

Finance Committee Report

Southeastern Yearly Meeting has fairly modest financial needs. Our members who have been in other Yearly Meetings have said that our per-member expenses are much lower than many other Yearly Meetings.

In the past few years, our membership has grown, our expenses have grown and our programs have attempted to keep pace. Within the last few years, the biggest increase in the budget was changing the secretary's time from $\frac{1}{2}$ to $\frac{3}{4}$. This has resulted, in part, in professional quality publications, including the newsletter and Michener and Walton lecture pamphlets, in more rigorous bookkeeping and financial reporting, and in more content and new functions on the YM website.

The proposed budget includes a request for an increase in the meeting donation budget of 14% in the next fiscal year. This will directly affect the meeting apportionments. Please read the rest of this report to understand why this increase is proposed and what it would mean to your meeting.

Proposed Budget for next Fiscal Year (6/1/05 – 5/31/06)

The proposed General Fund budget for 2005-06 will be brought up for discussion and approval at the Gathering. Please read the budget, on the following pages, and thoughtfully consider it. The financial health of the Yearly Meeting depends on having a budget which the meetings and members have approved and are willing to support with their contributions. Everyone in the Yearly Meeting is invited to comment either before or at the Gathering. You may send comments to any member of the Finance Committee, or to the SEYM office.

The most significant change in the proposed budget, as compared to the current budget, is in the Income section. The Individual Donations line has been reduced to a more realistic amount (\$2500), from an unrealistic amount (almost \$8000).

A reduction in the individual income line means that either the expenses must be cut or other income must be increased. Most of the expense budget has not changed, but the total has increased by about 6.7%, including 3% due to the purchase of liability insurance for the Yearly Meeting.

There are two new sources of income in the budget, but they do not make up for the decrease in the individual donation line. Therefore, the meeting donation line has been increased by 14%. This will directly affect the meeting apportionments – see the following section on apportionments.

The brightest news in the budget is the addition of the income from the Trustees' Outreach Travel Fund. That fund grew substantially in the past year, enabling the Trustees to start contributing its dividends to the General Fund to support representative travel.

In other income, we also propose that a portion of the proceeds from the Gathering, Half Yearly Meeting and the Michener Lecture be transferred to the General Fund to cover expenses which are paid out of the General Fund but benefit those events. The addition of the insurance has substantially increased those expenses. The total of the proposed amounts from the three events would cover about 75% of the insurance premium.

Under expenses, most line items have not changed. This means, for example, no increase in the budgets for most committees, no increase in most of the donations to other organizations, and no increase in the lines for representative travel.

The following changes are being proposed in the expense sections of the budget:

- Administrative costs - some lines for administrative expenses have been changed due to rising costs. Significant other changes are the following:

- Increase the secretary's salary by 3%. This is basically a cost of living increase.
- Addition of \$1550 for liability insurance.
- Increase the lines for software and equipment repairs. These lines are still quite small considering what might be needed during the year.
- Increase the line for the website. The previous budget only included enough to pay the site host. The services on the website are being expanded, e.g. on-line registrations and donations, and a larger budget is needed.
- Include a line for credit card processing fees, which are a necessary to receive on-line donations to the General Fund.
- Increase in the contingency line, which is exceedingly low this year for the size of the budget.
- Under Committees, the Religious Education Committee is going inactive (as approved at Representative Meeting) and the Worship and Ministry Committee budget is increased to take on the work. The Finance Committee budget is increased in anticipation of more mailings to the meetings.
- Under Donations to Organizations, the Friends World Committee for Consultation (FWCC) donation is increased because FWCC is in financial difficulty and has appealed to its donors for an increase.

Apportionments

The apportionments are guidelines for the meetings, regarding their fair share of the YM meeting donation budget. The Yearly Meeting attempts to estimate the relative financial strength of the meetings and worship groups in the apportionments. The formula for this estimate was developed over several years and is based on the number of members and attenders in each group as compared to the whole YM population. But apportionments are only guidelines. Each meeting must determine how much it is willing and able to contribute to the Yearly Meeting.

We are mindful that the apportionment estimate is not necessarily fair to every group. But we know of no alternative calculation method which would result in a completely fair and accurate estimate. Therefore, we urge you to hold the YM in the light and be generous when determining your meeting's donation this year and in the coming year. We recognize that some meetings are more comfortable financially than others. If one meeting does not meet its apportionment, some other meeting will need to increase its donation to make up the difference. If your meeting has some members and attenders who do not contribute financially, please consider that most other meetings are in the same situation.

The apportionments to the meetings will be based on the approved budget after the Gathering. Preliminary apportionments will be computed based on the proposed budget and attender statistics as of 2/1/05. After the budget has been approved at Gathering, the final apportionments will be computed, distributed to the meetings and posted on the web site.

Regarding the proposed budget, the 14% increase in the meeting donation line will directly affect the meeting apportionments, which will be increased by an average of about 14%. However, this will be mitigated by the amount which the Yearly Meeting population has grown in the past year. In the previous year, the Yearly Meeting population grew by about 5%, but the growth may have been slower this year. A meeting which has not grown at all in the past year would see its apportionment increased by perhaps 10% to 11%. A meeting which has grown would see its apportionment grow by that amount plus the proportion that meeting has grown. A meeting which has grown faster than the average for the YM would see an increase of more than 14% in its apportionment.