

Report from the Ad Hoc Strategic Planning Committee

4 March 2023

Committee purpose: This committee was formed in response to the Minute of 5/20/17 Rep Body Meeting requiring a 5-Year assessment of the status of NCFE remaining within NCYM, Inc. or separating as an independent Yearly Meeting (Full 5/20/17 Meeting Minutes follow, see *State of the NCFE: Reorganizational Update*, approval “c”).

North Carolina Fellowship of Friends

We are a Christ-centered fellowship of Quaker Meetings and we affirm the autonomy of each Meeting in Quaker Faith and Practice

Minutes from NCFE Meeting for Business at Winston-Salem Friends Meeting
10:00 A.M, Saturday, May 20, 2017

Meetings Represented: Ararat, Jamestown, Winston Salem, Forsyth, Spring, New Garden, Mount Airy, First Friends

Regrets: Scott Wagoner, Frank Massey, Joshua Brown, Clarence Mattocks

Devotional: Silent Reflection

Minutes: Approved

Agenda: Approved

1. State of the NCFE: Reorganizational update.

Mark Farlow presented a comprehensive Power Point presentation reviewing the planned reorganization. This included the financial and legal implications for NCFE as well as its status within what will be the NCYM Society of Friends, Inc. This raised many expressions of concern and a sense that the NCYM Society of Friends, Inc. was continuing to control our freedom of ministry through an overly-regulated control of designated funds. A discussion followed on the benefits of complete separation versus accepting the restrictions and limitations that the proposed re-organization plan required. The group paused in silence to seek Spiritual guidance. Upon continued discussion the gathered NCFE Representative Body held that our identity as, and commitment to, a Christ-centered ministry exceeded the perceived monetary and other organizational disadvantages reflected in the current re-organization plan. It was decided that the earliest opportunity to advance our growth and freedom of ministry would be arrived at by accepting the proposed plan (contingent upon clarification and adjustment of those points noted below) and working through the transition period. With this understanding the NCFE members will make a good-faith attempt to meet their financial obligations to the NCYM through the end of the 2017 calendar year.

Approved: Acceptance of the proposed re-organization plan contingent on the clarification and modification of the following:

- a. Request that there be a clear explication of "moral turpitude" that specifically excludes homosexuality and gay marriage.
- b. More exact language regarding when audits are due and stipulation that they must be by an independent CPA.
- c. Provision be made for a 5-year review to assess the status of NCFE within NCYM Society of Friends, Inc. with the option to separate into an independent Yearly Meeting.

2. Dottie Hobbs (Spring Friends Meeting) has been recommended to the NCYM transitional board but Spring has not joined NCFE. Recognizing that NCFE previously approved individual

membership, Dottie requested membership for herself and her husband, Grimsley. This was **approved**.

3. Concern was raised about the lack of a non-discrimination language in the NCYM Society of Friends, Inc. by-laws. There was no movement to challenge this, however, a request was made for NCFE to adopt an official non-discriminatory position and statement. This was **approved**. (A statement will be presented at the next meeting for approval).

4. It was recognized that NCFE would best be served by acquiring the continued services of a bookkeeper who is independent from the NCYM Society of Friends, Inc. This was **approved**.

5. Finances -- Treasurer's Report from Clarence Mattocks -- \$700

6. Report from Visioning Committee Deferred

7. Report from nominating committee Deferred

8. Organizational action -- Frank Massey was nominated to be Clerk of the North Carolina Fellowship of Friends. This was **approved**.

9. Other business--

a. Mark Farlow reported that the North Carolina Department of the Secretary of State has granted the *North Carolina Fellowship of Friends* official legal/business status.

b. Mark also offered that in addition to meeting the \$20/member charge for Quaker Lake that NCFE propose to the NCYM that we establish an endowment fund for QL that would include another \$10/member with the intended goal of hastening its financial independence. This was **approved**.

c. Mark asked for approval to seek a waiver from NCYM Society of Friends, Inc that all NCFE meetings be released from obligations to repay the Williams fund if they find they withdraw from NCFE in the future. This was **approved**.

c. Lisa Lundeen asked that a minute of appreciation be included acknowledging the gratitude of NCFE for Mark's and Jack's commitment and hard work in the initial organizing and shepherding of NCFE into a viable organization. This was **approved**.

With all hearts and minds clear, the meeting was adjourned.:

Next Meeting: Saturday, June 24th, 10. A.M. **Location:** Forsyth Friends Meeting

Respectfully submitted,

Mark Farlow and Jack Ciancio, co-facilitators

Committee objective: Provide NCFE Representative Body the objective results of its assessment so that Rep Body can make an informed decision as to the future status of NCFE in relation to the NCYM, Inc. No recommendations are implied.

