

North Carolina Yearly Meeting  
of the Religious Society of Friends, Inc.  
2018 Annual Meeting  
November 3, 2018

Don Farlow, Presiding Clerk, welcomed everyone to the NCYM, Inc. Annual Meeting. He reminded the Body this was an Annual Meeting not Annual Sessions.

Clerk recognized a Board member, Kevin Smitherman, for devotions.

Opening Minute/Devotional

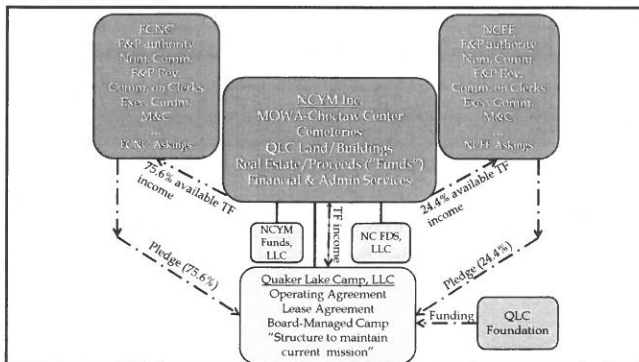
Kevin Smitherman

Kevin shared from II Samuel 24:24 that King David realized he must pay for what he needs in order to honor and praise the Lord. Kevin likened that to the fact that we come today to share and learn about the blessings we have received from the Lord and to determine that we have used all to His glory. He closed with prayer.

Following devotions, Don gave an overview of the Structure for the North Carolina Yearly Meeting of the Religious Society of Friends, Inc. (as approved by NCYM Friends in Annual Session August 5, 2017; Effective January 1, 2018)

NCYM, Inc.  
[an integrated auxiliary  
of two associations of churches (meetings)]

The NCYM, Inc. Board is comprised of six members each from North Carolina Fellowship of Friends and Friends Church of North Carolina. NCYM, Inc. exists to support the ministries and missions of Friends in North Carolina through these two associations of churches (meetings) and the subsidiaries and committees of NCYM, Inc.



In review of the organizational structure, Don pointed out that an LLC gives maximum protection of funds under the care of NCYM, Inc. He further pointed out that the percentages along the broken lines of the chart are the rates at which the two Associations contribute to Quaker Lake Camp and financial management services and receive the income from endowment funds.

**Responsibilities of NCYM, Inc.**

- ☐ Oversight of Quaker Lake Camp, LLC Operating and Lease Agreements (ownership land/buildings)
- ☐ Oversight of NCYM Funds, LLC Operating Agreement and distribution of Funds income
- ☐ Oversight of trust fund income expenditure in compliance with covenants/donor wishes by FCNC and NCFE
- ☐ Establish future structure for:
  - Friends Disaster Service
  - MOWA Choctaw Friends Center
  - Friends Cemetery Committee (Cemeteries owned/under the care of NCYM, Inc.)
- ☐ Conclude sale of former Spring Garden Meeting and NCYM office properties (through incumbent Trustees) and investment of proceeds as undesignated trust funds via NCYM Funds, LLC
- ☐ Conduct Annual Meeting with mutual reporting by all entities, including NCFE and FCNC

**NCYM, Inc. Board**

- ☐ Twelve-member Board with six members each from FCNC and NCFE
- ☐ Initial Board approved in 2017 Annual Session for a five-year term
- ☐ Subsequently, three-year staggered terms with two trustees from each association rotating off each year
- ☐ Two successor trustees will be appointed by each association each year (after the initial five years) to replace those rotating off.

**NCYM, Inc. Board  
2018 - 2022**

- |                     |                      |
|---------------------|----------------------|
| ☐ Bill Davis        | ☐ David Briles       |
| ☐ Ken Hill          | ☐ Don Farlow         |
| ☐ Quinn Jordan      | ☐ Mary Anna McCullen |
| ☐ Frank Massey      | ☐ Judy Ritter        |
| ☐ Carolyn McPherson | ☐ Kevin Smitherman   |
| ☐ Carl Semmler      | ☐ Gwen Taylor        |

Initial Board – Approved in Annual Session for a five-year term

**2018 NCYM, Inc. Board Officers**

- ☐ Clerk – Don Farlow
- ☐ Assistant Clerk – Carl Semmler
- ☐ Recording Clerk – Carolyn McPherson
- ☐ Assistant Recording Clerk – Judy Ritter
- ☐ Treasurer – Gwen Taylor
- ☐ Assistant Treasurer – Quinn Jordan

*Terms are for one year.*

**NCYM, Inc. Board Meetings**

- ☐ October 28, 2017
- ☐ January 13, 2018
- ☐ March 10, 2018
- ☐ April 28, 2018
- ☐ July 28, 2018
- ☐ October 13, 2018
- ☐ Annual Meeting\* - November 3, 2018 at 10 a.m.  
Quaker Lake Camp

\* Mutual reporting: NCYM, Inc., QLC, Funds, FDS, MOWA, Cemeteries, FCNC, NCFE  
*Average of 10 members present at each Board meeting.*

**NCYM Pension Plan Buyout Costs**

Retiree Funding Costs -----	\$5,272,386.66
<u>Stanley Benefits (actuarial costs) ---</u>	<u>\$ 25,150.00</u>
Total Retiree Plan Costs ---	\$5,297,536.66
<u>Total Available Retirement Funds --</u>	<u>\$5,290,972.91</u>
<u>Underfunded Buyout Costs ---</u>	<u>\$ 6,563.75</u>

**2017-2018 NCYM/NCYM, Inc.  
Transition Costs (thru 9/30/18)**

Underfunded Buyout Costs -----	\$ 6,563.75
Expert Costs (legal) -----	\$106,019.78
<u>SGFM/"Haworth" 2018 Costs (ins., maint., util., ...) --</u>	<u>\$ 13,899.35</u>
Total Transition Costs* -----	\$ 126,482.88

**2017-2018 NCYM/NCYM, Inc.  
Transition Costs thru 9/30/18**

\*Paid from the NCYM/NCYM, Inc. Operating Account. A transition fund was approved in June 3, 2017 Rep Body and August 5, 2017 Annual Session, should funds be required beyond the Operating Account. This transition fund included funds from the former Church Extension Loan Fund and, as necessary, drawing from the proceeds of the sale of the real estate. When the transition is complete, the balance of these funds will function as an undesignated trust fund, with the income benefiting the Associations.

