

FRIENDS GENERAL CONFERENCE

FINANCIAL STATEMENTS

YEAR ENDED SEPTEMBER 30, 2020



**FRIENDS GENERAL CONFERENCE
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YEAR ENDED SEPTEMBER 30, 2019**

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

The Central Committee
Friends General Conference
Philadelphia, Pennsylvania

We have reviewed the accompanying financial statements of Friends General Conference (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me (us) to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, I am (we are) not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

J. Miller & Associates, LLC

J. MILLER & ASSOCIATES, LLC

Philadelphia, Pennsylvania
July 13, 2021

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**FRIENDS GENERAL CONFERENCE
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS AT SEPTEMBER 30, 2019)**

	2020	2019
		(Audited)
ASSETS		
Cash and cash equivalents	\$ 1,295,565	\$ 636,978
Accounts receivable	-	3,507
Accounts receivable - employees	8,447	3,575
Inventory	63,000	63,000
Prepaid expenses and other	21,184	29,236
Investments	3,557,228	3,895,876
Property and equipment, net	263,394	297,827
Beneficial interest in charitable remainder trusts	172,000	172,000
Beneficial interest in perpetual trusts	383,700	368,000
TOTAL ASSETS	\$ 5,764,518	\$ 5,469,999
LIABILITIES		
Accounts payable and accrued expenses	\$ 69,460	\$ 58,218
Deferred revenue	2,451	22,078
Loan payable	200,200	-
TOTAL LIABILITIES	272,111	80,296
NET ASSETS		
Without Donor Restrictions	4,838,802	4,084,551
With Donor Restrictions	653,605	1,305,152
TOTAL NET ASSETS	5,492,407	5,389,703
TOTAL LIABILITES AND NET ASSETS	\$ 5,764,518	\$ 5,469,999

See accompanying Notes to Financial Statements.

**FRIENDS GENERAL CONFERENCE
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019)**

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total (Audited)
REVENUE AND SUPPORT				
Contributions and grants	\$ 668,495	\$ 29,083	\$ 697,578	\$ 706,834
Gathering program service fees	215,393	-	215,393	600,425
Distribution sales (net of cost of goods sold of \$66,577)	36,972	-	36,972	46,653
Other	49,444	-	49,444	56,136
Net assets released from restrictions	35,694	(35,694)	-	-
Total revenue and support	<u>1,005,998</u>	<u>(6,611)</u>	<u>999,387</u>	<u>1,410,048</u>
EXPENSES				
Program services	774,478	-	774,478	1,135,252
Supporting services				
Management and general	495,145	-	495,145	457,972
Fundraising	291,275	-	291,275	293,396
Total expenses	<u>1,560,898</u>	<u>-</u>	<u>1,560,898</u>	<u>1,886,620</u>
Change in net assets before other changes	<u>(554,900)</u>	<u>(6,611)</u>	<u>(561,511)</u>	<u>(476,572)</u>
OTHER CHANGES				
Investment income	648,515	-	648,515	67,117
Net assets reclassified as without donor restrictions	660,636	(660,636)	-	-
Changes in value of beneficial interest in charitable remainder trusts	-	15,700	15,700	20,000
Total other changes	<u>1,309,151</u>	<u>(644,936)</u>	<u>664,215</u>	<u>87,117</u>
CHANGE IN NET ASSETS	754,251	(651,547)	102,704	(389,455)
NET ASSETS				
Beginning of year	<u>4,084,551</u>	<u>1,305,152</u>	<u>5,389,703</u>	<u>5,779,158</u>
End of year	<u>\$ 4,838,802</u>	<u>\$ 653,605</u>	<u>\$ 5,492,407</u>	<u>\$ 5,389,703</u>

See accompanying Notes to Financial Statements.

**FRIENDS GENERAL CONFERENCE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019)**

	PROGRAM SERVICES							Total Program Services	Management and General Fundraising	2020 Total	2019 Total
	Distribution and Gatherings	Spiritual Deepening	Quaker Cloud	Ministry on Racism and Youth	Other Programs						
Salaries	\$ 152,495	\$ 51,484	\$ 74,445	\$ 14,079	\$ 81,576	\$ 47,017	\$ 421,096	\$ 176,104	\$ 156,275	\$ 753,475	\$ 720,005
Payroll taxes	11,658	3,725	5,486	1,034	6,125	3,464	31,492	12,624	11,664	55,780	55,829
Employee benefits	50,507	25,403	18,683	4,652	15,989	11,097	126,331	73,127	51,098	250,556	189,769
Temporary help	-	-	-	-	-	-	-	241	-	241	20,506
Staff training	-	-	-	-	250	-	250	1,070	585	1,905	2,320
Advertising	1,100	381	711	-	660	4,801	7,653	18,892	522	27,067	11,325
Bank and credit card fees	3,432	123	-	-	-	35	3,590	2,213	2,410	8,213	12,008
Condominium fees	-	-	-	-	-	-	-	36,117	-	36,117	34,859
Contracted Services	12	129	482	33,480	69	1,210	35,382	50,784	1,343	87,509	104,821
Depreciation	6,164	2,547	2,482	1,202	2,544	2,145	17,084	10,924	6,425	34,433	34,433
Insurance	500	-	-	-	-	300	800	7,425	-	8,225	8,450
Postage and mailing	557	17,497	33	-	38	289	18,414	2,282	7,130	27,826	36,476
Printing	3,471	7,907	263	-	77	179	11,897	1,291	24,448	37,636	35,750
Professional fees	800	1,500	4,682	-	-	11,285	18,267	17,711	20,443	56,421	97,012
Repairs and maintenance	-	-	-	-	-	-	-	19,068	491	19,559	25,452
Room and board	-	-	-	-	470	500	970	38,494	33	39,497	295,139
Software	1,528	1,653	3,338	48	13	4,509	11,089	7,793	10	18,892	7,926
Supplies	196	34	46	-	51	261	588	2,370	222	3,180	5,972
Telephone	608	201	-	-	410	-	1,219	5,547	120	6,886	7,098
Travel	8,612	453	1,368	-	6,360	7,327	24,120	6,905	8,056	39,081	85,244
Utilities	-	-	-	-	-	-	-	4,163	-	4,163	5,067
Other program costs	37,782	2,433	500	-	683	2,838	44,236	-	-	44,236	55,380
Bad debt expense	-	-	-	-	-	-	-	-	-	-	35,779
Total expenses	\$ 279,422	\$ 115,470	\$ 112,519	\$ 54,495	\$ 115,315	\$ 97,257	\$ 774,478	\$ 495,145	\$ 291,275	\$ 1,560,898	\$ 1,886,620

