

FWCC SoA Treasurer's Report to Section Meeting March 2021

I stepped into this role two years ago following Nancy Wallace as SoA Treasurer. Our previous treasurer was a fine role model and mentor, and Nancy's presence among us is surely missed. I am grateful for Nancy's guidance as well as the support of former treasurer Gayle Matson. Heather Gosse also has been patiently helping me learn the ropes as I seek to understand the intricacies of the system.

The treasurer meets regularly with the Finance Committee and with the Executive Committee. One role of the treasurer is to pull together from the details of the financial reports the Big Picture for the Executive Committee as well as to help discern the pertinent details the committee requires for decision making. For this report to the Representatives, I will attempt to do the same as we review the financial highlights of the past two years.

Looking Back

Audited Figures for Fiscal Year 2020 (5/1/2019-4/30/2020)

Our financial records are audited every two years with the work completed in the year prior to the Section Meeting. Again, and as expected, the auditors gave the organization a clean opinion. We appreciate the concern for accuracy on the part of staff and bookkeepers. The audited financial statements for the fiscal year ending April 30, 2020 are available on the SoA website: https://fwccamericas.org/docs/financial_statements_2020.pdf.

It is useful to compare year-end figures from the last fiscal year to where we are in the current fiscal year, *remembering that we still have 4 months to go*.

FY 2020 as of 4/30/20		FY 2021 as of 12/31/20
Contributions	411,591	166,819
Grants	5,200	92,300
Other income	1,063	25
Investment income	54,717	54,336
Total ordinary income:	\$ 472,571	\$ 313,480
Programs in the Americas	150,248	124,183
Accrued Obligations to the World Office	95,800	41,732
Administration	94,633	56,009
Fundraising	<u>102,171</u>	<u>78,554</u>
Total ordinary expense:	\$ 442,852	\$ 300,478
Net income	\$ 29,721	\$ 13,002
Assets	1,731,984	2,023,585
Liabilities	<u>191,026</u>	<u>161,570</u>
Net Assets	\$ 1,540,958	\$ 1,862,015

Investments

The SoA's investments are held at Friends Fiduciary, the Quaker non-profit investment management firm. In addition to historically screening investments for a variety of social issues, Friends Fiduciary recently committed to divesting from all fossil fuel related investments, leading them to discontinue their Quaker Green Fund, merging it with the Quaker Growth and Income Fund. We are happy to report that this means all our investments with Friends Fiduciary are now fossil fuel-free and consolidated in one fund.

The new version of the Quaker Growth and Income Fund has a slightly more aggressive asset allocation than the previous version of the fund: 22% fixed income securities; 5% real estate; and 73% equities. This new allocation exceeds the equities target described in the Section's investment policy statement, which specifies a range of 60-65% equities and 35-40% fixed income securities. The investment subcommittee, in consultation with the staff and with the finance committee, recommended maintaining about \$133,000 currently held with Northwestern Mutual to redress this imbalance. Those funds are in a guaranteed insurance contract with a minimum annual rate of return of 3.5%, a guaranteed rate we are unlikely to find anywhere else. Note that actual cash flow management decisions regarding whether to pull needed funds from Friends Fiduciary or from Northwestern Mutual will depend in part on future fluctuations in the stock market at the time funds are needed. The Executive Committee supports this recommendation.

CARES Act Funding

We received early funding from the federal CARES Act to cover staffing expenses for a 3-month period under the Payroll Protection Program (PPP) in May 2020. Additional funding was received from the second round. These loans, which we expect to be forgiven, have supplemented donations and investment income to ensure adequate cash flow to cover expenses in the current fiscal year.

Looking Ahead

Budget Process

Our normal practice is to present a two-year budget to the Section Meeting for approval. The Finance Committee in consultation with staff can propose a revised budget to the Executive Committee for the second year if circumstances warrant. Considering the pandemic restrictions on travel, in-person committee meetings, and fundraising, we considered modifying the budget for the current fiscal year; however, there were too many uncertainties to permit a reasonable projection. We determined to do our best to keep expenses down while providing program using grant money. The Finance Committee also formed a Cash Flow subcommittee to monitor income from contributions and investments and to strategize other sources of cash if needed. This has been a very useful exercise.

The Budget Subcommittee and the Finance Committee have developed a budget for the next fiscal year beginning May 1, 2021. Utilizing scenario planning work by the Executive Committee, projected investment income, projected donations, and many other elements, the proposed budget you will see is our best forecast as to the financial needs of the Section in the

next 12 months. Lori Laub, co-chair of the Finance Committee, will present it to the Section Meeting.

Summary

Given the global pandemic travel restrictions and other societal and political disruptions, FWCC SoA is doing well financially. We have resources set aside for a rainy day, but as of now we have not needed to access them. Robin, Heather, and Nancy Martino have been proactive in identifying and procuring sources of funding and in managing the funds available. We are very fortunate to have them at the helm of our Section.

This report is being compiled in early February 2021; I expect to have updated figures and additional details to share with you at the Section Meeting in March.

Beverly Kirk Shull, Treasurer