Background: In 2017, in an effort to prevent an explicit "split" of the NCYM, a plan was devised by a select committee of the NCYM to divide the YM into two parts, NCFE and what is now FCNC (Friends Church of North Carolina), under the administrative authority of NCYM, Inc. However, the proposal did create an explicit split with ownership of NCYM, Inc. based on the number of what was then the NCYM Monthly Meetings in each group NCFE (25%) and FCNC (75%). NCFE is bound to FCNC only by co-ownership of assets, e.g. as a divorced couple that co-owns a beach house.

NCYM, Inc is a corporate entity setup to assume ownership and administer property of North Carolina Yearly Meeting, which was dissolved. NCYM, Inc cannot exist unless it is owned by a group(s) of independent churches. NCYM, Inc owns:

- Trust Funds through a subsidiary, NCYM Funds, LLC
- Quaker Lake Camp through a subsidiary, Quaker Lake Camp, LLC
- and possibly a few cemeteries.

Quaker Lake Foundation is an independent entity that was formed to fund Quaker Lake with the intention of making Quaker Lake Camp fully independent from NCYM, Inc. At the time, a target of \$5 million was expected to be raised within 5 years to provide enough annual income for QLC operations and maintenance. (*Note: QLC has not yet achieved independent status. In those 5 years NCFE has contributed roughly \$100,000 to the QLC/Foundation*).

All of the original Trust funds were designated for ownership by the North Carolina Yearly Meeting. If NCYM dissolved, the funds would have to be returned to the donors' families. However, many of the funds were set up by people without heirs or whose extended families would be difficult to trace. Rather than make the effort, NCYM, Inc was set up to assume the trust funds using "NCYM" in the name to give it the appearance of legality. It was admitted in that NCYM Rep Body that this would not withstand legal review, therefore it proceeded only because no one objected.

NCFE gets a portion of Trust Fund money annually as long as it pays into NCYM, Inc. a certain amount to cover a portion of the operating expenses of both NCYM, Inc. and Quaker Lake. As part of the creation of NCYM, Inc. it was agreed that NCFE, on its own initiative, began contributing to the Quaker Lake Foundation at a rate of \$10 per person per year and challenged FCNC to do the same.

The Committee's Findings:

- 1) There is no legal agreement or contract binding NCFE to NCYM, Inc. or obligating it to continue operating as it has for the last 5 years. All the stipulations, parameters, etc were included in the Minutes of the YM session when the deal was finalized, not in a signed legal business contract.
- 2) As part-owner (25%) of NCYM, Inc. NCFE should be entitled to part of the Trust funds even if it chooses to separate.
- 3) Sample of financials: This will give you an idea of how NCFE funds are distributed:

In 2022 NCFE received from NCYM, Inc. \$70,181 from trust funds and \$33,000 from *askings*. Then NCFE was obligated to pay NCYM, Inc.: to QLC: \$19,520; to NCYM, Inc.: \$10,870 = \$30,791 (*Note: NCFE askings barely cover what it pays out to NCYM, Inc.*)

Based on these financials if NCFE leaves NCYM, Inc. it would keep \$63,390 in askings to use for Quaker Lake operations and NCYM, Inc. administration and give up \$70,181 in trust fund revenue for a net loss of \$6,791. Note that the agreement that formed NCYM, Inc. specifically allows trust fund income to be used for a purpose other than the covenant of that trust. For

example, if a trust fund was established for evangelism and we do not pay our askings to NCYM, Inc., the money earmarked for evangelism may be used to pay for NCYM administration.

Possible options open for NCFF include:

1) Maintain business as usual with no change.

2) Declare our separation to be effective on a future date—make no more payments and, as an independent part-owner, begin negotiating with NCYM, Inc on distribution of assets. This is strictly a business management separation giving NCFF total control of its assets and future. NCFF would still maintain its representation in larger organization, e.g. FUM, FCNL, etc. It would neither affect the business or ministry of its member Monthly Meetings, the relationship between those Monthly Meetings and NCFF, nor would it affect any sincere relationships between NCFF Meetings and any Friends Church. It would require assuming the necessary costs of doing business, e.g., accounting.

(Note: An option to this option is to direct the Trustees of the Trust funds to move NCFF's portion of the trust funds to Friends Fiduciary Trust, before announcing NCFF's intention to complete the separation. The most difficult questions will relate to the ownership of Quaker Lake and whether it still intends to become fully independent.)

3) Re-negotiation of the existing financial arrangement to better serve the best interests of NCFF—this should include a full and accurate independent accounting. If this cannot be done in a timely manner then see option 2 above.

4) Continue as part of NCYM, Inc. but cease paying part of the NCFF current obligations, e.g., not paying for QL. If NCFF chooses this option NCYM, Inc. would withhold that amount from what NCFF gets from the Trust Funds.

Respectfully submitted:

Jack Ciancio, Clerk

Members: Scott Wagoner, Marcie Newell, Cassandra Israel, and Alicia Sharp with significant contributions from Mark Farlow, Clarence Mattocks, Frank Massey