

Recommendation for Marilee Wheeler's \$400,000 bequest to be used for building upkeep costs and future unavoidable FMC budget deficits

Overview

As a consequence of anticipated building upkeep expenses and FMC's (Friends Meeting at Cambridge's) worsening fundraising and budgetary situation, we recommend that FMC retains the \$400,000 bequest from Marilee Wheeler¹ to be used for necessary building upkeep costs (not covered by the budget or building reserve funds), and for unavoidable future budget deficits at FMC.

- Why this project now, and will it engage with or benefit the FMC community? If so, how?

The project will certainly benefit the community financially and sustain FMC over the longer-term. We hope it will also awaken FMC community members to our financial situation.

There are 6 reasons that lead us to advocate this now:

- 1) *Lackluster fundraising*: 1.5 years ago FMC had a record fundraising year of \$307,000 [FY2022] but in 2 of the last 3 years our fundraising has been lackluster [\$242,966 in FY2021, and \$260,400 in FY2023] and woefully insufficient to support our base budget going forward. Our expenses generally increase each year but our fundraising has not. Adjusted for inflation, our fundraising in FY2023 (the year ending in June 2023) was 30% below our fundraising in FY2019 (ending in June 2019) in buying power. Moreover, the number of households supporting FMC has steadily declined over the last 5 years [from 259 households in FY2016 down to 178 in FY2023, a decline of about 1/3]². Our meeting is aging and most of the largest givers to FMC are in their 60s to 90s, and despite the advances of modern science will not be around over the longer-term to support the Meeting. And more of our community now pursue careers that pay less but serve the community more, leaving fewer in the community able to donate generously to support FMC.
- 2) *Return to historical chronic budget deficits*: We have been lulled into complacency over the last 3-4 years by having years where we had small deficits or even surpluses through a non-recurring series of events (Payroll Protect Program loans from the federal government during the pandemic that were forgiven³, having the Resident Friend function filled by volunteers on the Interim Coordinating Team, having either a part-

¹ \$400,000 was given originally but due to market fluctuations in holdings, it was valued at \$376,000 on June 30, 2023.

² 259 in FY2016, 255 in FY2017, 262 in FY2018, 266 in FY2019, 251 in FY2020, 184 in FY2021, 186 in FY2022, 176 in FY2023.

³ \$55,724 in 2020 and \$55,725 in 2021.

time Youth/Families Coordinator or a volunteer person serving in that role, receiving one-time rebates on health insurance, and being able to rent out the Resident Friend apartment to Marcus and Alasdair whose condo is being rebuilt after a fire). Upon looking at our 2024 budget and its deficit, one of our members recalled Yogi Berra's comment – "it's déjà vu all over again." Back in Fall 2019 the Meeting did threshing and agreed in Business Meeting to take steps to deal with chronic budget shortfalls. None of those steps have been taken⁴ and this chronic mismatch between expenses and revenue continues. The FY2024 budget envisions a budget deficit of ~\$80,000 and that deficit would be larger (\$105,000) if it had a full-year of Meeting Administrator and Youth/Families Coordinator expenses. If FMC runs a budget deficit in any year, these funds have to come from somewhere and they come by using up unrestricted funds that the Meeting has. The FY2024 budget has investment income of \$74,000 on FMC reserves of \$1.9 million. In order to have a balanced budget in FY2024 on the assumptions that we had a Meeting Administrator and Youth/Families Coordinator for the full year we would need another \$105,000 of income. At the current rate of generating investment returns, we would need reserves of \$4.6 million to generate this \$179,000 of income to make the budget balanced. Even if we do not spend the \$400,000 bequest, we have \$1.88 million, only 41% of where we'd need the reserves to be. The fact remains that either our community members need to be more generous to sustain the spending we do, or we need to cut back deeply on expenses, or we need to have much higher reserves to make up these differences without spending down our reserves.

