

FGC's Financial Story 2004-2018: A Summary

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Introduction

FGC envisions a vital and growing Religious Society of Friends—a faith that deepens spiritually, welcomes newcomers, builds supportive and inclusive community, and provides loving service and witness in the world.

FGC does this through a variety of programs and services that offer intergenerational fellowship events, support for youth and Friends of Color, support for outreach and welcoming, access to an incredible array of religious education materials, special consultations, and a host of other initiatives that serve our yearly and monthly meeting members, and individual Friends. While most Friends know the positive impact of FGC's work, some Friends are less clear about FGC's current financial condition. And, to understand that you need to understand our recent fiscal history. What follows is a summary that can only touch on the complexity, challenges and nuance of what occurred and where we are now, but it will give you the broad story.

The Cornell Bequest: 2004-2005

In the fall of 2004, the Central Committee of FGC learned that a gift of \$2.4 million had been received from the estate of George Cornell. Further, it was likely that an additional gift would soon be received. That came to pass a number of months later bringing the entire gift to well over \$3 million.

That gift, for which we are so grateful, truly changed what was possible for Friends General Conference in terms of our service to Friends. While FGC had had a successful major fundraising campaign in the 1990s that created some reserves, FGC had never had a Cornell size gift much less the type of endowments that have given such a firm foundation to some of our partner organizations such as Friends Committee on National Legislation (FCNL) and the American Friends Service Committee (AFSC). With the Cornell Bequest and some other positive events, FGC's net assets went from roughly \$2 million in 2002 to well over \$6 million in 2005.

Part of what made this gift so extraordinary is that it was an unrestricted gift. FGC could use it as Central Committee deemed appropriate. As a result, a great deal of energy went into discerning how these funds should be used.

After much thought, it was recommended in 2005 that the majority of the funds be invested long-term (rather than spent short-term) and that the investment income be used to help stabilize the finances of the organization. It was also recommended that some of the funds be used for special projects.

- \$30,000 was recommended to be used to help capitalize the Friends Mutual Health Insurance Group, which is now a cooperative, member-owned health insurance plan administered by Everence (a Mennonite non-profit financial services group) that serves hundreds of staff members at Quaker institutions including FGC. The cooperative helps FGC obtain quality health insurance, while adhering to Quaker values.
- It was recommended that some funds be used to help renovate the FGC offices in Philadelphia, which had gone without major improvements for almost 17 years.
- Recognizing how the Cornell gift had positively impacted FGC, Development Committee asked that some money be invested in increased planned giving efforts so that FGC might build additional reserves and have greater programmatic impact long-term.
- Lastly, it was recommended that some of the money be used to help cover the cost of a feasibility study for a possible comprehensive campaign.

Stoking the Spiritual Fire of Quakerism: A Comprehensive Campaign 2007-2014

Based on feedback from Friends over several years, FGC conceived of a number of new programmatic initiatives revolving around youth and outreach. FGC then tested these ideas in a campaign feasibility study to see if Friends might financially support an expansion of our programs. A positive response to that study then resulted in a major fundraising campaign called *Stoking the Spiritual Fire of Quakerism*. Even though the campaign unfolded in the midst of the 2007-8 financial crisis, it was largely successful and deeply impactful. It raised roughly \$6.3 million from almost 2,000 Friends to expand programmatic initiatives and staffing; at our peak in 2009, FGC was 24 full-time equivalent staff. The one part of the campaign that was postponed indefinitely (due to the poor economy) was an endowment for the Gathering, which we hope will be realized in the future. We're extremely grateful to all the donors, volunteers and committee members who helped FGC offer compelling experiences, programs and services to thousands of Friends over the course of the Stoking the Spiritual Fire campaign. By working together, everyone made a tremendous difference.

In approving the Stoking the Spiritual Fire Campaign, Central Committee, the governing body of FGC, was in unity that the great majority of the money raised was to be spent over a relatively short period of time; roughly 5-7 years. The exception, as mentioned above, was to be roughly a million dollars to be raised for a Gathering endowment. This overall campaign structure meant FGC was going to expand programs and staffing significantly during those years and then need to both reduce staffing and programs as the campaign money was used. By spending over a compact amount of time, FGC could have a strong impact in the expanded areas of programming. Since FGC wouldn't know program impact until the programs were expanded, those to be laid down or reduced in size would be decided later as the campaign funds were being depleted.