**NCYM "Balance Forward" Accounts**

"Balances Forward" Reinvested (NCYM Funds, LLC) -----	\$435,393.56
"Balances Forward" to committee operating accounts -----	\$119,294.57
<u>"Balances Forward" (no TF's) to Inc. ops. accn't* -----</u>	<u>\$ 28,457.18</u>
Total "Balances Forward" -----	\$583,145.31

\*To aid with transition costs

*Clerk recognized Gwen Taylor, NCYM, Inc. Treasurer, to give the Treasurer's report.*

**NCYM, Inc. Treasurer**

**Gwen Taylor**

**NCYM/Trustees of Trust Funds  
2017 Fiscal Year Audits**

- ☐ NCYM Fiscal Year - January 1 through December 31
- ☐ Trustees of Trust Funds Fiscal Year - April 1, 2017 through March 31, 2018
- ☐ Both audits conducted by the same certified public accountants/auditing firm.
- ☐ The fiscal year for NCYM Funds, LLC is being modified to be consistent with NCYM, Inc. effective January 1, 2019. (The 2018 Fiscal Year for NCYM Funds, LLC will consist of nine months.)

*Gwen explained that, upon completion of the audit, a Management letter is received. The recommendations therein are intended to strengthen our financial management practices.*

**Auditor's Opinion  
NCYM 2017 Fiscal Year Audit**

"In our opinion, the financial statements referred to above present fairly, in all material aspects, the assets, liabilities, and net assets arising from cash transactions of the North Carolina Yearly Meeting for the year ended December 31, 2017...."

Councilman, Farlow, Marlowe and Company  
Certified Public Accountants and Advisors

**2017 NCYM Audit Review**

Recommendation 1 (only item). "One employee should open the mail, make a control list of all receipts, and restrictively endorse all items received as 'for deposit only.' ... The control list should be maintained separately from the individual who processes and deposits the checks."

"Someone who does not otherwise handle receipts should compare the deposit to the control list of receipts to ensure that all funds on the receipts were deposited."

**2017 NCYM Audit Review**

Response: As you know, NCYM has had only one employee, the Financial Manager, other than the interim superintendent for the past two plus years. However, the Quaker Lake Camp Director reconciles all of the Camp accounts with the Financial Manager on a regular basis.

Also, with the same firm auditing both NCYM and Trustees of Trust Funds activity, consistency of trust fund income receipt and dispersal is assured.

Additionally, with the primary source of funding being Askings from the NCYM member meetings, income is reported on a monthly basis via the Treasurer's report, making any unusual activity in this area quite visible.

**2017 NCYM Audit Review**

Response (cont.):

Lastly, the NCYM, Inc. Treasurer/ Assistant Treasurer signs all NCYM, Inc. checks.

Going forward, online access is being made available to all entity Treasurers (Friends Church of North Carolina; North Carolina Fellowship of Friends; NCYM, Inc.; Quaker Lake Camp, LLC; etc.) for their review of account activity and to facilitate reconciliation. The appropriate Treasurer/ Assistant Treasurer signs all entity checks.

**2018 NCYM, Inc.  
Budgeted Expenses\***

Budgeted Expenses after Reorganization	
Financial Manager's Salary	\$55,231
Insurance Supplement	\$5,200
Social Security	\$4,592
Office Expense	\$10,000
Trust Funds Audit	\$10,000
Office Rental	\$12,000
Contingency	\$1,977
<b>TOTAL Budgeted NCYM Inc. Expenses</b>	<b>\$99,000</b>

\*Approved in NCYM Representative Body 6/3/17 with instruction to add cost of Financial Manager office rental in lieu of utilizing QLC.

**2018 NCYM, Inc.  
Budgeted Income\***

Allocation of Expenses		
Entity	Allocated Fee	%-age
FCNC (receive approx. 75.6% of TF income)	\$33,680	34.0%
NCFE (receive approx. 24.4% of TF income)	\$10,870	11.0%
Quaker Lake Camp	\$24,750	25.0%
Friends Disaster Service	\$ 4,950	5.0%
MOWA-Choctaw	\$ 4,950	5.0%
Trustees of Trust Funds (NCYM Inc.)	\$19,800	20.0%
Total	\$99,000	100.0%

**2018 NCYM, Inc.  
Budget Performance YTD 9/30/18**

**Income:** \$66,825.00

**Expenses:** \$82,396.59

**Factors:**

- Hilltop not sold (utilities - \$7.3K; insurance -\$5.3K)
- Copier lease (2 more years @\$4.8K; did not go to QLC)
- 2017 audit above budget (~\$3.5K due to transition)
- Nothing paid by MOWA/FDS as of 9/30/18 (\$4,950 ea.)
- Expenses in excess of income will be charged to the transition account if necessary

**NCYM, Inc. Real Estate Update**

**Ken Hill,**

*Board member, continued reports by giving this update.*

**NCYM, Inc. Real Estate Update**

Spring Garden Property (Settlement Statement\*)

