

FYE 2012 Treasurer's Report

March 9, 2013

FYE 2012 – Financial “Highlights”

- New Treasurer – Nov 2011
- Cash flow crisis – Dec 2012
- New Director of Finance – March 2012
- Staff reductions in Feb, Mar, Jun 2012
- Restoration to financial soundness via asset sales (Troemner, Chace, other unrestricted) Apr – May 2012
- 3-year sustainable budget for FYE 2013 presented to IM by FSC Apr – Jun 2012
- New Auditor appointed for FYE 2013 May – Jun 2012

FYE 2012 – Financial “Highlights”, continued

- Establishment of \$375,000 Operating Reserve to cover cash flow shortages (May 2012) - \$200,000 used in FYE 2012
- **Asset liquidations lower than expected (June 2012)**
 - Uncertainty Reserve \$170,000 not needed
 - Only first \$375,000 tranche of approved \$750,000 Operating Reserve withdrawn
- **Net Income \$183,112 (June 2012)**
 - Contrast with projected year-end shortfall of -\$225,000 as of December 2011
- Audit started and finished late (October 2012 – January 2013)
 - Complexity of transition year with new auditor
 - Staff reductions resulted in resource shortage in accounting dept.

Assets Liquidated to Resolve Fiscal Crisis

PURPOSE OF REQUEST	AMOUNT REQUESTED FEB 2012	ACTUALLY NEEDED FY 2012	FUNDING SOURCES (ASSET SALES)					TOTAL FUNDED	BALANCE
			TROEMNER (PROGRAM AND EVENTS)	CHACE	YARNELL	PERSONNEL RESERVE	GENERAL INVESTMENT FUND		
Restricted Income Repayment	\$1,046,758	\$1,046,758	\$436,950	\$450,000	\$240,400		\$392,045	\$1,519,395	\$472,637
Projected FY 2012 Shortfall	\$49,160	\$0							
Severence (worst case)	\$399,030	\$67,408			\$7,000	\$52,042		\$59,042	(\$8,366)
Operating Reserve	\$750,000	\$375,000		\$375,000				\$375,000	\$0
Uncertainty Reserve	\$170,000	\$0							
TOTAL	\$2,414,948	\$1,489,166	\$436,950	\$825,000	\$247,400	\$52,042	\$392,045	\$1,953,437	\$464,271

FYE 2013 – Financial “Highlights”

- 3-year sustainable budget for FYE 2013 approved at Annual Sessions July 2012
- FOWG February 2013 established \$200,000 “impressed balance” in operating account using surplus from last year to help manage cash flow

Balance Sheet – Unrestricted

FYE 2012 Compared To FYE 2011

	2012 Unrestricted	2011 Unrestricted	
ASSETS			
Cash and cash equivalents	\$ 787,920	\$ (1,046,758)	From -\$1MM to \$788K
Accounts receivable:			
Meetings	157,245	100,537	
Annual fund	82,545	64,657	
Other	70,511	125,825	
Prepaid expenses	44,762	52,864	
Inventory	31,359	42,541	
Deposits	35,150	-	
Mary Jeanes loans receivables, net	-	-	
Investments - PYM is the trustee	1,901,913	2,844,237	Could mislead: "We have plenty of money"
Investments - FFC is the trustee	5,665,949	6,598,179	
Investments in Friends Center Corporation	3,510,000	3,648,000	
Property and equipment, net	3,301,559	3,450,588	
Total assets	\$ 15,588,913	\$ 15,880,670	
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	\$ 616,761	\$ 564,900	
Current Contribution payable to Friends Center Corporation	18,120	-	
Deferred revenue	20,991	29,282	
Funds held for others	291,674	301,505	
Long Term Contribution payable to Friends Center Corporation	168,011	189,150	
Postretirement health benefit obligation	435,032	639,270	
Total current liabilities	1,550,589	1,724,107	
Net assets:			
Unrestricted	6,651,732	14,156,563	New Operating Reserve \$375K (\$200K in use)
Designated:			
Operating Reserve	175,022	-	
Capital Reserve	400,011	-	
Net investment in property and equipment	6,811,559	-	
Total net assets	14,038,324	14,156,563	
Total liabilities and net assets	\$ 15,588,913	\$ 15,880,670	