A Time of Transition 2011-2015

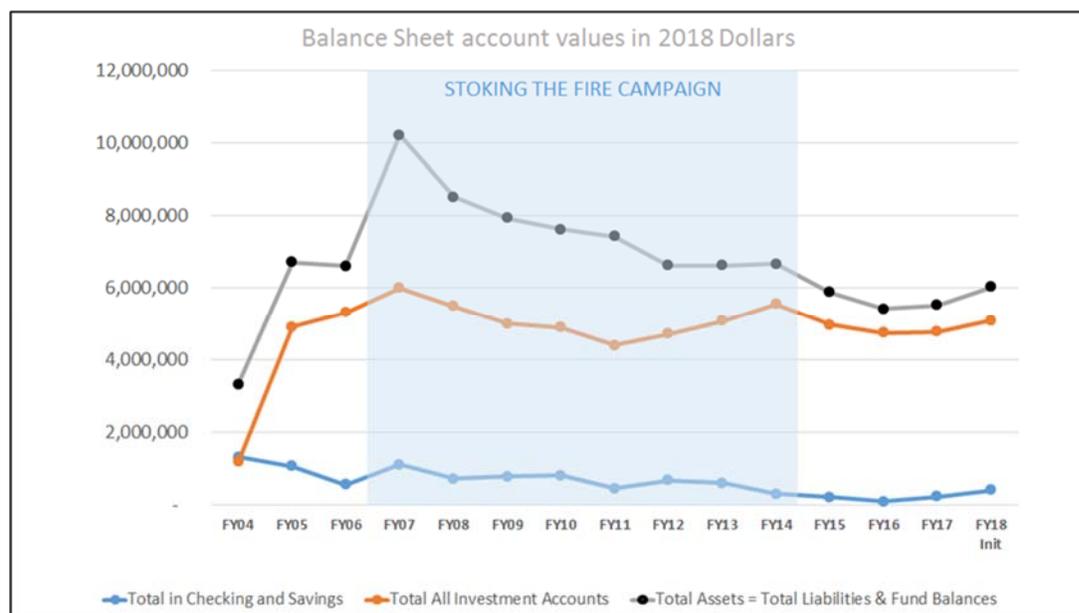
In 2011, FGC had a major leadership change that also corresponded with the Stoking the Fire Campaign approaching its end. While some decisions about program reductions had already been made, there was much more that had to be decided so that FGC might avoid spending beyond the money raised in the campaign; this turned out to be far more difficult than anyone had imagined.

There was a great deal of good being effected by all the new programs and many Friends across our various committees were hopeful that we could keep as much work going as possible. There was also hope that we might extend the duration of The New Meetings project (started 2012) for longer than the original 3 years of funding generously provided by the Shoemaker Fund. As a result, while there were more reductions from 2011-2014, there was also some hope that Friends might support a new major fundraising initiative. This new campaign would allow FGC to hold onto some of the expanded programming from the last campaign, support the New Meetings Project, and also allow us to expand our religious education initiatives. Further, the human toll of laying down programs was very rough on staff and committee members alike. It was hoped that a new campaign might help us stabilize at roughly 18-20 full-time staff with help from our donor base.

Therefore, in 2014-2015 a feasibility study was conducted to see if Friends would support another major fundraising campaign. The feasibility study came back with important news. Some of our donors thought we were coming back to them too soon, that we had too much programming, and that we weren't working as collaboratively as we should with the Yearly Meetings that are FGC. While there were some donors who were supportive, Central Committee reluctantly agreed that there was not enough support to move forward with a campaign at that time.

Steering into the Fiscal Storm 2015-2018

Once it was clear that we couldn't run a campaign, FGC again started trimming programs and staff while working hard to preserve core programs and attempting to reimagine how we serve our Yearly Meetings. It was a very difficult time. Some members of governance thought we moved too slowly. Other members of governance thought we moved too quickly and cut too deeply. The process was challenging. We had to say goodbye to some really wonderful staff members and lost some wonderful committee members as well, due to burn-out and disagreements. We're grateful for everyone's service and for the service of Friends who chose to stay in relationship with one another and FGC, even when they didn't agree with some of the difficult decisions that were made. In the end, with the good faith and commitment of our Clerks, Treasurers, our staff, and the body of Central Committee, we made many of the painful decisions that needed to be made and have now gotten very close, financially, to where we need to be.