- ☐ Initial Sales Price ----- \$875,000
- ☐ Asbestos Abatement ---- <\$ 5,500> (~25% of total)
- ☐ Brokerage Fee (4%) ----- <\$ 34,780> (normally 6%)
- ☐ Attorney Fees\* ----- <\$ 1,000> (heavily discounted)
- ☐ Tax Stamps ----- <\$ 1,739>
- ☐ Record Affidavit ----- <\$ 30>
- Net Proceeds ----- \$831,951

\*Closed October 26, 2018

*The Body was interested in what was going to be constructed on the Spring Garden site and Clerk shared it would be a Burger King. He also shared that the proceeds from the sale of this property would go into a non-restricted account and that in 2 to 3 years a percent of the earnings will begin to be distributed to the two Associations.*

**NCYM, Inc. Real Estate Update**

Hilltop Property

- ☐ Remains unsold (initial asking price - \$350K/now \$325K ...)
- ☐ Additional flexibility indicated to broker
- ☐ Announced Hilltop railroad bridge construction 2021-2024
- ☐ Rezone and rent/lease (to own)
- ☐ Address deferred maintenance (office roof, ...)
- ☐ Relocate to "Haworth House" adjacent to Allen Jay House by 12/31/18 (\$600/mo. plus utilities)

*There was a question as to why the office was moving from the Hilltop property at the end of the year when it had not been sold or rented. Ken and Don shared that the move was being made for two reasons:*

*The Hilltop location is not very secure for one person alone on the premises.*

*The property can be rented for more than the \$600 that will be paid for renting the Haworth House and it is easier to be out of the property now and not to experience an urgent move.*

### **Dr. J. R. Williams Grant Refunds Christian Vocations Loan Repayments**

**Mary Anna McCullen,**  
*Board member, gave this report.*

### **Dr. J. R. Williams Grant Refunds (updated 10/31/18)**

- ☐ Total due from meetings that withdrew ----- \$326,504.60
- ☐ Total committed to be repaid ----- \$247,654.60 (75.9%)
- ☐ Total received ----- \$177,087.97 (54.2%)
- ☐ Four meetings have not committed to repay - \$ 78,850.00 (24.1%)  
(Pine Hill, Union Cross, East Bend, Oak Hill)

*The funds received in repayment will go back into the JR Williams fund.*

### **Christian Vocations Loan Repayments**

- ☐ Two loan recipients are regularly repaying their loan
- ☐ Two loan recipients continue to repay through service
- ☐ Seven recipients have outstanding loans but no longer serve FCNC/NCFE
  - Five have acknowledged their debt with a responsibility to repay
  - One denies owing since NCYM "no longer exists"
  - One just graduated in May 2018

### **Christian Vocations Loan Repayments**

For the seven loan recipients not serving and not repaying Christian Vocation Loans:

- Total Due ----- \$33,500
- Total "Acknowledged" ----- \$27,500
- Total Received ----- \$0

*Mary Anna shared that there had been multiple written communications to the individuals who are not repaying their loans in accordance with the signed agreement. Their co-signers have also been included in recent contacts. In addition there have been phone and personal contacts with these individuals.*

**MOWA Choctaw Friends Center**

**Judy Ritter/Frank Massey**

**MOWA Choctaw Friends Center**

*Judy Ritter reviewed the overheads with the Body. Frank Massey shared about current work with the Band Chief and the MOWA community.*

**MOWA-Choctaw Friends Center**

- ▣ Center begun by ACFIA approximately 1984-85
- ▣ NCYM accepted ownership August 2006
- ▣ 2012 began to operate without on-site director (utilized interns and three local ladies)
- ▣ Currently continuing with three local ladies
  - NCYM "champion" - Pat Cheadle ("skills training")
  - After-School program
  - Re-Store/Rummage
  - Food pantry
  - Nutrition classes
  - Summer VBS and sport camps (by visiting groups)

**MOWA-Choctaw Friends Center**

- ▣ Annual expenditures - ~\$50,000 - \$60,000
- ▣ Recent annual Askings support - \$14,800
- ▣ Contributions from meetings, individuals and several persons/entities outside of NCYM
- ▣ 2015-2017 contributions and expenditures approximately equal
- ▣ Investment account - \$77,728.64 (3/31/18)
- ▣ Operating account - <\$8,695.18> (9/30/18)

**MOWA-Choctaw Friends Center  
YTD 9/30/18**

Income: \$35,866.32 (including a one-time bequest of \$14,000)

Expenses: \$45,978.41

- ▣ Salaries/SS - \$21,851.63
- ▣ Utilities - \$10,339.98
- ▣ Facility/Liability Ins. - \$6,503.84
- ▣ HVAC repairs - \$2,600
- ▣ Expenses in excess of income will be paid from MOWA Investment Account

**MOWA-Choctaw Friends Center**

**Transfer of Property and Program to Choctaw Band**

1. Absence of Association commitment to leadership and financial support under new structure
2. Absence of funding for on-site management (Director)
3. Absence of funding for deferred maintenance
4. Consideration of liability without on-site management and repairs to the Center
5. Consideration of how the original mission/vision/purpose of the Center can be accomplished in the future

*Judy and Frank took several questions from the Body. There was interest in the Associations still being able to offer VBS, etc. at the Center. This will be included in conversations with the Choctaw Tribal Council. There was concern about the MOWA Choctaw Investment Account that NCYM, Inc. manages. Would that be available for VBS or other activities at the Center or would it be given to the Choctaw Tribal Council. No decision has been reached as only initial conversation has been held. Frank shared that a trip would be made to meet with Tribal leaders and the MOWA Community on November 12 and 13, 2018. A question was asked as to whether the negotiations with the Tribal Council will go back to the two Associations before things are finalized. Judy shared that the Associations approvals included suggestions for the NCYM, Inc. Board, but that the Board would make the final decision. The liability and financial responsibility are with NCYM, Inc. now and not the two Associations.*

