

Financial Exigency and Adjustments Policy

Purpose:

This Statement addresses two kinds of SAYMA financial exigency, or emergency with procedures and authorities required to remedy shortfalls and overruns as defined here. It recognizes that budgets, being best-guess estimates of future financial events, are not immutable plans but numeric expressions of the spiritually-guided values and intentions of SAYMA representatives. Recognizing that Yearly Meeting is overseen by the Yearly Meeting Planning Committee, this policy only applies to SAYMA's operational budget, excluding taxes. This policy also does not apply to SAYMA set-aside funds. Expenses from funds are not budgeted. SAYMA will not honor a request that exceeds a fund's balance.

Definitions:

The first type of exigency is a material **overall shortfall**, or shortage, of actual revenues compared with planned expenses during a fiscal period; the shortfall can be caused by either short-term timing differences or longer-term secular trends.

The second type of exigency is an **expected expense overrun**, compared to an approved budget, for a single line item, such as a committee's business; an overrun is caused either by inaccurate planning, addition of a new line item, or an unforeseen rise in the cost of the item.

A "**line item**" is a single expense category itemized in the budget.

"**Material**," as a general guideline, means a variance of 10% of total revenues or 20% of expenses in a given period.

Revenue Shortfall Procedures

1. When the treasurer projects a shortfall of 10% or more by the end of the fiscal year, after consultation with the Finance Committee ("FC") and SAYMA clerk ("clerk"), he or she may defer payment of discretionary budgeted expenses until delayed revenues have been received; the treasurer should inform affected Friends of the anticipated payment delay, and report the action at the next representative meeting; types of expenses that are considered subject to discretionary deferral may include internal transfers from free cash to set-aside funds, contributions to WQOs, and most equipment and supplies purchases.
2. If the treasurer and finance committee determine that the shortfall represents a longer-term trend they should report emergency steps, and/or recommend long-term adjustments, to the clerk and a representative meeting:
 - a. Emergency steps might include significant curtailments of discretionary expense items until long-term adjustments can be approved and made; these can be implemented by the treasurer in consultation with the FC, and later reported to the clerk and the next representative meeting;
 - b. Long-term adjustments may include revision of budget expenses, transfers from operational reserves, and a call for supplementary contributions from monthly meetings; such steps may be implemented only after approval by a representative meeting.

Expense Overrun Guidelines

Suggested measures depend upon the degree of materiality of the expected expense overrun, and a judgment whether the condition is temporary or permanent (eg., a temporary staffing need for the current period only, or a general rise in wages and salaries). Since overruns relate to line item expenses rather than total-budget balances, the measure of materiality is different for each case.

1. If the line item overrun is expected to be less than or equal to 20% of the budget for that item or \$400, whichever is greater, and:
 - a. Is due to temporary conditions, then the treasurer shall honor authorized expenditures for that line item, and report same in routine financial disclosures;
 - b. Is due to a permanent change in the line item's cost factors, the treasurer shall, after consultation with the FC, honor the expenditure and report the situation to the clerk and the next representative meeting.
2. If the overrun is expected to exceed the greater of 20% of the budget item or \$400, and there is no material shortfall of total revenues for the period, and:
 - a. Is due to temporary conditions, the treasurer and the FC shall seek approval of the clerk to honor the expenditure, and shall report the event at the next representative committee;
 - b. Is due to a permanent change in the line item's cost factors, the treasurer shall, after consultation with the FC and the clerk, seek approval from the representative meeting prior to payment of the authorized expenditure.
3. If the overrun is expected to exceed the greater of 20% of the budget item or \$400, and the Finance Committee expects a material shortfall of total revenues for the period, then the treasurer shall seek approval of the representative meeting prior to honoring the authorized expenditure.