

**STEWARDSHIP AND FINANCE COMMITTEE
PRESENTATION AT ANNUAL SESSION
AUGUST 3, 2017**

It is normal and customary for the Stewardship and Finance Committee to present the Operating Budget for 2018 and the Capital Budget for 2018 at Annual Session. However, this year will be different. The Committee will not be bringing forward either an Operating Budget or a Capital Budget for your consideration at this time. Instead, both the 2018 Operating Budget and the 2018 Capital Budget will be presented at Tenth Month Interim Meeting.

While the audit reports by BBD, BYM's independent accounting firm, showed that BYM's overall financial condition has improved in 2015 and 2016, the Committee noted an area of concern in BYM's operating performance in both 2015 and 2016. Operating performance is the difference between operating revenues and support (such as summer camp revenue, apportionment, unrestricted contributions, annual session fees, etc.) and operating expenses incurred by the Yearly Meeting.

BYM's audited financial statements for 2015 and 2016 show that total revenues exceeded total expenses by \$216,453 in 2015 and \$194,923 in 2016, principally due to increases in restricted contributions for the Catoctin Bathhouse, grant income from the Shoemaker Grant, and investment income. BYM also sustained operating losses of \$26,950 in 2015 and \$40,664 in 2016; the operating loss for each year is included in and accounted for in the consolidated income amounts of \$216,453 in 2015 and \$194,923 in 2016. Also, please know that the focus of the Stewardship and Finance Committee is the operating performance of BYM as well as ensuring that the acquisition and financing of BYM's property and equipment is appropriate. Trustees are responsible for the management of BYM's cash as well as the management of BYM's investment funds.

The Stewardship and Finance Committee has reviewed a revised operating budget for 2017 as well as a projected operating budget for 2018. At this point, based upon what we know, we anticipate that there will be an operating loss in 2017. The projected operating budget for 2018 in its draft form also includes an operating loss. The Committee concluded that our process needed more seasoning and that it required a thoughtful, deliberate, and continuous discernment. The extension of time will enable the Committee to have a better understanding of BYM's operating performance in 2017 and a more complete perspective of projected revenues and expenses for 2018. In addition, the Committee is making some changes to the budget presentation for 2018 and is working to ensure that each and every change makes the budget clearer and more understandable to the membership.

Of course, the Committee will keep the membership apprised of our work on these matters. Furthermore, Committee members are available to the membership during Annual Session and on an ongoing basis to discuss any issue or concern.