

FRIENDS GENERAL CONFERENCE

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2021

**(WITH SUMMARIZED REVIEWED FINANCIAL STATEMENTS FOR
THE YEAR ENDED SEPTEMBER 30, 2020)**



**FRIENDS GENERAL CONFERENCE
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(WITH SUMMARIZED REVIEWED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2020)**

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INDEPENDENT AUDITOR'S REPORT

The Central Committee
Friends General Conference
Philadelphia, Pennsylvania

We have audited the accompanying financial statements of Friends General Conference (a nonprofit organization) which comprise the statement of financial position as of September 30, 2021 and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Friends General Conference

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends General Conference as of September 30, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

J. Miller & Associates, LLC

J. MILLER & ASSOCIATES, LLC

Philadelphia, Pennsylvania
April 27, 2022

**FRIENDS GENERAL CONFERENCE
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021
(WITH SUMMARIZED TOTALS AT SEPTEMBER 30, 2020)**

| | 2021 | 2020 (Review) |
|--|---------------------|---------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 1,434,920 | \$ 1,295,565 |
| Accounts receivable | 4,834 | - |
| Accounts receivable - employees | - | 8,447 |
| Inventory | 66,205 | 63,000 |
| Prepaid expenses and other | 9,138 | 21,184 |
| Investments | 3,891,314 | 3,557,228 |
| Property and equipment, net | 228,961 | 263,394 |
| Beneficial interest in charitable gift annuities | 142,122 | 172,000 |
| Beneficial interest in perpetual trusts | 452,984 | 383,700 |
| TOTAL ASSETS | \$ 6,230,478 | \$ 5,764,518 |
| LIABILITIES | | |
| Accounts payable and accrued expenses | \$ 88,446 | \$ 69,460 |
| Deferred revenue | 782 | 2,451 |
| Loan payable | - | 200,200 |
| TOTAL LIABILITIES | 89,228 | 272,111 |
| NET ASSETS | | |
| Without Donor Restrictions | | |
| <i>Undesignated</i> | 4,422,010 | 4,838,802 |
| <i>Board designated</i> | 303,290 | - |
| Without Donor Restrictions - Total | 4,725,300 | 4,838,802 |
| With Donor Restrictions | 1,415,950 | 653,605 |
| TOTAL NET ASSETS | 6,141,250 | 5,492,407 |
| TOTAL LIABILITES AND NET ASSETS | \$ 6,230,478 | \$ 5,764,518 |

See accompanying Notes to Financial Statements.

**FRIENDS GENERAL CONFERENCE
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)**

| | Without Donor Restrictions | With Donor Restrictions | 2021 Total | 2020 Total |
|---|----------------------------------|-------------------------------|---------------------|---------------------|
| REVENUE AND SUPPORT | | | | |
| Public Support | | | | |
| Contributions and grants | \$ 942,929 | \$ 53,339 | \$ 996,268 | \$ 697,578 |
| Earned and Other Revenue | | | | |
| Gathering program service fees | 248,010 | - | 248,010 | 215,393 |
| Distribution sales (net of cost of goods sold of \$31,114) | 44,070 | - | 44,070 | 36,972 |
| Rental income | 27,428 | - | 27,428 | 38,118 |
| Other | 5,455 | - | 5,455 | 11,326 |
| Extinguishment of debt | 350,190 | - | 350,190 | - |
| Total Earned and Other Revenue | <u>675,153</u> | <u>-</u> | <u>675,153</u> | <u>301,809</u> |
| Total revenue and support | <u>1,618,082</u> | <u>53,339</u> | <u>1,671,421</u> | <u>999,387</u> |
| EXPENSES | | | | |
| Program services | 779,912 | - | 779,912 | 774,478 |
| Supporting services | | | | |
| Management and general | 457,487 | - | 457,487 | 495,145 |
| Fundraising | 343,866 | - | 343,866 | 291,275 |
| Total expenses | <u>1,581,265</u> | <u>-</u> | <u>1,581,265</u> | <u>1,560,898</u> |
| Change in net assets before other changes | <u>36,817</u> | <u>53,339</u> | <u>90,156</u> | <u>(561,511)</u> |
| OTHER CHANGES | | | | |
| Investment income | 455,079 | 64,202 | 519,281 | 648,515 |
| Net assets reclassified | 55,238 | (55,238) | - | - |
| Changes in value of beneficial interest in perpetual trusts | - | 69,284 | 69,284 | 15,700 |
| Changes in value of beneficial interest in charitable remainder trusts | - | (29,878) | (29,878) | - |
| Total other changes | <u>510,317</u> | <u>48,370</u> | <u>558,687</u> | <u>664,215</u> |
| CHANGE IN NET ASSETS | 547,134 | 101,709 | 648,843 | 102,704 |
| NET ASSETS | | | | |
| Beginning of year | 4,178,166 | 1,314,241 | 5,492,407 | 5,389,703 |
| End of year | <u>\$ 4,725,300</u> | <u>\$ 1,415,950</u> | <u>\$ 6,141,250</u> | <u>\$ 5,492,407</u> |