**Cemeteries Owned/Under the Care of  
NCYM, Inc.  
(formerly the NCYM Cemetery Committee)**

**Kevin Smitherman,  
Board member, gave this report.**

**Cemeteries Owned/Under the Care of  
NCYM, Inc.  
(formerly the NCYM Cemetery Committee)**

**Purpose**

Provide care for Friends cemeteries which are no longer connected to an active Friends meeting in North Carolina Yearly Meeting (FUM) --- (NCFE or FCNC).  
*10 cemeteries have been identified.*

**Cemeteries Owned/Under the Care of  
NCYM, Inc.**

- ☐ Annual expenditures - ~\$6,300 average
- ☐ Trust fund annual income - ~\$6,300 average
- ☐ Historically, have not received funds from Askings
- ☐ Trust Fund Account 3/31/2018 - \$165,464.30
- ☐ Operating Account 9/30/18 - \$3,874.49

**Cemeteries Owned/Under the Care of  
NCYM, Inc. (YTD 9/30/18)**

Income: \$7,361.35 (including a specific donation for repairs at Hollowell-Massey)

Expenses: \$6,738.54 (including repairs referenced above with some cleanup expenses yet to be incurred following "Florence")

**Cemeteries Owned/Under the Care of  
NCYM, Inc.**

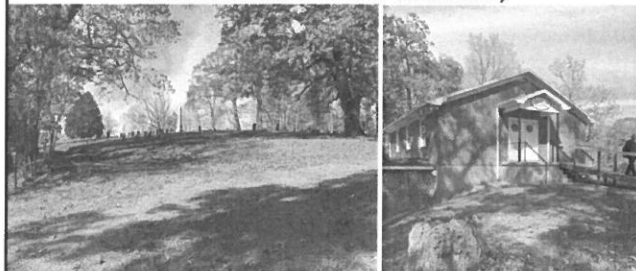
- ☐ Bethany (1868; Wayne Co., NC)
- ☐ Bush River (1770; Newberry, SC)
- ☐ Dutchman's Creek (1896; Davie Co., NC)
- ☐ Hollowell-Massey (1928; Dudley, NC)
- ☐ Little River (1700; Perquimans Co., NC)
- ☐ Narrows (1700; Elizabeth City, NC)
- ☐ Old Quaker Cemetery (1801; Galax, VA)
- ☐ Pearson-Edgerton (1845; Wayne Co., NC)
- ☐ Symons Creek (1699; Pasquotank Co., NC)
- ☐ Woodland (1870; Dudley, NC)



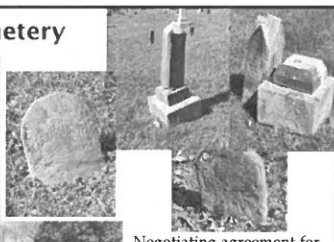


Forbush Friends (Kevin Smitherman, Brian Wooten, and others) at Dutchman's Creek Friends Cemetery in Davie County October 6. Last active burial 1932.

**Old Quaker Cemetery, Galax, VA  
aka Mt. Pleasant Cemetery  
aka Chestnut Creek Cemetery**



**Old Quaker Cemetery**



Unique among cemeteries we maintain, there is an active church on the same property.

Negotiating agreement for Mt. Pleasant Church to assume care of the cemetery in exchange for the deed for their property (not connected to NCYM for ~40 years).

**North Carolina  
Friends Disaster Service, LLC**

**North Carolina  
Friends Disaster Service, LLC**  
*Don Farlow gave the report on FDS becoming  
NC FDS, LLC.*

**North Carolina  
Friends Disaster Service, LLC**

Articles of Organization accepted by the Office of the Secretary of State October 12, 2018

**North Carolina  
Friends Disaster Service, LLC**

**Purpose**

To provide assistance to fellow human beings who are victimized by trouble or disaster as resources are available.

**North Carolina  
Friends Disaster Service, LLC Board**

Six-member Board with the following member composition:

- ❑ Four from FCNC or NCFE with at least one member from each Association – named by Inc. Board\*
- ❑ Two at-large – named by NC FDS Board
- ❑ Initial Board – Approved by NC FDS and the NCYM, Inc. Board to serve through 12/31/22 \*
- ❑ Subsequent Boards – Three-year staggered term rotation with two trustees rotating off each year and maintaining required Board composition

\*From a list provided by the NC FDS Board

**North Carolina  
Friends Disaster Service, LLC Board**

- ❑ Board members should have an interest in continuing the mission of NC FDS and should participate in at least one NC FDS project each year.
- ❑ Each NC FDS Board member may serve an unlimited number of three-year terms.
- ❑ At the end of the initial term, the NC FDS Board shall designate the members who will serve one, two or three year terms in order to establish a three year rotation of board members.

**North Carolina  
Friends Disaster Service, LLC Board  
Thru 12/31/22**

- ❑ Wiley Shore
- ❑ Gary Dodson
- ❑ Charlie Routh
- ❑ Don Lambe
- ❑ Dan Allen
- ❑ Frank Massey

Ex Officio: NCYM, Inc. Clerk and NCYM, Inc. Treasurer or their designees

**North Carolina  
Friends Disaster Service, LLC  
Officers**

Coordinator (Manager) – Wiley Shore  
 Assistant Coordinator (Assistant Manager) – Gary Dodson  
 Recording Clerk – Frank Massey  
 Treasurer – Charles Routh  
 Assistant Treasurer –

