have a free round trip ride to PYM for the group using that personal car.

Thus a reasonable recommendation is to give a subsidy to each person coming from a SCQM Meeting. The subsidy would either be \$50 or \$75 per person.

The subsidy could be determined by the Meeting's location, e.g., San Luis Obispo and Visalia \$50. The subsidy could be discounted from the price to attend Yearly Meeting.

A method on how to fund the subsidy: Charge an additional \$20 per person to attend PYM to subsidize SCQM travel. (250 PYM attenders times \$20 each is \$5000.) 25 attenders from Visalia and San Luis Obispo times \$50 each is \$1250: 50 attenders from all other SCQM Meetings times \$75 each is \$3750.

As a rough guess, having PYM in Southern California has cost us (collectively) WAY more in transportation than \$5,000.00 per year, both in higher site costs as well as higher travel costs for the Northern California attenders.

This subsidy scheme is a substitute for our previous practice of holding PYM in Southern California every 2 years. Northern California Quakers are closer to Walker Creek now that it is in the North, therefore no subsidy is proposed. Fresno is in the South and would be included as a subsidy at the Visalia/San Luis Obispo level. Each Meeting in the South has not been specifically named. The postulated subsidy would need to be spelled out per each Meeting.

Hawaii, Mexico City, and Guatemala Meetings are not included because their costs are essentially the same no matter whether PYM is held in the North or South.

	2014-2015	PROPOSED FOR 2015-2016	
	Budget	BUDGET	Comment
Ordinary Income/Expense			
Income			SCQM 345; CPQM 836 or 851; noQM 104
4000 · Income			
4100 · Contributions-Misc Unrestricted	2,000	2,000	
4101 · Assessed MemberMtg	119,646	135,110	(1285*50)+(1181*60)
4104 · Return on Invested Capital	1,000	1,000	(maybe \$1650 more)
4105 · Transfer from (to) Reserves	12,780	25,800	
4106 · Transfer from (to) YPC Reserve	4,000	4,000	
Total 4000 · Income	139,426	163,920	
Total Income	139,426	163,920	
Gross Profit	139,426	163,920	
Expense			
520 · General Expenses			
5202 · Clerk's Travel & Discr. (2713)	500	500	
5203 · Expenses of Officers	750	750	
5204 · Website Hosting	1,700	1,700	
5206 · YAF PYM Attendance Assistance	2,000	2,000	
5208 · Travel - RepCom & Ann. Session	11,000	11,000	
5209 · Young Friends Officers' Expense	100	100	
5212 · Latin Amer. Conc. Out. (2749)	600	600	
5213 · PYM Attendance Assistance (M&O)	8,000	8,000	
5214 · Holding Corp Expenses	20	20	
5215 · Western Friend	12,000	12,500	
5216 · Misc. Operating Expenses	200	200	
5217 · Insurance - Sexual Misconduct	321	350	
Total 520 · General Expenses	37,191	37,720	
522 · Committee Expenses			
5221 · Ad Hoc Committees	50	50	
5222 · Children's Program	300	300	
5224 · Discipline	3,000	3,000	
5225 · Finance	1,000	1,000	
5227 · Junior Yearly Meeting	1,000	1,000	
5228 · Ministry & Oversight	5,000	5,000	
5229 · Nominating	2,500	2,000	
5230 · Peace & Social Order	200	200	
5231 · Religious Education	300	300	
5232 · Secretariat	25	25	
5233 · Site	300	25	
5235 · Unity with Nature	550	550	
5237 · Committee Suppl. Exp. (2714)	300	300	
5238 · Latin American Concerns	300	300	
Total 522 · Committee Expenses	14,825	14,050	
525 · Support of Friends Orgs.			
5251 · FCNL	1,500	1,500	
5252 · FCLCA	1,000	1,000	
5254 · FWCC	1,500	1,500	
5255 · Quaker Office at the UN	500	500	
5256 · William Penn House, Washington	250	250	
5260 · AFSC	2,000	2,000	

	2014-2015	PROPOSED FOR 2015-2016	
	<u>Budget</u>	<u>BUDGET</u>	<u>Comment</u>
5261 · FriendsHouseMoscowSupportAssoc	750	750	
5262 · Casa de los Amigos	500	500	
5263 · RSWR	0	0	
5264 · Friends General Conference	500	500	
5266 · Quaker Earthcare Witness	500	500	
<b>Total 525 · Support of Friends Orgs.</b>	<b>9,000</b>	<b>9,000</b>	
<b>527 · Conference Travel/PYM Delegates</b>			
5271 · Western Friend Bd. (2748)	1,500	1,500	3 @ \$500
5275 · AFSC Corporation Travel	1,200	2,500	5 @ \$500
5277 · FCNL & Wm Penn House Travel	4,500	9,000	6 @ \$1,500
5278 · FGC Central Committee (2744)	1,000	2,000	2 @ \$1,000
5279 · FWCC, Sec. of the Amer.(2743)	0	5,000	5 @ \$1,000
5280 · Friends U.M. (Triennial) (2745)	400	400	1 @ \$400
5283 · Evangelical Friends Church SW	200	200	1 @ \$200
5286 · Quaker Earthcare Witness	2,200	2,200	2 @ \$1,100
5287 · FWCC Triennial (2747)	2,000	4,000	2 @ \$2,000
5288 · Young Frnds Trav./Schol (2742)	500	500	
5289 · Friends Peace Team Project	700	700	1 @ \$700
<b>Total 527 · Conference Travel/PYM Delegates</b>	<b>14,200</b>	<b>28,000</b>	
<b>6000 · Programs</b>			
6100 · Youth Program			Per YPCC proposal
6105 · YPC Supervisory	1,200	2,400	
6110 · Personnel Costs	61,000	61,540	
6140 · Insurance		0	
6142 · Directors & Officers Ins.	610	610	
<b>Total 6140 · Insurance</b>	<b>610</b>	<b>610</b>	
6150 · Professional Development	600	600	
6160 · Office	2,700	2,700	
6190 · Administration & Travel	7,100	7,300	
<b>Total 6100 · Youth Program</b>	<b>73,210</b>	<b>75,150</b>	
<b>Total 6000 · Programs</b>	<b>73,210</b>	<b>75,150</b>	
<b>Total Expense</b>	<b>148,426</b>	<b>163,920</b>	
<b>Net Ordinary Income</b>	<b>-9,000</b>	<b>0</b>	
<b>Net Income</b>	<b>-9,000</b>	<b>0</b>	