See accompanying Notes to Financial Statements.

**FRIENDS GENERAL CONFERENCE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)**

| | PROGRAM SERVICES | | | | | | Total Program Services | Management and General | Fundraising | 2021 Total | 2020 Total |
|---------------------------|-------------------|-------------------------------------|------------------------|------------------|------------------------------------|-------------------|------------------------------|---------------------------|-------------------|---------------------|---------------------|
| | Gathering | Publications and Distribution | Spiritual Deepening | Quaker Cloud | Ministry on Racism and Youth | Other Programs | | | | | |
| Salaries | \$ 143,271 | \$ 30,961 | \$ 42,180 | \$ 4,089 | \$ 102,972 | \$ 62,296 | \$ 385,769 | \$ 186,768 | \$ 183,577 | \$ 756,114 | \$ 753,475 |
| Payroll taxes | 10,253 | 2,058 | 3,166 | 301 | 7,441 | 4,963 | 28,182 | 13,315 | 13,443 | 54,940 | 55,780 |
| Employee benefits | 41,051 | 23,210 | 13,886 | 1,268 | 10,365 | 20,455 | 110,235 | 90,025 | 53,805 | 254,065 | 250,556 |
| Other personnel costs | 842 | - | 1,100 | - | - | - | 1,942 | 2,526 | 55 | 4,523 | 3,779 |
| Bank and credit card fees | 6,435 | - | 20 | - | - | 55 | 6,510 | 924 | 4,136 | 11,570 | 8,213 |
| Books and publishing | - | 12,904 | - | - | - | - | 12,904 | - | - | 12,904 | 10,322 |
| Communications | 22,838 | 1,617 | 8,833 | - | - | 24,490 | 57,778 | 6,386 | 25,916 | 90,080 | 68,673 |
| Contracted Services | 5,365 | 10,399 | 4,380 | 36,810 | 3,880 | 71,716 | 132,550 | 1,819 | 52,500 | 186,869 | 79,394 |
| Equipment and software | 906 | 379 | 189 | 189 | 379 | 1,088 | 3,130 | 49,706 | 757 | 53,593 | 70,078 |
| Gathering and conferences | 18,728 | - | - | - | (1,095) | - | 17,633 | 12,378 | - | 30,011 | 69,942 |
| Insurance | 595 | - | - | - | - | 150 | 745 | 8,062 | - | 8,807 | 8,225 |
| Occupancy costs | 10,443 | 1,365 | 828 | 856 | 2,597 | 3,229 | 19,318 | 22,512 | 5,192 | 47,022 | 48,963 |
| Office expense | 611 | 437 | 93 | 50 | 1 | 831 | 2,023 | 12,565 | 1,751 | 16,339 | 29,827 |
| Professional fees | | | | | | | - | 6,860 | | 6,860 | 14,184 |
| Travel | 338 | - | (25) | - | 680 | 200 | 1,193 | (155) | 2,734 | 3,772 | 35,371 |
| Other expenses | | | | | | | - | 9,363 | | 9,363 | 54,116 |
| Depreciation | | | | | | | - | 34,433 | | 34,433 | 34,433 |
| Total expenses | \$ 261,676 | \$ 83,330 | \$ 74,650 | \$ 43,563 | \$ 127,220 | \$ 189,473 | \$ 779,912 | \$ 457,487 | \$ 343,866 | \$ 1,581,265 | \$ 1,560,898 |

See accompanying Notes to Financial Statements.