**North Carolina  
Friends Disaster Service, LLC**

**Frank Massey**

**North Carolina  
Friends Disaster Service, LLC**

- ☐ Annual expenditures - ~\$15,000 recent years
- ☐ Historically, have not received funds from Askings
- ☐ Contributions typically forthcoming from individuals and meetings, especially when projects are announced
- ☐ Enhance impact of expenditures by working with Methodist Disaster group (who frequently provide materials, along with insurers, for new builds)
- ☐ Recent years, contributions slightly more than expenditures
- ☐ Investment Account - \$225,920.58 (3/31/18)
- ☐ Operating Account - \$14,653.10 (9/30/18)

**North Carolina  
Friends Disaster Service, LLC  
(YTD 9/30/18)**

Income: \$5,811.50

Expenses: \$7,752.59

Note: 2017 Audit conducted as part of 2017 NCYM audit; 2018 audit will be a part of the 2018 NCYM, Inc. audit; 2019 audit will be executed for NC FDS, LLC

**North Carolina  
Friends Disaster Service, LLC**

“Hold-harmless” agreement

Waivers for volunteers

*Frank shared that these have been implemented.*

**North Carolina  
Friends Disaster Service, LLC**

*Wiley Shore, FDS Coordinator, was remembered as he is undergoing treatment for lung cancer. He was able to make a one-day appearance at the October work in Lumberton, NC.*

**North Carolina Friends Disaster Service, LLC  
Projects YTD**

- ☐ *The October work was from the 2016 hurricane, not the ones in 2018.*
- ☐ *There are many homes to repair in Lumberton.*
- ☐ *A crucial need for this LLC is younger volunteers. How long can a 91 year old man continue? Ask Charlie.*
- ☐ *Need volunteers to work. Guilford will be changing its fall and spring break schedule and this will affect the students who go on these work groups.*
- ☐ *Another work trip is planned for March 2019*

***The Body received the reports from NCYM, Inc. and the Committees of NCYM, Inc. Clerk ask for approval and Body approved.***

### NCYM Funds, LLC / Trustees of Trust Funds

*Don Farlow, Clerk, described purpose and structure of  
NCYM Funds, LLC.*

### NCYM Funds, LLC Purpose

The purpose of the Trustees of Trust Funds is to hold in trust those funds entrusted to North Carolina Yearly Meeting of Friends and to invest those funds in a prudent manner structured to provide the highest return consistent with safety of principal and the stated purpose of the fund.

*Dick Coe added "consistent with Friends testimonies."*

### NCYM Funds, LLC Trustees

- ▣ Seven-member initial Board approved in 2017 Annual Session for a five-year term
- ▣ Subsequently, seven-year staggered terms with one trustee rotating off each year
- ▣ Successor trustees will be appointed by the incumbent NCYM Funds, LLC Board of Trustees from the membership of NCFE and FCNC
- ▣ There must be at least one trustee from each association

### NCYM Funds, LLC Trustees 2018 - 2022

- ▣ Richard Coe
- ▣ David Edgerton
- ▣ Quinn Jordan
- ▣ Deets McCullen
- ▣ Carl Semmler
- ▣ Wilson Sheldon
- ▣ Tom Wright

Ex Officio: NCYM, Inc. Financial Manager; NCYM, Inc. Clerk; NCYM, Inc. Treasurer

### NCYM Funds, LLC Officers

- ▣ Chair - David Edgerton
- ▣ Secretary/Treasurer - Richard Coe
- ▣ Assistant Secretary/Treasurer - Carl Semmler

### NCYM Funds, LLC Treasurer (Trustees of Trust Funds Treasurer)

**Dick Coe**

*Clerk recognized Dick Coe, Treasurer of the Trustees of Trust Funds (NCYM Funds, LLC), to give their report.*

**NCYM/Trustees of Trust Funds  
2017 Fiscal Year Audits**

- ▣ NCYM Fiscal Year - January 1 through December 31
- ▣ Trustees of Trust Funds Fiscal Year - April 1, 2017 through March 31, 2018
- ▣ Both audits conducted by the same certified public accountants/auditing firm.
- ▣ The fiscal year for NCYM Funds, LLC is being modified to be consistent with NCYM, Inc. effective January 1, 2019. (The 2018 Fiscal Year for NCYM Funds, LLC will consist of nine months.)

**Auditor's Opinion  
NCYM Funds, LLC 2017 Fiscal Year Audit**

"In our opinion, the financial statements referred to above present fairly, in all material aspects, the assets, liabilities, and net assets of NCYM Funds, LLC as of March 31, 2018, and the related statements of changes in fund balances for the year then ended, ...."

Councilman, Farlow, Marlowe and Company  
Certified Public Accountants and Advisors

**2017 Trustees of Trust Funds Audit Review**

Recommendation 1. "The Business Manager records transactions and reconciles bank statements. A basic premise of internal control is that no one employee should have access to all phases of a transaction. The organization already segregates the check signing function from the recording function. Unfortunately, due to the limited size of the organization, it is necessary that the Business Manager reconcile the bank accounts to the general ledger. But, it would be a good internal control procedure for someone else, probably the Treasurer, to obtain the bank statement unopened and to review the deposits and checks clearing the bank statement. Someone should also review the monthly reconciliation and general ledger detail for overall reasonableness."

**2017 Trustees of Trust Funds Audit Review**

Recommendation 1 (cont.). "We have observed no unusual activity in this area, but do note that the review of the bank statement and reconciliation by the Treasurer and the review of the general ledger detail on a monthly basis would add additional internal control to the process."

Response: The Treasurer of the Trustees of Trust Funds can access the bank statement online and the Treasurer and the Business Manager do a monthly reconciliation.

**2017 Trustees of Trust Funds Audit Review**

Recommendation 2. After the Organization's Name Change as of January 1, 2018, the financial institutions have not been updated as to the current name (North Carolina Yearly Meeting of the Religious Society of Friends, Inc.). This could create potential for errors in reporting. There were no observed errors during this audit, but it is something that should be corrected going forward.

