



Fiscal Years 2018 and 2019 FWCC-Americas Budget Recommendation Narrative

The budget recommendations are in three files, two five-page PDFs with the Grand Total budget summaries, and the Excel work file, with all the budget and financial details. The content of the PDFs is identical, except that they are in two formats: one is in color and the other, for easier readability when printed, is in black and white.

Page 1 – Condensed summaries: The first page of the PDF is a condensed summary of the FY2016 and the FY2017 budgets, followed by FY2016 actuals, FY2017 year-to-date (1/31/2017), plus the single column FY2018 and FY2019 budgets.

- **Beginning and ending balance totals:** The beginning and ending balances (at the top and bottom of the page) show our total financial assets, and projections for balances based on the proposed budgets.
- **Planned (and unplanned) spending from reserves:** On the color PDF, you will notice a lot of negative numbers toward the lower half of the spreadsheet. Each year, our income is less than our expenses, so we need to draw upon planned releases from our reserves to make up the difference. This is because when we receive large unrestricted gifts and bequests (\$10,000 and above), we do not want to skew our budgets by spending that money all in one year. So, we put these bequests into our reserves (Designated Funds) and spread out the release of those funds generally over a three-year period.
- **Unrealized gains/losses:** You will also see a significant amount of red ink, negative numbers, for FY2016 actuals, in account 4099 “Unrealized Gain/Loss — Investments,” line 31 on the spreadsheet. That number is positive for FY2017. Our money is invested with Friends Fiduciary and the Generally Accepted Accounting Principles (GAAP) require us to state our investment’s change in fair market value on our financial statements. These are paper gains and losses as we still own the stocks.
- **Trends are not sustainable:** As we look at the declining balances over the years, it is very clear that without more current income or large gifts, budgeting with this big of a gap between live income (i.e., not releases from our reserves) and current expenses is unsustainable.
- **Other budget trends to notice:**
 - *5100 – Contributions:* The Finance Committee was not overly optimistic about general contributions for FY2018, but hoped that with another Section Meeting and the traveling ministry corps gaining momentum, we could count on an increase in general contributions for FY2019.
 - *5110 – Participant Fees:* With Section Meetings on an every-other-year basis, we can plan on a substantial amount of income from this event. This is, of course, offset by the reallocation of staff expenses to coordinate the Section Meeting.
 - *5115 – Grants:* The staff is working on several grant applications. We have included a placeholder figure in this account, being confident that some grants will come through. We can’t really budget income for grants that we have not yet received. We are hopeful.
 - *5125 – Investment Income:* If you look ahead to the next page, you can see that nearly 80% of our investment income is generated by our restricted funds. Much of this money is for travel and visitation, but needs to be spent exactly as the donor has requested. The other 20% is money set aside by action of the Executive Committee, and again, must be used for the intended purposes. Though, the Executive

Committee could decide to reallocate the purpose of the designated funds (see definitions under page 2 below).

- *6000 – Personnel Costs & 6110 – Professional Fees:* You will notice a \$25k drop in personnel costs in the budgeted expenses between FY2017 and FY2018. This is due to the new coordinator position for the Organizing Committee for Latin American Friends (COAL). Expenses for this position are accounted for under 6100 – Professional Fees.
- *Overall* – We are looking at a shortfall of income to expenses of \$64k. You can track the impact of the shortfall and its projection into FY2019 by looking at the beginning and ending balances for each fiscal year.

Page 2 – *Fiscal Year 2016 Actual Income and Expenses:* New this year, we have broken out segments of statements to show how the money moves through the different categories of our unrestricted and restricted funds. These categories are:

- *Unrestricted* — funds given and spent without any donor restrictions or board designations placed upon them.
- *Board Designated* — funds designated by action of the Executive Committee to assign a specific purpose for their use. For instance, when we receive an unrestricted gift of \$10,000 or more, it is placed in the Stewardship Fund and then spent down over a period of three years. The Stewardship Fund is a Board Designated Fund. Technically these funds are still unrestricted, in that at any time, the board can undesignate them.
- *Temporarily Restricted* — funds restricted by the wishes of a donor. These funds, both income and principle, can be used for the restricted purpose.
- *Permanently Restricted* — funds restricted by the wishes of a donor. ONLY the income from these funds can be used for the restricted purpose. The principle cannot be used.

Page 3 – *2017 Year-to-Date Actuals to 1/31/2017:* If you refer to the 2017 budget on page 1, the 2017 figures show we are on track to end the year close to our budget projections.

Page 4 – *Fiscal Year 2018 Budget Recommendation:* The budget (also in a condensed form on page 1) is broken out into restricted and unrestricted categories.

Page 5 – *Fiscal Year 2019 Budget Recommendation:* The budget (also in a condensed form on page 1) is broken out into restricted and unrestricted categories.