

Bucks Quarterly Meeting

Called Session on the PYM Budget and Bucks Quarter Relationship

Held at Solebury Monthly Meeting

April 1, 2012

The meeting began with silent worship at 2:00 p.m. A role call was as follows: Bristol MM: 1, Buckingham MM: 2, Doylestown MM: 8, Fallsington MM: 3, Lehigh Valley MM: 2, Makefield MM: 3, Middletown MM: 4, Newtown MM: 5, Plumstead MM: 1, Quakertown MM: 2, Solebury MM: 11, Southampton MM :0, Wrightstown MM: 2, Yardley MM: 5. There were 49 in attendance, representing 13 of the 14 monthly meetings.

Amy Ward Brimmer, (Fallsington) clerk of the Quarter, provided an opening statement, which contained some procedural requests and a review of the agenda. Each person in attendance was given handouts relating to the two reports that were to follow. The agenda included a period for asking questions and lifting up of concerns. The goal of the session was to craft a minute or statement from Bucks Quarter to be forwarded to the April Interim Meeting.

Jackie Bowers (Fallsington) provided an overview of PYM's current financial situation. She is clerk of the Financial Oversight Working Group, and she also has been attending the meetings of the Financial Stewardship Committee, which recently has been convening every two weeks. Jackie began by saying that Quakers have survived for over 300 years due in part to our vital structure of monthly, quarterly, and yearly meetings. Our current problem is one of cash flow that was noticed last fall, when it was realized that by June we would be over \$200,000 in debt. We have been overspending for a number of years, but it was not taken seriously enough due to comingling of restricted and operating funds in a common checking account. The granting groups continued to make grants, while PYM was borrowing from the restricted funds for operating expenses. This is a common practice among nonprofits which is not illegal, but it is perhaps unwise. We overestimated our anticipated income and were unwilling to let people go or to cut programs. TylaAnn Burger, former treasurer of PYM, warned us several years ago that our course was not sustainable.

Since last fall, separate checking accounts were established for restricted and unrestricted income. We have established a line of credit of \$500,000 with controls on its use. It is needed because the flow of income is not steady throughout the year- we will draw on the credit in lean months, and it must be repaid by the end of the fiscal year. The Financial Stewardship Committee was able to reduce expenditures so that the projected deficit for FY11-12 budget will be smaller. Our auditors, who, we felt, did not give us enough warning about the impending problem, will be replaced by new ones next fall. Our financial policies will be strengthened and better organized. We have applied to PNC and Friends Fiduciary to use principal from unrestricted funds, which will be used to replace the amount removed from the restricted funds, to cover severance pay for those laid off, to cover uncertainty in covenants and annual fund income, and to provide a cash reserve. Our goal is to create sustainable budgeting over a three year period. We used to have a staff at PYM of 40 people, but the budget for FY12-13 brought to the next yearly meeting in session will provide for 18. At the end of the third year, we should be in much better shape, with no more layoffs. The budget will cover operations, but little will be left over for programs. We will need more volunteer effort. The Financial Stewardship Committee needs our support to adopt this budget, which is essential to get our finances back on a sound basis. If it is not adopted, PYM will be in serious straits. We are all encouraged to participate at Annual Sessions.

In response to questions, Jackie further explained that our financial policies are in the process of being put into one location for easier reference. She also explained that PYM has a great deal of other assets but they are

complicated by needing an OK from Trustees. Friends Fiduciary is not happy with PYM's management. Our total worth greatly exceeds our level of debt. Any use of the line of credit will be paid back out of current monies. The total amount of the overspending is 1.2 million dollars. If the new budget is not approved, and money is not received from Fiduciary and/or PNC to repay the restricted funds, it would require even more staff reductions. Our previous budget was about 4.9 million- it will now be less than half that amount.