Response: With numerous transactions required to transition and consolidate funds, the name change was delayed to avoid reporting errors. With these transitions and consolidations complete, the name change has been initiated with our investment firm, TD Ameritrade.

**Additions to General Trust Fund\***  
**2017FY**

(April 1, 2017 - March 31, 2018)

▣ "Balance Forward" accounts -----	\$435,393.56
▣ Dr. J. R. Williams grant refunds -----	\$ 80,046.28
▣ Non-refundable escrow SGFM property -----	\$ 14,000.00
▣ Other -----	\$ 2,040.00

\* Documented in the 2017FY audit

**Additions to General Trust Fund\***  
**2018FY (YTD)**  
**(April 1, 2018 - September 30, 2018)**

□ Dr. J. R. Williams grant refunds -----	\$ 3,800.02
□ Non-refundable escrow SGFM property -----	\$ 13,500.00
□ Cemetery Fund (Hollowell-Massey) -----	\$ 1,590.50
□ Other -----	\$ 3,130.00

\*Will be documented in the 2018FY NCYM Funds, LLC audit (only nine months due to changing the NCYM Funds, LLC fiscal year to coincide with the NCYM, Inc. fiscal year [calendar year])

**General Trust Fund**  
**2017FY Investment Performance**  
**(April 1, 2017 - March 31, 2018)**

- NCYM General Trust Fund Gain - 13.8%
- S&P Index Gain - 11.8%

Note that approximately 25% of the General Trust Fund, per previous instruction of NCYM Representative Body, is invested in bonds, bond equivalents or other "fixed" income investments yielding lower returns.

**General Trust Fund**  
**2018FY (YTD) Investment Performance**  
**(April 1, 2018 - September 30, 2018)**

- NCYM General Trust Fund Gain - 7.9%
- S&P Index Gain - 10.3%

Note that approximately 25% of the General Trust Fund, per previous instruction of NCYM Representative Body, is invested in bonds, bond equivalents or other "fixed" income investments yielding lower returns.

**2018 General Trust Fund Income Payout**

- Total Payout to FCNC/NCFF - \$145,783\*
  - Church Extension - \$60,815\*
  - Missions - \$44,627\*
  - Undesignated - \$23,348\*
  - Ministerial Education and Training - \$11,685\*
  - Other (C.E., E&O, Pub., Young Friends) - \$5,308\*
- Quaker Lake Camp, LLC - \$80,000
- "Third-Party" - \$35,851
- Total Distribution - \$261,634

General Trust Fund Market Value 3/31/17 - \$6,642,043

\*Paid proportionately to the two associations (24.4%-75.6%; NCFF - \$35,571; FCNC - \$110,212); 84% of funds expenditure restricted by covenants/donor wishes

**2019 General Trust Fund Income Payout**

- Total Payout to FCNC/NCFF - \$161,106\* (10.5% increase)
  - Church Extension - \$65,282\*
  - Missions - \$47,307\*
  - Undesignated - \$27,054\*
  - Ministerial Education and Training - \$13,640\*
  - Other (C.E., E&O, Pub., Young Friends) - \$7,823\*
- Quaker Lake Camp, LLC - \$80,000
- "Third-Party" - \$36,231
- Total Distribution - \$277,337

General Trust Fund Market Value 3/31/18 - \$7,308,252

\*Paid proportionately to the two associations (24.4%-75.6%; NCFF - \$39,310; FCNC - \$121,796); 84% of funds expenditure restricted by covenants/donor wishes

**2020 General Trust Fund Income Payout\***

With the modifications to the fiscal year, the 2020 payout will be based on trust funds market value 6/30/2019\*\*.

- \* a) Paid proportionately (24.4%-75.6%) to the two associations.
- b) ~84% of fund income expenditures are currently restricted by covenants/donor wishes. This will change as new trust funds are established or additions are made to existing trust funds.

\*\* Market value 9/30/18 - \$7,991,549.67

**Unrestricted Investment Accounts\***

- ☐ Quaker Lake Development (Ross and Murchison) ----- \$177,977
- ☐ MOWA Choctaw Friends Center ----- \$ 77,729
- ☐ Friends Disaster Service (FDS GTF and Maxton Stout) - \$225,921

\*Accessible as needed

**Emmett C. Edgerton Fund**

- ☐ Beneficiaries
  - Salvation Army (31.1%)
  - Bethesda Friends Meeting (23.3%)
  - American Friends Service Committee (15.6%)
  - Retained Earnings (30.0%)
- ☐ Annual payout equivalent to net yearly income. "Aged Ministers" portion of Edgerton Fund was utilized with other retirement funds for the NCYM Pension Plan buyout.
- ☐ Market Value 3/31/18 - \$1,292,513.64

**NCYM Funds, LLC Conformance to Operating Agreement**

- ☐ Per the stated purpose of the Trustees of Trust Funds, funds entrusted to North Carolina Yearly Meeting of Friends have been held in trust, invested in a prudent manner structured to provide the highest return consistent with safety of principal, and income specified for the stated purpose of the funds.
- ☐ Activities have been consistent with those permitted by a non-profit organization with tax-exempt status under Section 501©(3) of the IRS Code.
- ☐ There have been no activities related to propoganda, political campaigns or influencing legislation.
- ☐ No part of the net earnings of NCYM Funds, LLC have benefitted the Trustees /Officers of NCYM Funds, LLC.

