The finance committee is beginning to address the ongoing challenge of funding SAYMA activities as we begin our budget deliberation. This will be addressed at the end of the report. We also have been preparing ourselves for a fiscal review. Carol, our extremely capable treasurer, has led the committee in evaluating and reordering our policies and we believe that what we have is a firm foundation for going forward with the review in the coming months.

We were aided in our deliberations over fiscal requirements by our call with Don Kramer, an attorney, who practices law in Pennsylvania and provides educational programs through NonprofitIssues.com. We consulted with him in a 45-minute conference call. He has had experience with the IRS and NGOs including Quakers. A summary of the call is attached to the minutes. The main take-aways were that a conflict of interest policy is not an IRS requirement; however, it is considered good non-profit practice. Nothing done by URJ with its finances was illegal or could cause IRS problems for SAYMA.

Financial Policy Goals were approved at the Fall Representative Meeting. We are not bringing a conflict of interest policy at this time because there was no unity from meetings that it was of a necessity at this time. We strongly suggest that a conflict resolution policy first be addressed to prepare us to go forward in unity.

We are proposing a few changes to the existing travel reimbursement policy, which has been circulated to MMs, for input. There is nothing really new. It just summarizes our current practices.

Our major work for the rest of the year is creating a SAYMA budget for FY2021 and determining our priorities cognizant of a currently shrinking income. As we prepare the budget we have identified the current areas of budgeted spending over the last 2 years by analyzing the combined FY 18 and 19 budgets.

- Keeping SAYMA running and connecting Friends in SAYMA’s constituent MMs (office admin, committees, newsletter & website): 41%
- Working with Quaker teens in the region (SAYF set-aside and SAYF staff): 28%
- Supporting the work of WQOs through contributions and by sending delegates to participate in governance and other activities: 16%
- Racial justice work (URJ set-aside): 13%
- Supporting SAYMA Friends’ spiritual growth opportunities (Spiritual Development Fund): 2%

Assuming no other budget amendments, allocating $10,000 for the URJ set-aside in the current fiscal year would increase the deficit to $20,000 assuming that our income to date is representative of the rest of the year and reduce the undesignated equity to about $10,000.

For FY21 and beyond, adding $10,000 to the budget each year would require either reductions in other expense categories or an increase in assessments from monthly meetings, assuming that assessment income would actually change. Getting approval takes time, it generally takes at least a year to show up in actual payments, and several meetings use a different means of determining their assessments. Another option is again doing fund-raising to individuals to get more income.

Please meet with a Finance Committee member over lunch or email us if you have thoughts.
Rational for Revisions SAYMA Travel Reimbursement Policy

Attached is a proposed revision to the SAYMA travel reimbursement policy. We drew on three sources:

1. SAYMA Handbook 9/2013, Section D.1. Delegate Expenses (found on sayma.org).
2. Travel Reimbursement Policy (found on sayma.org).
3. YM 2017, Minute 47-17-01, in which YM accepted a finance committee recommendation about travel expenses, expanding the definition of “positions of responsibility” to include members of SAYMA committees both ad hoc and standing.

We propose two significant changes to the current policy as it appears in the three sources:

1. Addition in bold: “SAYMA expects individuals traveling on SAYMA business to take advantage of Friendly hospitality when it is available and appropriate for their situations, in lieu of hotel accommodations.”

_Rationale:_ Sometimes the accommodations available in Friends’ homes or meetinghouses are not suitable, due to health limitations or other reasons, for the individuals traveling on SAYMA business.

2. Delete: “If there are left over funds budgeted for delegate expenses at the end of the fiscal year the Treasurer may expend those remaining funds by honoring reimbursement requests for non-delegate expenses related to WQO participation.”

_Rationale:_ We don’t see a reason to use the delegate expense budget this way. Also, implementation of this provision could be cumbersome for the treasurer, if there were multiple requests for a limited pool of funds.

3. Delete: “Officers and Committee Clerks may also receive SAYMA travel support to Representative Meeting if they are not official representatives of their Monthly Meeting.”

_Rationale:_ This provision seems to assume that all MMs pay (or should pay) their reps’ travel expenses. The SAYMA policy is simpler if it focuses on SAYMA paying for SAYMA services.
SAYMA Travel Reimbursement Policy

Policy: SAYMA will promptly reimburse authorized individuals for travel expenses related to their SAYMA responsibilities. SAYMA will budget adequate funds so that anyone conducting SAYMA business can be reimbursed for such expenses, even though some may choose to donate the costs of their travel.

SAYMA will reimburse actual and necessary expenses for transportation, lodging, and subsistence. SAYMA expects individuals traveling on SAYMA business to take advantage of Friendly hospitality when it is available and appropriate for their situations, in lieu of hotel accommodations. SAYMA will reimburse for bus, air, train, and personal auto expenses for intercity travel, as well as for taxis and public transportation within cities. Travelers are expected to use the least costly means of travel consistent with the distance and urgency of the business. SAYMA will reimburse other necessary expenses associated with travel such as meeting registration fees.