- 3) *Negative signal it sends to people considering future bequests to the Meeting:* FMC has benefitted financially from some generous bequests over the last 10 years which have helped FMC to cover our deficits during that period. Spending the Wheeler bequest sends an unwise signal that FMC doesn't need additional resources, which will encourage those considering donations and bequests to the Meeting to look elsewhere, exactly the opposite of what is needed when our spending is exceeding our revenue. A few larger donors have shared that they won't continue to give to FMC if the budget continues with deficits and we continue to spend down bequests.
- 4) *Large building upkeep needs that will likely occur in next 5 years.* Having our meeting at 5 Longfellow Park is lovely for many reasons – the silence, the simple but beautiful Meetinghouse, the proximity to the MBTA and the Charles River, the green outdoor space – but it is an expensive, aging infrastructure to maintain. Trustees Committee (on which Marilee Wheeler served) knows that FMC will face building upkeep costs of \$100,000 for replacing the heating system in the next year; it has not yet quantified other building upkeep costs over the next 5 years beyond our base budget, although there could be other large ticket items. Moreover, this estimate is likely to be an underestimate. Over the past 6 years (FY18-23), we have spent ~\$390,000 in building upkeep costs on the Meeting, some that were anticipated and some that were not.

⁴ We did start to take one step of reducing our contributions slightly to NEYM, but then reversed that step in Spring 2023 when we showed that we would have a slight surplus for the year.

- a. FMC faces an estimated \$100,000 to upgrade the obsolete heating system in the Meetinghouse from an oil-based hot air system to a more efficient and ecologically sound air-sourced heat pump, driven by renewable electricity.
 - b. There may be major costs for repair and maintenance of the Meetinghouse's slate roof to deal with long term deferred maintenance. Such costs are unknown at this time.
 - c. Trustees faced various maintenance and repair costs: e.g., basement wall leaks affecting the MAAP workers in the Meetinghouse basement, Friends Center and Meetinghouse painting and winterization. It is unknown at this date what these will total and whether they can be covered in the budget.
- 5) *Paying for more and more work formerly done by volunteers.* Many work tasks and positions at FMC continue to be performed by volunteers. But as the volunteer pool has shrunk over the past twenty years, the people still doing volunteer work find their responsibilities mounting and their energy depleting. The Nominating Committee finds its task of filling these volunteer roles more and more difficult with no relief in sight. Consequently, our budget has been burdened more and more by having to hire paid workers to do these jobs⁵ and will continue to be in the future. The reasons for this change are complex but the future budget consequences are clear.
- 6) *Stewardship/Marilee Wheeler's intent:* Other than gifting the funds to FMC, Marilee Wheeler did not expressly indicate for what purpose these funds should be used. That said, it probably was not in Marilee's mind that FMC might gift some or all of these funds to another organization. If she had wanted the funds used in this way, she either could have bequeathed them directly to an organization other than FMC or specified that a certain amount of it should be given to a certain kind of 501c3 after FMC went through a process to obtain spiritual unity over to what organization funds should be regifted. She did neither of these things. In general, bequeathed funds are not to be used for a purpose that was not stipulated (such as regrifting to another organization) - it's poor stewardship of a gift clearly made to FMC. If FMC nevertheless comes to spiritual unity that some of these funds should be granted to another organization, FMC should at least know whether there are any descendants of Marilee Wheeler who might need to be informed of this change in the use of these funds.

- How will this project deepen the spiritual life of FMC and reflect its testimonies?

This proposal reflects the Quaker testimony of STEWARDSHIP (i.e., sustaining FMC into the future and helping to pay to overhaul our heating system to make it more environmentally

⁵ Some of the roles in the budget that used to be volunteer and are now paid are: accountant, Youth/families coordinator, Resident Friend becoming a full-time position and new Meeting Administrator position, etc.

sustainable), and INTEGRITY (i.e., using our financial resources carefully and by trying to live within our means and make our budget speak honestly about our financial means).