Betsy Bayardi (Wrightstown), clerk of BQM Budget and Nominating Committee, reported on Bucks Quarter's financial relationship with PYM, with the goal of providing a context for our financial participation. She provided a summary sheet which reviewed BQM's budget for the past 7 years. BQM's income comes from monthly meeting covenants, individual contributions, and misc. Expenses are the PYM covenant, programs and external contributions. In the seven year period beginning in FY06-07, the Quarter budget situation changed from being sound, to needing a major overhaul. At first, contributions more than met expenses. In FY07-08, there were a couple of events (BQM received a grant, and the contribution to Chandler Hall was eliminated), which then allowed the budget to balance. After that, as belt tightening became necessary, the persistent, sustained, and consistent support of PYM was a priority, and we met their requests for increased funds by adjusting other budget items. In FY09-10, the budget could not be balanced, but fortunately we received an unexpected gift. The following year we needed to reduce program expenses and contributions to Friends Home and Village. In FY11-12, as PYM asked for even more money, we reduced our spending for outreach. During this period, we have increased our covenant to PYM from \$156,319 to \$178,450 and increased the percentage of our income contributed to PYM from 66.84% to 68.29%. For the next fiscal year, we have decided not to give PYM all it asked for and instead to increase outreach and support for our Quarter. This has meant a real shift in our thinking.

Jackie and Betsy were then both available to answer additional questions.

A Friend commented that we can contribute to PYM only to the point that we do not jeopardize our own well-being.

In response to questions, Betsy reported that our current numbers in BQM are very close to the budget. For the next fiscal year, we have run out of easy options to balance the BQM budget. We have about \$35,000 in active reserves, which generates some income. Holly Olson, our quarter coordinator, has been our "shock absorber" during leaner months.

Jackie further explained, in response to questions, that PYM grants come out of restricted funds, which are still there. Our financial problem is in operations, especially regarding carrying more staff than we can afford. It is too soon to see what yearly meeting programs might be at risk. There are restricted funds for schools, and for services to the aging.

Several Friends expressed the idea that numbers in themselves do not communicate what programs and services we receive from PYM, and that it would be helpful to have more detailed information, such as a list of funds and what they do, and what staff people are responsible for. The expressed desire for qualitative information and the question "What is PYM doing for us?" continued to be repeated several times afterwards.

We then settled into a period of silent worship followed by a sharing of concerns, ideas for change, and expressions of support for yearly meeting, with the goal of crafting a minute.

The clerk described our situation as one in which past practices by PYM were changed because they were unethical and just poor accounting. She also regarded Betsy's report as helpful in understanding the new thinking of the BQM Budget and Nominating Committee.

A Friend observed a sense of alienation, that we refer to monthly and quarterly meeting as “we”, and PYM as “they”, but noted that in fact, we are the yearly meeting. He also felt that the budget process might do well to come under review once the crisis was over.

Several other Friends shared the view that the budget problem is our obligation and our responsibility. Although many in the room (by a show of hands) had participated in PYM committees, it was noted that meetings also suffer from a degree of apathy. Attendance at business meetings is poor at times and we could be more generous. Some Friends expressed a desire for renewed commitment to PYM while many others expressed a loss of trust, which when coupled with the feeling of alienation, makes it even harder to support yearly meeting. One Friend shared her disappointment that no one from PYM staff or any of the financial committees has apologized or taken responsibility for the financial mistakes that have been made, and called for accountability. A few Friends questioned the budgeting process itself, regarding it as “hobbled” and outdated. Having financial oversight done by two committees, and presenting a budget for approval after the fiscal year is underway, which then can be overruled by the body at Annual Sessions, does not seem to be working well. The clerk reflected a sense among us that we see the value of PYM as “our” meeting, it is our process and structure, and up to us to fix. There is a lack of trust as to management of resources, and we don’t want to “throw good money after bad”. Some of us are nervous but others want to support PYM.

A Friend who had been the clerk of the Budget and Review Committee for many years explained that PYM has over 300 years of bequests, our funds are very complex, and our money is tied up in many ways. This makes it hard for PYM to communicate what it is doing. Another Friend applauded PYM’s efforts in facing the problem, and BQM’s desire to be realistic about what it can do. The clerk summed this up in saying that we see an attempt to change, a willingness to look at the mistakes of the past. We want our own Quarterly Meeting process to be ethical and not sweeping process under the rug.

Several Friends expressed the hope that our Quarter’s statement today would convey support and provide courage to the Financial Stewardship Committee, which is making difficult decisions in a time of austerity. Another Friend stated that we want a sustainable budget and process. We want services that we value to be given priority, and we want improved communication.

At the suggestion of the clerk, Friends approved a committee of Amy Ward Brimmer, Carole Wicker, Boris Simkovich, Terry Christensen, Bethann Morgan, and Carol Ann Gray to craft a minute reflecting these sentiments to be sent to Interim Meeting.

The Meeting closed with silent worship at approximately 4:30 p.m.

Respectfully submitted,

Carol Ann Gray, (Plumstead) alternate recording clerk