Definitions:
“Authorized individuals” means SAYMA staff and individuals in SAYMA positions of responsibility who travel on SAYMA business, other than the treasurer. Members of SAYMA committees (standing and ad hoc) are “authorized individuals” for travel to committee meetings.

“SAYMA business” includes representative meetings; committee meetings; and meetings and events held by a Wider Quaker Organization to which the authorized individual is a SAYMA delegate. It does not include the annual SAYMA Yearly Meeting.

Delegate expenses are paid to SAYMA delegates for expenses incurred in attending meetings of Wider Quaker Organizations to which they have been appointed. Expenses incurred by a delegate participating in additional responsibilities of a WQO are not covered by SAYMA.

Procedure:

1. Travelers will submit an itemized voucher of expenses for which they wish reimbursement to the treasurer. Receipts are required for intercity transportation, hotels, and meals.

2. The travel voucher will include date(s) of travel, name of traveler, purpose of travel and expenses.

3. Travelers who drive personal automobiles may request reimbursement for gasoline and oil actually used or may request a mileage-based reimbursement. Under Federal tax regulations, individuals traveling for charitable work (SAYMA volunteers) are reimbursed at the charitable mileage rate. Travelers driving personal automobiles may also be reimbursed for tolls and parking in addition to mileage.

4. The treasurer will review the reimbursement request to determine that the traveler was an authorized individual on SAYMA business, that expenses were reasonable, and that SAYMA has funds budgeted for the travel. If necessary, the treasurer will query the traveler to obtain
complete information.

5. If the travel voucher is in order, the treasurer will issue a check to the traveler, and retain the travel documentation until the end of the current fiscal year, when it will be archived at SAYMA's headquarters.

6. If the treasurer is unable to settle the travel voucher because of incomplete information or questions related to travel authorization or budget, s/he will consult with the Finance Committee to reach a disposition.

7. Travelers may require payment of some or all travel expenses in advance of traveling, e.g., for air travel or meeting registrations. Travelers may request advances of some or all of the expense of travel by submitting documentation of anticipated expenses and indicating whether SAYMA should make payment to the traveler or to the vendor (e.g., an airline or registration fee). The treasurer will review such requests as above, issue payment, and retain records until travel is complete, when expenses will be reconciled against the final travel voucher.

8. If the treasurer travels on SAYMA business, s/he may be reimbursed by submitting a voucher to the assistant treasurer or clerk, who will process it as above and issue payment. Completed documentation, with annotation of approval, will be returned to the treasurer and retained per #5 above.

9. So that SAYMA can budget adequate funds for travel, each person who travels for SAYMA who does not request reimbursement will be asked to submit a statement of expenses, which SAYMA will acknowledge as an in-kind contribution for tax purposes. Travelers may also request a partial reimbursement of travel expenses, in which case SAYMA will provide acknowledgement of the balance that was contributed.
Report from Finance Committee on discussion with lawyer about effect on SAYMA’s tax status related to URJ and Released Friends expenditures

Date: September 24, 2019
To: Attorney Phone Call with SAYMA Finance Committee
Re: Questions about possible risks to SAYMA’s church tax-exempt status

Don Kramer, the attorney we consulted in a 45-minute conference call, practices law in Pennsylvania and provides educational programs through NonprofitIssues.com. He has had experience with the IRS and NGOs including Quakers. Finance committee members on the call were Geeta McGahey, clerk; Carol Lamm, treasurer; and Karen Morris.

Our questions focused on whether recent URJ expenditures created a risk to SAYMA’s tax-exempt status. We had framed questions about no-strings-attached grants, conflicts of interest, personal benefit to insiders and private inurement. Some of our questions also related to the Released Friend Fund which, though inactive in recent years, can involve grants that cover personal expenses of grantees.

The bottom line was that none of the URJ expenditures created a risk to SAYMA’s tax-exempt status. Ditto for the operations of the Released Friend Fund.

All of the URJ expenditures are justifiable as part of SAYMA’s charitable purposes as a church. It is OK to make grants or gifts to individuals either on the basis of need or to further SAYMA’s charitable purposes. Support for racial justice work is clearly Quaker work, as is outreach. Money can be sent to an individual’s account as compensation for work related to charitable purposes, e.g. racial justice work. This is also true of the Released Friend Fund. Money can be given to individuals either as compensation for charitable-purpose work or to help a person in need (a traditional charitable purpose for church organizations). Money can be used to fix a building to house a new organization.

On the question of “personal benefit to an insider,” Don Kramer said that URJ committee members would be considered insiders since they are making financial decisions. However, since the URJ disbursements had a justification within SAYMA’s charitable purposes, “… if it’s necessary to make that person able to perform the work, I think that’s not a private benefit that’s going to be attacked by the IRS.” Conflict of interest laws vary from state to state. Overall, “The amount of money you’re working with is not enough to attract any attorney general or the IRS.”

Beyond the specific IRS risk matters on which we sought his advice, Don Kramer offered general advice on good practice, including the following.

- Best policy for grants is to assure that there is a statement of purpose and an accounting of funds.
- To avoid conflict of interest concerns, if money is to be paid to someone personally, or if the person’s spouse or children would benefit, it is better that they are not involved in the decision.