As you can see in the chart above, there was a large spike in FGC’s assets due to the Cornell fund in 2004-5 and then again starting in 2006-7 corresponding with the campaign. You can also see that the campaign assets, as planned, were spent down over the next several years. With 2006 as the baseline, you can see that by fiscal year 2014 FGC had essentially spent down the campaign money raised. From 2014-2016, FGC’s balance sheet fell progressively further below our 2006 baseline. Many members of FGC’s governance did not want to see FGC deplete our remaining assets, as we relied on those assets to generate interest and investment income that supported programs long-term. So FGC did the difficult work of trying to reduce our spending to a level our Finance committee considers sustainable. Between the program and staff cuts, along with a very good run in the stock market, you can see that FGC’s asset base finally stabilized and started to grow again in 2016-2017. In fact, our assets are now getting close to what they were before the last campaign.

Going Forward: 2019 and Beyond

While our balance sheet is moving in the right direction, FGC still has work to do from a financial perspective. Our Finance Committee defines sustainability as not taking more than 5% each year from the Cornell Fund--our largest unrestricted fund-- essentially treating it as a restricted endowment. For fiscal year 2018, on a \$1.9 million budget, we missed our sustainability goal by \$22,257, or 1 percent of budget. Close! We were very close. After a few years of dipping hard into reserves, it was a tremendous relief to have made so much progress. Yet, we realize there is still a distance to go. Many Friends have told us that they really want FGC to maintain the level of programs that we currently have, that it makes a very real and positive difference for them. Therefore, we’ve been asking our supporters to help us close this gap so that FGC has a long-term financial stability while providing the programs Friends want. This dialogue is on-going. Thank you to all the Friends who have increased their giving this year as we attempt to reach a completely balanced budget. We’re hopeful that more Friends will choose to support FGC and our vital work this year and in future years.

Also, there are Friends who want FGC to increase our programmatic support for anti-racism efforts in our meetings and within FGC itself. As a result, in January 2019 Executive Committee increased staff time for anti-racism efforts to help us all do the work that will move FGC toward becoming an anti-racist organization. We understand the moral imperative of this work. While this adds \$20,000-30,000 in this fiscal year, we're building relationships around this issue that we hope will convert into sustainable funding for anti-racism efforts in the coming years.

Lastly, FGC has believed since before the Stoking the Spiritual Fire campaign that our flagship event, the Gathering, should have an endowment. The event is now 118 years old and astonishingly, we've never established a permanent endowment to help support it. At the 2018 Central Committee session, we changed that. Central Committee approved the formation of an endowment specifically for the Gathering. This means we have a container now into which we can, over the coming years, place dedicated gifts for the Gathering. Our hope is that the long-term build-up of endowment funds will allow us to lower the cost of the Gathering for participants and ensure the Gathering continues to have impact in its second century and beyond

In Closing

Many of us have learned that if there is another campaign in FGC's future, it should be structured differently than the last one. While we know there will be interest from some donors to fund expanded, short-term, high impact work, we believe many donors will be attracted to funding long-term endowments. While endowments won't allow us to expand as quickly or have as much immediate effect, they are far more stable and would allow us to have expanded impact over a very long time period. As an organization that's now 119 years old, serving a spiritual tradition that's almost four centuries old, we're hoping to strengthen FGC long term.

While we recognize that responsibly managing our finances is a priority and we've expended tremendous energy to make FGC far more sustainable than it was just three years ago, we also affirm that our purpose is not primarily to balance our books. Our purpose is to support and strengthen our yearly and monthly meeting members by enriching the lives of Friends through a variety of programs, events, materials and services, while also sharing stories of the good work that's happening within our affiliated meetings. As an organization, we're committed to listening to Spirit and the voices of Friends to understand the ministries that we are called to undertake. We know that those ministries are only possible because of the partnerships we have between volunteers, staff, yearly meeting leadership and donors across the Religious Society of Friends. If you are or have been a donor, a volunteer, a committee member, a staff member, or organizational partner, we thank you. Thank you for your service that has sustained the good work that we are called to do together. By doing the hard work that needed to be done (however imperfectly), FGC is now more financially sustainable while maintaining many of the programs such as the Gathering, anti-racism efforts, and religious education initiatives that you value. We hope you will share with Friends in your monthly and yearly meeting how important financial contributions are to FGC so we can continue to move in the right direction and fulfill our shared mission.