**FRIENDS GENERAL CONFERENCE
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)**

| | 2021 | 2020 (Review) |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ 648,843 | \$ 102,704 |
| Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities | | |
| Depreciation | 34,433 | 34,433 |
| Net realized and unrealized gain on investments | (483,805) | (597,731) |
| Change in value of beneficial interest in charitable remainder trusts | (99,162) | (15,700) |
| Extinguishment of debt | (350,190) | - |
| (Increase) decrease in | | |
| Accounts receivable | (4,834) | 3,507 |
| Accounts receivable - employees | 8,447 | (4,872) |
| Contributions receivable | (3,205) | - |
| Prepaid expenses and other | 12,046 | 8,052 |
| (Increase) decrease in | | |
| Accounts payable and accrued expenses | 18,986 | 11,242 |
| Deferred revenue | (1,669) | (19,627) |
| Net cash used for operating activities | (220,110) | (477,992) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (131) | - |
| Proceeds from sale of investments | 209,606 | 936,379 |
| Net cash provided by investing activities | 209,475 | 936,379 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Loan proceeds | 149,990 | 200,200 |
| Net cash provided by financing activities | 149,990 | 200,200 |
| Net change in cash | 139,355 | 658,587 |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | 1,295,565 | 636,978 |
| End of year | \$ 1,434,920 | \$ 1,295,565 |

See accompanying Notes to Financial Statements.

**FRIENDS GENERAL CONFERENCE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 1 NATURE OF ORGANIZATION

Friends General Conference (the “Organization”), is a nonprofit organization whose purpose is to provide resources and opportunities that educate and invite members to experience God’s living presence, and to discern and follow God’s leadings. The Organization is supported through contributions and investment income.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

Currently, there are two classes of net assets for nonprofit organizations: net assets with donor restrictions and net assets without donor restrictions.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. As of September 30, 2021, the board has designated \$303,290 for the Gathering Together Campaign.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

**FRIENDS GENERAL CONFERENCE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash consists of cash on deposit in interest-bearing accounts and demand deposits. Cash equivalents consist of highly liquid investments with original maturities of 91 days or less.

Inventory

Inventory is stated at the lower of cost or fair value, using the first-in, first out method. It consists primarily of books and pamphlets for resale.

Investments

Investments in equity securities with readily determinable fair values, and all investments in debt securities are reported at fair value, as determined by quoted market prices, with gains and losses included in the statement of activities. Investment income is recorded as earned.

The Organization invests in professionally managed portfolios that contain various types of securities. Such investments are exposed to various risks such as market and credit. Due to the level of risk associated with such investments, and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in the near term would materially affect investment balances and the amounts reported in the financial statements.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$1,000. Property and equipment is carried at cost if purchased and at fair value at the date of donation if contributed. Depreciation is computed using the straight-line method over the estimated lives of the assets. The following is a summary of estimated useful lives used:

| | |
|-----------------------|----------|
| Building | 40 years |
| Building improvements | 20 years |
| Equipment | 7 years |

Beneficial Interest in Perpetual Trusts

The beneficial interest in perpetual trusts is reported at fair value and is equal to the Organization's share of the assets in the trusts.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

The Organization recognizes revenue from gathering program service fees and sales of inventory.

**FRIENDS GENERAL CONFERENCE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The cost of providing various program and supporting services have been presented on a functional basis in the statement of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited based primarily upon the relative time spent by the Organization’s employees on each function.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization’s tax-exempt purpose is subject to taxation as unrelated business income.

The Organization has adopted an accounting standard regarding uncertain tax positions. The standard prescribes a minimum threshold that a tax position is required to meet in order to be recognized in the financial statements. The Organization believes that if had no uncertain tax positions as defined in the standard.

NOTE 3 CONCENTRATION OF RISK

Financial instruments which potentially subject the Organization to concentrations of credit risk are cash and accounts receivable. The Organization maintains cash deposits at various high-quality banks and financial institutions. At times, such deposits may exceed federally insured limits.

NOTE 4 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

| | |
|---------------------------|----------------------------|
| Cash and cash equivalents | \$ 1,434,920 |
| Accounts receivable | <u>4,834</u> |
| Total | <u><u>\$ 1,439,754</u></u> |

The Organization manages its liquidity following three guiding principles: operating within a prudent range of financial soundness and stability, maintain adequate liquid assets to fund near term operating needs, and maintain sufficient reserves to provide reasonable assurance that long term obligations will be discharged. The Organization regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

**FRIENDS GENERAL CONFERENCE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 5 FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or inputs (interest rates, currency exchange rates, commodity rates and yield curves) that are observable or corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs that are not observable in the market and reflect management's judgment about the assumptions that market participants would use in pricing the asset or liability.

