Proposal for Clarifying NYQM Fund Designations and Streamlining Accounting

Second Reading Draft - Revised for 2025 Audited Financial Statements, May, 2026

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Overview

New York Quarterly Meeting manages approximately $35.3 million in assets distributed among investments at Friends Fiduciary ($23M), Morgan Stanley ($9M), and individual loans invested with social purpose ($3.3M).

Friends Fiduciary	Morgan Stanley	Social Purpose Loans	Total
$23M	$9M	$3.3M	$35.3M

(These amounts and those following reflect our understanding as of the Quarter's 2025 audit.)

Currently, these investments generate approximately $1.2–1.65 million annually in distributions that support NYQM's property and cemetery maintenance, education fund and relief fund.

By clarifying and streamlining our fund structure, we free ourselves and future Friends from unnecessary complexity, allowing more energy to focus on our core mission of nurturing spiritual community, advancing peace and social justice while maintaining our historic spaces and places.

Where We Have Been

NYQM's investment portfolio evolved from centuries of accumulated gifts and bequests, each reflecting the concerns and hopes of Friends from their era. The Educational Fund (1807), our oldest, was established when Quaker education was seen as essential to preserving our testimonies in a rapidly changing nation. The Ella R. Burdge Fund was left specifically for "Young Friends," reflecting a donor's concern that we nurture the next generation. The Relief Committee Fund grew from multiple bequests over decades, embodying Friends' historic commitment to alleviating suffering.

These funds have been tracked separately by donor name and purpose, creating a complex tapestry of restricted and designated funds that tell the story of our community's values across the centuries. The care taken in maintaining these records reflects the integrity with which past Friends approached their stewardship responsibilities. A complete list of these fund is included in Appendix A.

Current Challenges

We currently track 51 line items separately. Consolidating these into purpose-aligned funds will simplify our financial and operational processes while honoring the original intentions of donors.

Following a legal and financial review by NYQM attorney Brian Doherty, building on a detailed trust-and-estates memo by attorney Tim Thomson, our accountants at Carey and Co. concluded, and our independent auditors at Lutz and Carr confirmed, that true donor-restricted funds total approximately $598,000. These will be maintained as Permanently Restricted (Fund A). The remaining funds will be folded into six purpose-aligned categories: Education (B), Relief (C), Property (D), Cemetery (E), Legacy (F), and General/Discretionary (G).

Recommended Apportionment

Trustees recommend that we consolidate all remaining funds into seven categories that mirror the existing allocations historically recognized by the Quarter. This simplification will allow continued collective management of the funds, regular and coordinated distribution of allocations, and clear analysis of available resources, while continuing to honor the spirit of historical designations.

This suggested framework also provides a clear structure for receiving future gifts, whether unrestricted or designated for a particular purpose.

Fund	Amount	% of Portfolio
Revised Portfolio	~$35.3 M	100%
A. Permanently Restricted	~$598 K	1.7%
B. Education	~$6.7 M	19.1%
C. Relief	~$2.8 M	8%
D. Property	~$13.2 M	37.6%
E. Cemetery	~$4.3 M	12.2%
F. Legacy	~$896 K	2.5%
G. General / Discretionary	~$6.2 M	19%

A. Permanently Restricted Funds (~$598K | 1.7%)

- True donor-restricted endowments
- Must maintain in perpetuity
- Income available for specified purposes only; tracked individually

B. Education Fund (~$6.7M | 19.1%)

- All education-related historical designated funds (as distinct from restricted funds in Fund A) consolidated
- Distributions from these funds have been made annually to the NYQM Education Fund for disbursal in the form of individual grants, paid directly to the schools at which students are enrolled.

C. Relief Fund (~$2.8M | 8%)

- All relief and assistance-related historical designated funds (as distinct from restricted funds in Fund A) consolidated
- Distributions from these funds have historically been made annually to the NYQM Relief Fund for disbursal in the form of individual grants to New York City members and attenders needing relief in times of crisis or duress.

D. Property Fund (~$13.2M | 37.6%)

- All property and facilities-related historically designated funds (as distinct from restricted funds in Fund A) consolidated
- Supports capital improvements, ongoing maintenance, and facility upkeep across the Quarter's properties
- Distributions from the Property Fund will be made to the General Fund to cover budgeted facilities expenditures

E. Cemetery Fund (~$4.3M | 12.2%)

- All cemetery-related historically designated funds consolidated (as distinct from restricted funds in Fund A)
- Supports capital improvements, ongoing maintenance, and upkeep of the Cemetery
- Receives cemetery income
- Perpetual care is an ongoing NYQM obligation
- Distributions from the Cemetery Fund will be made to the General Fund to cover budgeted cemetery expenditures

F. Legacy Fund (~$896K | 2.5%)

Honors ongoing historic commitments to the following external organizations:

- New York Yearly Meeting (NYYM)
- Brooklyn Monthly Meeting
- Brooklyn Flower Committee
- Friends United Meeting (FUM)
- NYYM Barrigton Dunbar
- Council of Churches
- Young Friends Aid

    - These funds shall be pooled in a single fund with an annual distribution made to the above beneficiaries based on their percentage of the fund's original composition
    - This approach eliminates complex individual fund tracking while honoring institutional memory and ongoing stewardship

G. General / Discretionary Fund (~$6.2M | 19%)

- Includes all funds not governed by a current restriction (Fund A), historic designation (Funds B–E), legacy commitment (Fund F).
- Available to cover Property or Cemetery needs beyond proceeds from the designated funds, as well as other leadings identified through the Quarterly Meeting budgeting process, as proceeds become available
- Includes current Social Purpose Loans ($3.3M)
    - Allows for below-market returns on social purpose loans where these are aligned with Quaker values
- Supports social justice initiatives, peace work, and community outreach consistent with Quaker testimonies

The Quarter may, through its normal discernment process, determine that a commitment is no longer a leading of the body, at which time that share may be returned to Fund G at the discretion of the Quarter. Funds B, C, D, E, F, and G are not legally restricted.

Spending Policy

The Quarter's investment spending policy has been guided since 1992 by the Earlham Formula, documented in the NYQM handbook, which targets annual distributions of approximately 5% of investment funds averaged over a rolling three-year period.

While this formula has served as a useful baseline, the working group recognizes that the Earlham Formula would benefit from drawing on current best practices in endowment management. The Earlham Formula will continue to serve as the reference point until a more modern spending policy is developed.

Implementation Timeline (Tentative)

Committee Review Phase (Jan–Mar 2026)

Quarterly Meeting Approval (Apr–Jul 2026)

April: First reading at Quarterly Meeting; gather input from the body

May–June: Address questions raised; refine proposal as needed

July: Second reading and final approval at Quarterly Meeting

Execution Phase (Aug 2026–Jan 2027)

Update policies for each fund

Finalize new structure and reporting templates

December 31, 2026: Consolidate funds into the seven categories

January 2027: First report under new system