Moreover, ensuring that FMC can continue far into the future is critically important since FMC is an engine for spirituality and witness through our buildings and through our community. For example, FMC buildings enable MAAP activity⁶, with its vital outreach and shelter to our local community in a time of great, great need. We also host the Mennonite Community of Boston in the Friends Center on Sunday evenings. We enable AA programs to use our space to help families affected by addiction. All of these activities and so much more (such as concerts and talks around witness issues, and prison ministry) depend on stewarding our fiscal health and providing buildings that physically work.

Because of the financial situation of FMC, the project does not expressly invest additional funds directly in deepening spiritual life at FMC. That said, at the core of our spiritual life is the quality of First Day worship, our Forums, our adult spiritual education, our faithfulness groups, our witness, small groups, etc. We think that there is a LOT that we have been doing and can do within our current budget and we do not need to spend additional dollars to deepen our spiritual life. We can continue to amaze each other with the power of our spiritual journeys and learn from each other's efforts to put our faith into action. Moreover, if FMC is not able to cover its building costs or budget in the future and becomes fiscally bankrupt, none of our spiritual lives will be enriched and none of the types of activities described in the above paragraph could occur. This proposal aims to avoid that from happening.

- How much is being requested, and what do you hope these funds will accomplish? Will you personally oversee execution or will it involve another organization or non-FMC persons? Over how many years will the funding be used?

All of the amount of the Marilee Wheeler bequest is requested to be left in the FMC reserves but none is requested to be spent at the moment. These funds would be spent over time if budget deficits arose unavoidably or if the Meeting approved building upkeep costs that cannot be covered by the budget. What we hope these funds will accomplish is to keep FMC on sound financial footing and sustain this organization physically and spiritually well into the future.

- Is this a local proposal, elsewhere in the U.S., or international? Or for FMC itself?

For FMC itself

- Who will carry out this project, both short-term and long-term if applicable? What are the roles, who will be doing them, and will there be adequate support?

⁶ The MAAP room is perpetually in a state of disrepair so some of these building funds could be used to fix some of these deficits.

The project doesn't require anyone to carry it out. The Treasurer can attest to whether we have budget deficits at year-end and FMC can specify when it approves building upkeep costs whether some of these funds would come from the bequest.

II. Use of Funds

- Does this proposal advise keeping some or all of the bequest for FMC's capital or budget use?

It advises that all of the funds be left in reserve to be used for these costs down the road as they materialize.

- Is this the only funding for this project or is it part of a larger effort?

N/A

- Is it ongoing after these funds are depleted?

N/A

- Is this funding for a start-up, a program already up and running, or is this for an expansion?

N/A

- If being given to an existing program, what portion of that budget will this represent?

N/A

- If an existing project, are members and/or attenders at FMC already engaged with this project, and if so, how? Are community members welcome to become involved and how?

N/A

III. Budget – up to 3 years is recommended

Costs need to be quantified whether or not a grant is to be carried out by you or given to another organization to carry out.

- Personnel cost including taxes and benefits if applicable, and/or "in-kind" volunteers

N/A

- Capital costs

Trustees Committee has not yet determined at this time what building upkeep costs will be needed over the next 3 years and thus is not in a position to determine how much of this could be supported by the budget.

- Cost of supplies, equipment

N/A

- Travel needs

N/A

- Additional?

N/A

Conclusion:

We think that using the funds for FMC's financial needs over the coming years will help ensure that FMC remains on solid financial footing for the future, which is important given our aging population, our uncertain fundraising prospects and our potentially high building upkeep costs to keep our building operating. We believe that other things can be done within our budget to deepen the spirituality within FMC such as the Adult Spiritual Education group's efforts, the Deepening Spirituality faithfulness small groups, Forums, witness groups, etc. And we hope that the Meeting might explore whether there is a service project or witness program that can unite us corporately, but again, within our current budget.