

# NEW YORK QUARTERLY MEETING

of the Religious Society of Friends

15 Rutherford Place  
New York, NY 10003  
Tel. 212 777 8866  
Fax. 212 777 2844  
[www.nycquakers.org](http://www.nycquakers.org)

## Memorandum

Date: July 18, 2020  
To: Members of the New York Quarterly Meeting  
From: NYQM Audit & Budget Committee  
Cc: NYQM Trustees  
Re: Audit of NYQM Financial Statements for Year Ending 12/31/2019

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The NYQM Audit & Budget Committee watched over the preparation and audit of our financial statements for the year ending 12/31/19; see attached. It was a good year, one that saw the finalization of the separation of Friends Seminary from the NYQM. The balance sheet is strong and cash flow is positive.

Total assets rose \$5.5 million (18%) from the prior year, supported by \$4.6 million increased value in our investment portfolio and, with the conclusion of the school separation, realizing \$2.1 million in revenue from Friends Seminary representing rental income phased in from mid-2016. As part of the school separation, a reserve fund for the 15<sup>th</sup> Street Meeting was established, as a joint responsibility of Friends Seminary and NYQM represented by the Trustees, for repairs (see Note 1); it is recorded in donor restricted assets and total liabilities.

Similarly, 2019 revenues of \$4.2 million (up from \$2.1 million the prior year) reflect the \$2.1 million payment from Friends Seminary, the lease step-up at 112 Schermerhorn Street and increases in interest, dividends, and realized capital gains. Total of \$2.0 million in expenses (compared to \$1.9 million in 2018) and \$3 million in unrealized investments gains flow through to a \$5 million increase in net assets, as compared to a \$1.5 million decrease in 2018. At 12/31/19, the financial condition of NYQM was sound.

The 2020 budget projects \$2.9 million in revenue. \$2.8 million in cash requirements (inclusive of \$932 thousand of capital improvements) and \$117 thousand in surplus cash flow. The pandemic and subsequent events make all these estimates increasingly tentative and we continue to be carefully watchful; at the end of May 2020, cash flow was positive. Since the onset of the COVID-19 pandemic in mid-March, NYQM office staff have been working from home with occasional visits to the office and the custodial and security staff have been furloughed with benefits. The physical properties have been closed.

The auditor's management letter cited some ongoing issues that are being addressed. One was the need for a review of financial report independent of management; the Audit & Budget Committee has reinstated a periodic check of the bank reconciliation in Quick Books to bank statement activity. The auditor's management letter has also cited a preference for more transparency among investments related to donor restricted gifts and a working group is being formed with Trustees and Audit & Budget for review.

Attached: Audited 2019 Financial Statements