Income and Expense FYE 2012

	<u>FY 2012 Budget</u>	<u>FY 2012 Audit Statement</u>
<u>INCOME AND FUNDS AVAILABLE</u>		
Support from meetings	1,300,000	1,257,240
Gifts of Support	228,100	224,714
Annual Fund	450,000	468,638
Contributions Income	1,978,100	1,950,592
Interest and income from investments	835,065	753,996
Event and service fees	826,220	588,568
TOTAL FUNDS AVAILABLE	3,639,385	3,293,156
<u>EXPENSES</u>		
Staff expenses	2,212,665	1,785,077
Volunteer expenses	59,100	12,160
Contributions to others	96,830	27,339
Event and program	294,350	226,479
Professional and services fees	70,100	70,727
Copying, printing and postage	121,590	53,849
Rent and utilities	402,000	348,503
Computer and office support	83,350	82,170
Insurance and maintenance	161,200	110,651
TOTAL EXPENSES	3,501,185	2,716,955
NET OPERATING INCOME	138,200	576,201
Non-cash and Reimbursed Expenses		
Severance expense paid (funded by asset sales)	0	67,408
Depreciation	175,000	175,677
Severance Accrual (GAAP Req)	0	150,004
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	175,000	393,089
Total	(36,800)	183,112

Contrast with:
Dec 2011 projected
deficit (\$225,310)

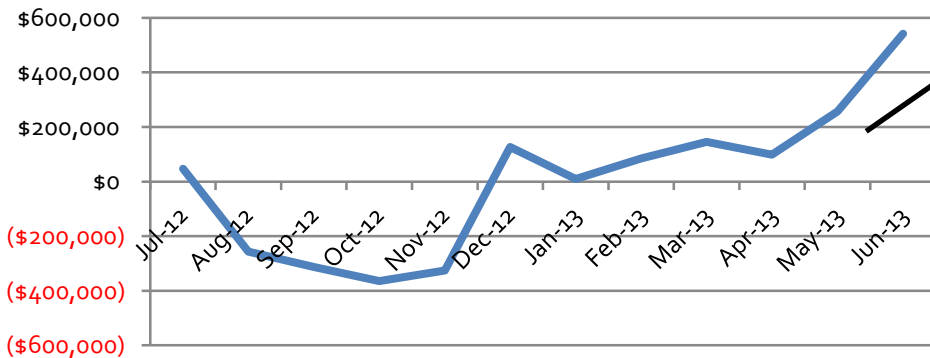
Bottom line:
Surplus \$183,112

Unrestricted Cash Reconciliation Summary

Account	Balance 2011	Balance 2012	Change
Unrestricted Cash	(1,046,758)	787,920	1,834,678
Plus Net Income			183,112
Plus Depreciation			175,677
Changes in Current Assets and Liabilities			23,595
Changes in Investments			1,495,562
Changes in Capital Assets			(43,268)
TOTALS			1,834,678

Cash Flow Projection FYE 2013

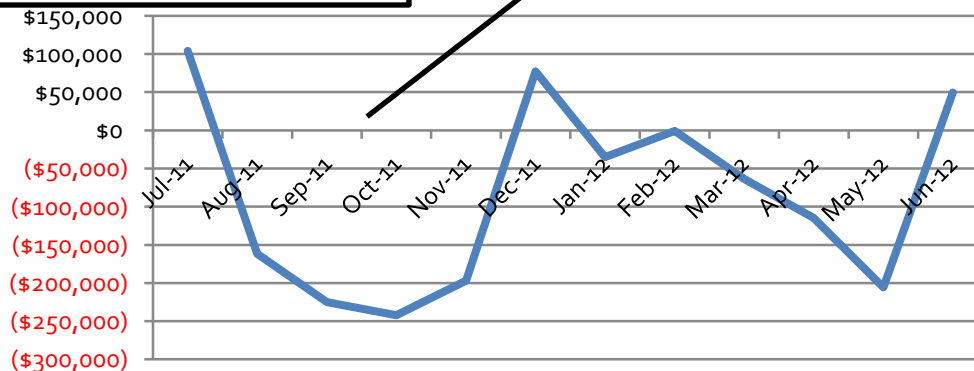
**PYM Unrestricted Funds
Cumulative Net Cash Flow FY 2013**



This year mostly
"above water"

Last year mostly
"under water"

**Unrestricted Funds
Net Cash Flow FY 2012**



Maintaining Financial Wellness

COMPLETED

- ✓ Create clear boundaries between general operating funds versus restricted and reserve funds
- ✓ Establish formal approval procedures for moving money between these account types
- ✓ Create an Operating Reserve to handle cash flow issues

IN PROGRESS

- Craft and pass only sustainable budgets (stay within the “envelope”)
- Include a contingency reserve to protect against income uncertainty
- Monitor actual financial performance throughout the year and make adjustments as needed
- Improve and routinize financial reporting
- Engage in long range planning, have a mission statement, holistic approach, etc. to guide financial planning

Thank You!

Ron Ploeg, Treasurer

610.574.8150

rploeg@verizon.net