

The primary job of the Finance Committee is to oversee the Yearly Meeting's finances and to propose budgets for future years. We followed our usual procedure of appointing a budget subcommittee that met twice in early 2024 to develop a preliminary budget for FY 25. This budget was approved by the Finance Committee and presented to the Permanent Board for their comments.

After a number of years when the budget and our operating results were approximately balanced, in FY 22 we had a significant deficit. Our investments had substantial losses as well, leading to our reserves falling to about 13% of our expenses. This is well below the 25% of annual expenses that we seek to maintain as reserves, according to our policy. In FY 23 our reserves dropped even further. Part of the reason for this was because the FY23 budget was approved before the end of FY22, as is our usual practice. At that time, we anticipated that our reserves would be \$30,000 above the 25% of expenses that we seek to keep in reserve. This excess amount was budgeted to fund particular programs. By the time that losses eliminated this excess, we had committed to spending the \$30,000. This further depleted our reserves to 5% of our annual expenses by the conclusion of FY 23.

For this reason, the budget further reduced our expenses in several areas. A particularly painful decision was to fund the Support of Other Organizations line at \$0 for the second year in a row. The reasons for this are explained in the Commentary on the Budget, so will not be repeated here.

Last year, Sessions approved a minute stating that if FY 24 had a surplus, that 75% of that surplus would fund Support of Other Organizations and 25% would go into reserves. At the beginning of the year, the Finance Committee decided that we did not want to do that again this year. We were concerned that this would allow people to feel that they were not really zeroing out this line, because perhaps there would be a surplus; thus they would not really come to grips with the extent to which our desires exceeded our income. However, in the end we decided to write a similar minute, except that only 50% of the surplus would go to Support for Other Organizations. See the Commentary on the Budget for the text of the proposed minute.

As mentioned in last year's Finance Committee report, for a number of years the Yearly Meeting has been planning for a review of NEYM finances by an independent accountant. Money was set aside over several years to pay for this review. This year a committee of Finance Committee members and staff developed a Request for Information, which was sent out to accounting firms. Based on their feedback, a Request for a Proposal is being sent out this summer, with work expected to begin in the fall.