*Clerk asked the Body to receive and approve the report from the Trustees of Trust Funds LLC. The Body approved.*

**Quaker Lake Camp, LLC**

*Don Farlow, Clerk, described purpose and structure of Quaker Lake Camp, LLC.*

**Quaker Lake Camp, LLC Board**

- Eleven-member Board with the following member composition:
- ☐ Four from FCNC – named by Inc. Board\*
  - ☐ Two from NCFE – named by Inc. Board\*
  - ☐ One from FCNC – named by QLC Board\*
  - ☐ One from NCFE – named by QLC Board\*
  - ☐ Three at-large – named by QLC Board

Initial Board – Approved in 2017 Annual Session for a five-year term  
Subsequent Boards – Three-year staggered term rotation, maintaining required Board composition

\* From lists provided by the respective Associations with twice as many names as required to fill expired terms

**Quaker Lake Camp, LLC Board  
2018 - 2022**

- ☐ Laura Altizer
- ☐ Martha Farlow
- ☐ Grimsley Hobbs
- ☐ Tommy Hylton
- ☐ Beth Joyce
- ☐ Rita Mintmier
- ☐ Jay Osborne
- ☐ David Robinette, Sr.
- ☐ Tyler Surratt
- ☐ Joyce Wolford
- ☐ Brian Wooten

Ex Officio: QLC, LLC Exec. Director, NCYM, Inc. Clerk; NCYM, Inc. Treasurer

**Quaker Lake Camp, LLC Board Officers**

- ☐ Chair - Tyler Surratt
- ☐ Recording Clerk - Martha Farlow
- ☐ Treasurer - Joyce Wolford
- ☐ Assistant Treasurer - Rita Mintmier

**Quaker Lake Camp Purpose**

The overall objective for Quaker Lake Camp is for each camper to experience growth of the total person within the context of the Christian Faith as experienced by the Religious Society of Friends (Quakers) through participation in all phases of the camping program – worship, study, work and play.

**Quaker Lake Camp, LLC**

**Tyler Surratt, Chair**  
**Heather Varner, Executive Director**  
*gave the operations report of the Camp.*

**Quaker Lake Camp, LLC 2018 Budget**

- ☐ Expenses - ~\$488K
- ☐ Income - ~\$488K
  - Fees, rentals and contributions - ~\$306K
  - Association designated TF income - \$80K\*
  - Association Askings/commitment - \$80K\*
  - Donor designated TF income - \$22K

\* Budgeted Association support through designated TF income and financial commitment (Askings) - 32.8%

**Quaker Lake Camp, LLC  
2018 Income YTD 9/30/18**

- Income - \$448,963.82
  - Camper Fees - \$213,028.50
  - Rentals - \$43,246.50
  - Contributions (including "camperships") - \$9,102.00
  - Association designated TF income - \$80,000.00
  - Association Askings/commitment - \$80,000.00
  - Donor designated TF income - \$21,770.64
  - Other



**Quaker Lake Camp, LLC**  
**2018 Conformance to Operating/Lease Agreements**

- ☐ Per the stated purpose of Quaker Lake Camp, ....
- ☐ Activities have been consistent with those permitted by a non-profit organization with tax-exempt status under Section 501©(3) of the IRS Code.
- ☐ There have been no activities related to propaganda, political campaigns or influencing legislation.
- ☐ No part of the net earnings of Quaker Lake Camp, LLC have benefitted the Trustees /Officers of Quaker Lake Camp, LLC.
- ☐ Maintenance of American Camping Association Certification
- ☐ Utilization of QLC facility for the NCYM, Inc. Annual Meeting
- ☐ Budget performance YTD is in conformance ...

**Quaker Lake Camp, LLC**  
**2018 Conformance to Operating Agreement**

2018 QUAKER LAKE BUDGET QUARTERLY SUMMARY*					
	QUARTER 1	QUARTER 2**	QUARTER 3	QUARTER 4	TOTAL
<b>INCOME:</b>					
Budgeted \$	\$114,436.00	\$168,700.00	\$127,235.00	\$77,450.00	\$488,021.00
% of Total Budget	23.0%	35.0%	26.0%	16.0%	100.0%
Actual \$	\$135,054.33	\$192,855.56	\$121,075.99		
Actual % of Budget	27.7%	39.5%	24.8%		
Budgeted Cumulative Total	\$114,436.00	\$283,136.00	\$410,371.00	\$488,021.00	
Actual Cumulative Total	\$135,054.33	\$327,889.83	\$448,963.82		
Actual Cumulative % of Budget	27.7%	67.2%	92.0%		

**Quaker Lake Camp, LLC**  
**2018 Conformance to Operating Agreement**

2018 QUAKER LAKE BUDGET QUARTERLY SUMMARY*					
EXPENSES:	QUARTER 1	QUARTER 2**	QUARTER 3	QUARTER 4	TOTAL
Budgeted \$	\$87,056.00	\$155,596.00	\$165,139.00	\$80,270.00	\$488,021.00
% of Total Budget	17.8%	31.9%	33.8%	16.4%	100.0%
Actual \$	\$69,236.03	\$149,937.45	\$124,090.44		
Actual % of Budget	14.2%	30.7%	44.3%		
Budgeted Cumulative Total	\$87,056.00	\$242,612.00	\$407,751.00	\$488,021.00	
Actual Cumulative Total	\$69,236.03	\$219,173.48	\$435,265.91		
Actual Cumulative % of Budget	14.2%	44.0%	89.2%		

*Tyler and Heather explained that the reduction in "Actual Cumulative Net" is that the third quarter included in excess of \$25,000 paid for insurance and \$17,000 for capital projects.*

**Quaker Lake Camp, LLC**  
**2018 Conformance to Operating Agreement**

2018 QUAKER LAKE BUDGET QUARTERLY SUMMARY*					
	QUARTER 1	QUARTER 2**	QUARTER 3	QUARTER 4	TOTAL
PROJECTED CUMULATIVE NET	\$27,380.00	\$40,524.00	\$2,620.00	\$0.00	
ACTUAL CUMULATIVE NET	\$65,818.28	\$108,716.35	\$13,697.91		

