

Finance Committee 2021 Annual Report

Many of the Finance Committee's activities this year were influenced by COVID. We heard reports at each of our meetings (in August, January, and April) about the state of our finances and how COVID was affecting income and expenditures.

We learned about the PPP loans that were issued to NEYM and shared with Friends Camp. In the first round we received loans of \$114,000 and \$9,000, both of which were forgiven. In the second round we received \$144,000, which we expect will be forgiven.

We received a letter from Anna Hopkins, Director of Friends Camp, requesting that we use NEYM reserve funds to cover the camp's FY 2020 deficit. (Camp could not operate last summer, so had no income from campers, but still needed to support a small staff.) We recommended that the Permanent Board approve this request.

COVID also complicated planning next year's budget. We expect that by next October things will be much closer to "normal," but we expect that there will be many changes in how things are done that will have financial implications. For example, will committees be meeting in person as we did before COVID, or will we avoid travel expenses by using Zoom as we did during COVID? (We foresee some of each.) The budget that the Budget Subcommittee developed and the Finance Committee approved at its April meeting is similar to the budget the year before COVID, but we expect that there will be changes that we have not foreseen.

We tried to be responsive to the Permanent Board's funding priorities. We proposed how to fund the \$15,000 a year that the Inclusive Leadership initiative would cost. (This initiative would provide honoraria of \$3,000 a year to five of the volunteer positions that take large amounts of time.) We also added money to the budget to support ministry in monthly meetings.

Other topics were not influenced by COVID. We met with Elizabeth Reuthe, Finance Committee's shepherd from the Coordinating and Advisory (C&A) committee, about our Purposes, Procedures, and Composition (PP&C) statement. We made and approved a number of changes and have sent the updated statement to C&A.

We met with NiaDwynwen Thomas to discuss finance-related workshops that NEYM would sponsor. In past years the Finance Committee has helped organize such workshops, and we hope to continue to do so.

In developing the proposed budget we realized that the amounts of money given to Quaker organizations (including FUM, FGC, and FWCC) and partner organizations have not changed for many years. We thought that NEYM should examine these contributions to determine why we were making them and to evaluate the amounts given. However, Finance Committee did not seem to be the appropriate group to do such a review. We asked Permanent Board to create an ad-hoc committee to examine our contributions to Quaker and other partner organizations.

We also discussed a revision to the Funds Policy, which describes how the income from endowment funds should be handled. Investment income (approximately 4% of the principal each year) is allocated to support the purposes of the endowment fund. The policy currently states, "Unspent income shall be reinvested in the fund where it originated" This reduces the flexibility of committees making grants. They cannot, for instance, give a small amount of

money in one year of a grant and reserve money to allow for giving a much larger amount in the next year. This “use it or lose it” requirement encourages the committee to spend the entire amount allocated each year, because any amount not spent cannot be carried over for future years.

For these and other reasons we recommended changing the policy to “Any unspent income remaining in the fund at the end of the fiscal year shall remain spendable in the following fiscal year ...” Permanent Board is considering this change.