| Description | Total | Quoted Prices In Active Markets for Identical Assets Level 1 | Significant Other Observable inputs Level 2 | Significant Unobservable Inputs Level 3 |
|---|----------------------------|---|--|--|
| Investment Portfolio: | | | | |
| Fixed income securities | \$ 102,229 | \$ - | \$ 102,229 | - |
| Units in the Quaker Growth and Income Fund of Friends Fiduciary Corporation | - | - | - | - |
| Common stocks | 3,204,492 | 3,204,492 | - | - |
| Total Investments | 3,306,721 | 3,204,492 | 102,229 | - |
| Beneficial interest in charitable gift annuities | 142,122 | - | - | 142,122 |
| Beneficial interest in perpetual trusts | 452,984 | - | - | 452,984 |
| | <u><u>\$ 3,901,827</u></u> | <u><u>\$ 3,204,492</u></u> | <u><u>\$ 102,229</u></u> | <u><u>\$ 595,106</u></u> |

**FRIENDS GENERAL CONFERENCE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30:

| | |
|--------------------------------|--------------------------|
| Building | \$ 267,500 |
| Building improvements | 830,373 |
| Equipment | <u>79,095</u> |
| | 1,176,968 |
| Less: accumulated depreciation | <u>(948,007)</u> |
| | <u><u>\$ 228,961</u></u> |

Depreciation expense for the year ended September 30, 2021 was \$34,433.

NOTE 7 BENEFICIAL INTEREST IN CHARITABLE GIFT ANNUITIES

The Organization has been named as remaining beneficiary of several irrevocable charitable gift annuities administered by third party administrators. The agreements provide for the lead beneficiaries to receive annual distributions until their death, and that , upon their death, the Organization is to receive the remainder. The amount is based on the fair market value of the instrument as of September 30, 2021.

NOTE 8 BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Organization is the income beneficiary of two perpetual trusts. Fiduciary serves as these trusts. The principal portions of the trusts are permanently restricted and the income distributions are unrestricted.

NOTE 9 RETIREMENT PLAN

Friends General Conference participant in the Friends Pension Plan, a multi-employer defined benefit plan. Employees who customarily are employed for 1,000 hours or more per year are eligible to participate in the plan. Friends General Conference contributed \$114,036 to the plan for the year ended September 30, 2021. Separate projected benefit liabilities and asset information are not determinable with respect to the Organization’s participation in the plan.

NOTE 10 LOAN PAYABLE

In April 2020, the Organization obtained a Paycheck Protection Program (“PPP”) loan in the amount of \$200,200 from the United States Small Business Administration. Interest on the loan maybe charged at 1%. PPP loans were authorized by Congress in an effort to aid entities during the pandemic. The loan was forgiven during the fiscal year and is included on the statement of activities as extinguishment of debt.

**FRIENDS GENERAL CONFERENCE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021**

NOTE 10 LOAN PAYABLE (CONTINUED)

In March 2021, the Organization received a second round PPP in the amount of \$149,990. This loan was also forgiven in August 2021 and is included as extinguishment of debit on the statement of activities.

NOTE 11 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Releases</u> | <u>Ending Balance</u> |
|--|------------------------------|------------------|-----------------|---------------------------|
| Purpose restrictions | | | | |
| Bayard Rustin Fund | \$ 19,363 | \$ 10,966 | \$ - | \$ 30,329 |
| Conferences/Gathering Endowment | 47,536 | 23,604 | - | 71,140 |
| Gathering "Next Year" | 10,000 | - | - | 10,000 |
| Mahala Ashley Dickerson Fund | - | 16,269 | - | 16,269 |
| Publications Growth Fund | 48,535 | 3,000 | - | 51,535 |
| Quaker Cloud Meeting Support | 10,053 | - | - | 10,053 |
| All other | 9,954 | 2,000 | - | 11,954 |
| Total Purpose Restrictions | 145,441 | 55,839 | - | 201,280 |
| Time restrictions: | | | | |
| Permanent endowment | 378,000 | - | - | 378,000 |
| Appreciation on permanent endowment | 181,965 | 59,599 | - | 241,564 |
| Beneficial interest in charitable gift annuities | 172,000 | (29,878) | - | 142,122 |
| Beneficial interest in perpetual trusts | 383,700 | 69,284 | - | 452,984 |
| Total Time Restrictions | 1,115,665 | 99,005 | - | 1,214,670 |
| Total | \$1,261,106 | \$154,844 | \$ - | \$1,415,950 |

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 27, 2022 the date on which the financial statements were available to be issued.