See accompanying Notes to Financial Statements.

**FRIENDS GENERAL CONFERENCE
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019)**

	<u>2020</u>	<u>2019</u> (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 102,704	\$ (389,455)
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	(603,578)	(35,383)
Change in value of beneficial interest in charitable remainder trusts	(15,700)	(20,000)
(Increase) decrease in		
Accounts receivable	3,507	(3,507)
Accounts receivable - employees	(4,872)	-
Contributions receivable	-	56,679
Prepaid expenses and other	8,052	5,952
(Increase) decrease in		
Accounts payable and accrued expenses	11,242	(162,796)
Deferred revenue	(19,627)	(7,454)
Net cash used for operating activities	<u>(483,839)</u>	<u>(521,531)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(428,343)	(605,301)
Proceeds from sale of investments	1,370,569	1,053,395
Net cash provided by investing activities	<u>942,226</u>	<u>448,094</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds	200,200	-
Net cash provided by financing activities	<u>200,200</u>	<u>-</u>
Net change in cash	658,587	(73,437)
CASH		
Beginning of year	<u>636,978</u> \$	<u>710,415</u>
Ending of year	<u><u>1,295,565</u></u> \$	<u><u>636,978</u></u>

See accompanying Notes to Financial Statements.

**FRIENDS GENERAL CONFERENCE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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.

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

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.

**FRIENDS GENERAL CONFERENCE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Charitable Remainder Trusts

The beneficial interest in charitable remainder trusts is reported at the fair value of the related assets less the present value of the payments expected to be made to other beneficiaries.

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, 2020**

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	\$ 1,295,565
Accounts receivable	8,447
Total	<u><u>\$ 1,304,012</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, 2020**

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.

<u>Description</u>	<u>Total</u>	Quoted Prices In		Significant Unobservable Inputs Level 3
		Active Markets for Identical Assets Level 1	Significant Other Observable inputs Level 2	
Investment Portfolio:				
Fixed income securities	\$ 435,895	\$ -	\$ 435,895	-
Units in the Quaker Growth and Income Fund of Friends Fiduciary Corporation	309,344	-	309,344	-
Common stocks	2,811,989	2,811,989	-	-
Total Investments	3,557,228	2,811,989	745,239	-
Beneficial interest in charitable remainder trusts	172,000	-	-	172,000
Beneficial interest in perpetual trusts	383,700	-	-	383,700
	<u>\$ 4,112,928</u>	<u>\$ 2,811,989</u>	<u>\$ 745,239</u>	<u>\$ 555,700</u>

**FRIENDS GENERAL CONFERENCE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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>(879,141)</u>
	<u><u>\$ 297,827</u></u>

Depreciation expense for the year ended September 30, 2020 was \$34,433.

NOTE 7 BENEFICIAL INTEREST IN CHARITABLE REMAINDER TRUSTS

The Organization has been named as remaining beneficiary of several irrevocable charitable remainder trusts 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 amounts of the remainder and payments to be made to the lead beneficiaries are estimated and have been reduced to present value.

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 \$127,920 to the plan for the year ended September 30, 2020. Separate projected benefit liabilities and asset information are not determinable with respect to the Organization's participation in the plan.

**FRIENDS GENERAL CONFERENCE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

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 is subject to forgiveness if the Organization has sufficient payroll, utilities, and other specified expenses. See Note 12 for Subsequent Event.

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	\$ 10,155	\$ 11,183	\$ 1,975	\$ 19,363
Gathering "Next Year"	9,657	10,000	9,657	10,000
Publications Growth Fund	41,535	7,000	-	48,535
All other	43,169	900	24,062	20,007
Total Purpose Restrictions	104,516	29,083	35,694	97,905
Time restrictions:				
Beneficial interest in charitable remainder trusts	172,000	-	-	172,000
Beneficial interest in perpetual trusts	368,000	15,700	-	383,700
Total Time Restrictions	540,000	15,700	-	555,700
Total	<u>\$ 644,516</u>	<u>\$ 44,783</u>	<u>\$ 35,694</u>	<u>\$ 653,605</u>

During the year ended September 30, 2020, management determined that \$660,636 of net assets with donor restrictions should be reclassified to net assets without donor restrictions. The reclassification is shown in the statement of activities.

**FRIENDS GENERAL CONFERENCE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020**

NOTE 12 SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 13, 2021 the date on which the financial statements were available to be issued.

In March 2020, the PPP loan was forgiven by the Small Business Administration (see Note 10). In fiscal year 2021, the forgiveness of the loan in the amount of \$200,200 will be recognized as federal grant revenue.