\* For unexpected unfavorable variances, the QLC Board would access the "Balance Brought Forward" from 2017 (\$45,121)

**Quaker Lake Camp, LLC**  
**Conformance to Covenants/Donor Wishes for Expenditure of Trust Fund Income 2018 YTD (9/30/18)**

- ☐ Campership Funds - \$4,881
  - ----
- ☐ Development Funds - \$6,292
  - ----
- ☐ Operating Funds - \$10,598
  - ----

**Quaker Lake Camp, LLC  
Needed Capital Improvements**

- ☐ Reroof Boys Cabins
- ☐ HVAC replacements

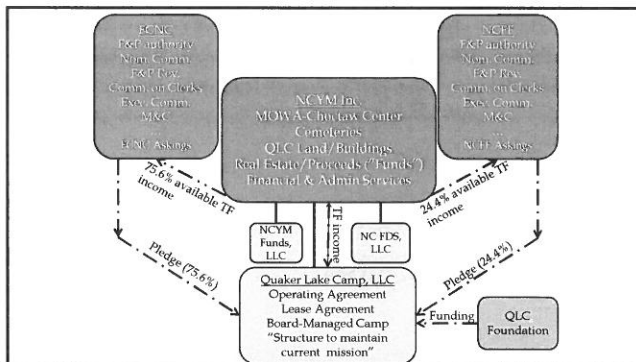
**Quaker Lake Camp Foundation**

*Joyce Wolford, Treasurer of QLC LLC gave this report.*

- There are seven Board members of the Foundation
- Joyce is the Presiding Clerk
- Work to obtain its 501(c)(3) status is under way and should hear from the IRS by the end of the year.
- The following organizational chart shows that this group will be a fund raising entity for QLC to help assure its continuation.

**Footnote: The amount of Askings/Financial Obligations by the two Associations for QLC is not changing for the foreseeable future.**

*The Body approved the report from the Quaker Lake Camp, LLC Board as presented by Tyler Surratt, Chair, and Heather Varner, Executive Director.*



*After the report from Quaker Lake Camp LLC and Foundation, Clerk recognized that the next two entities to report will be the two Associations. They are to provide reports on the use of "trust fund" income each receives. The funds are to be used in accordance with the requests (wishes or covenants) of the original donor(s).*

*Clerk called on Frank Massey, Presiding Clerk of North Carolina Fellowship of Friends.*

**North Carolina Fellowship of Friends  
Frank Massey, Clerk**

**North Carolina Fellowship of Friends  
2018 Trust Fund Income**

- Church Extension - \$14,839
- Missions - \$10,889
- Undesignated - \$5,697
- Ministerial Education and Training - \$2,851
- Evangelism and Outreach - \$802
- Publications - \$409
- Young Friends Activities - \$71
- Christian Education - \$13

- ▣ *Frank provided a report relating to the designated funds the Association has received. Report attached.*
- ▣ *It is shown in the report how funds have been spent in some categories and how Committees have been established to consider appropriate use of funds in other areas.*
- ▣ *NCYM, Inc. Board and specifically the Clerk, Don Farlow, was thanked for providing the descriptions of funds received and their use for consistency. This information was very helpful*
- ▣ *It was reported Bethel Friends in VA has joined, Statesville Friends has responded to contact, and Miami Friends will be attending the NCFE meeting on Nov 10<sup>th</sup> at Springfield Friends.*

***Clerk of NCYM, Inc. asked for approval to receive the report from North Carolina Fellowship of Friends. The Body approved.***

**Friends Church of North Carolina  
Roger Greene, Clerk**

**Friends Church of North Carolina  
2018 Trust Fund Income**

- Church Extension - \$45,976
- Missions - \$33,738
- Undesignated - \$17,651
- Ministerial Education and Training - \$8,834
- Evangelism and Outreach - \$2,486
- Publications - \$1,266
- Young Friends Activities - \$221
- Christian Education - \$39

- ▣ Roger highlighted from a 23 page report he had prepared regarding these funds based on information received from Committees that are responsible for budgeting and spending the funds.
- ▣ The main item for consideration from the FCNC report is a request of the Board. FCNC would like to use \$41,000 of carry-over Church Extension Funds to hire a part-time Superintendent for 2019. The request is for one year only. A job description for the part-time position was provided.
- ▣ Clerk indicated this request would be taken to the full Board to consider and communication regarding the request will be sent to FCNC either face-to-face or in written format.

Don Farlow, Presiding Clerk, shared that the Board would review the entire 23 page report from FCNC. He asked if this Body would approve receiving this report. Approval was given.

North Carolina Yearly Meeting  
of the Religious Society of Friends, Inc.  
2019 Annual Meeting  
November 2, 2019

**Announcements shared as follows:**

- ▣ First Friends is now seeking applications for a full-time pastor.
- ▣ Candlelight Service at Quaker Lake Camp on Saturday, December 9, 2018. It is a very special time and all are invited.
- ▣ Mike Fulp thanked the Board for its work. He also shared that Forbush Friends is streaming their service live and can be seen on Facebook. If meetings are interested in this, be in touch with him.
- ▣ Beth Saunders asked the Board to give feedback regarding their reports to assist in next year's reporting.

There being no further business Clerk's concluding minute for the meeting was a Scripture that was used in the very first NCYM, Inc. Board meeting: Acts 6:1-4

*"In those days when the number of disciples was increasing, the Hellenistic Jews among them complained against the Hebraic Jews because their widows were being overlooked in the daily distribution of food. So the Twelve gathered all the disciples together and said, 'It would not be right for us to neglect the ministry of the word of God in order to wait on tables. Brothers and sisters, choose seven men from among you who are known to be full of the Spirit and wisdom. We will turn this responsibility over to them and will give our attention to prayer and the ministry of the word'."*

Meeting adjourned.