

Proposed Amendment of Article 4 of the Articles and Bylaws of CFUW

Moved: That the statement ‘**CFUW shall be a member of GWI**’ be struck from Article 4 of the Articles and Bylaws of CFUW, and that the following statement ‘**CFUW supports international advocacy for the education and welfare of women and girls**’ be inserted.

Moved by: Susan Brown, President, CFUW Guelph

Supported by: CFUW clubs Ajax-Pickering, Aurora-Newmarket, Barrie and District, Brantford, Calgary North, Cambridge, Cape Breton-Sydney, Cornwall and District, Dartmouth, Etobicoke, Kincardine, Kingston, Leaside-East York, Muskoka, Northumberland, Owen Sound and District, Portage La Prairie, Saanich Peninsula, Saint John, Saskatoon, Southport, St. Thomas, North Toronto, UWC Toronto, Welland and District, UWC Winnipeg,

Rationale

Introduction and Background:

We welcome the opportunity to propose this amendment, which is supported by many dedicated CFUW clubs. Similar proposals to remove Article 4 from the Constitution were put forward by CFUW St. Thomas in 2016 and 2017. Since then, motions proposing voluntary membership in GWI without requiring removal of Article 4, were proposed by UWC Winnipeg in 2018 and 2019.¹ All four of these amendments received strong majority support but did not achieve the required two-thirds threshold for constitutional change.

The intent of our proposed amendment is to end CFUW’s constitutional requirement for membership in GWI. Most importantly, this amendment reinforces our commitment to international advocacy for women and girls. To the best of our knowledge, this amendment would not preclude individual clubs from pursuing membership in GWI.² We believe that the scope and flexibility of this amendment provides a solution to the ongoing conflict within CFUW regarding GWI.

CFUW unequivocally supports advocacy for human rights and access to education for women and girls worldwide. For 100 years, CFUW has been a member of IFUW (renamed GWI in 2015), and has been a strong partner in many important projects over those years. However, conflict over dues formulae occurred many times between NFAs and IFUW from 1932 to 2004,³ and evidence of financial mismanagement has become impossible to ignore since at least 2008.

We are not alone in our concern about financial problems at GWI. Many University women’s organizations in other countries⁴ have left GWI over increasing dues and changing financial priorities. Currently Canada is the largest remaining NFA, and CFUW now contributes approximately one-half of GWI’s annual income⁵ through our dues, currently \$223,000 in 2019-20.⁶

GWI Financial Mismanagement:

According to the *CFUW AGM 2019 Business Booklet*,⁷ CFUW has spent nearly \$2 million on dues and other GWI support from 2012 to 2020. From the financial pages of GWI’s *Annual Reports*,⁸ it is obvious that most of our contributions supported administrative costs of GWI:

salaries, office expenses, meetings, and travel. Relatively little has gone to fund international programs for women and girls.

GWI's annual reports are published on-line, and we can easily discern the following facts:

- From 2008 to 2012, the average annual spending on programs was only 4.8% of income.
- From 2013 to 2018, the percentage spent on programs improved to an average of 26%.
- For 8 of the last 11 years, GWI expenses have substantially exceeded annual income.
- In 8 years of deficit, the annual overspending averaged 154,000 CHF⁹ (~\$220,000 CAD).
- Shortfalls were covered by spending down various reserves, donations, and bequests.
- Prolonged reliance on donations, restricted and unrestricted funds has diminished all assets.

From these facts, which are summarized in our Addendum, we conclude that GWI will likely continue to experience financial instability because of limited income. To increase income, GWI would need to substantially increase membership by attracting new NFAs with large membership bases (unlikely to happen) or increase NFA dues, which would be unpalatable to existing NFAs.

Although documentation of excessive spending is easy to find, explanations have repeatedly been withheld despite frequent requests from CFUW for clarification of expenditures. GWI's response has been that their accounting system is different; that they are not required by Swiss law to perform a full audit which they describe as a 'waste of funds'. CFUW should expect fiscal responsibility, transparency, and respect as a member of GWI. We have received mostly obfuscation.

Recently, at the Triennial General Assembly (GA) in 2019, both the Treasurer and out-going GWI president, Geeta Desai gave stunning reports of financial irregularities. Ms Desai concluded that:

*"...the previous board violated the GWI constitution, neglected fiduciary oversight, continued to spend down funds, ignored a spending floor established by the Finance committee, and ended each of three years with a six-figure deficit.... by the end, the previous board had spent 2 million CHF, lost 5,000-6,000 members, and GWI was insolvent. In view of this, it has been this board's decision to make a claim against the Directors and Officers Insurance Policy that covered the 2013-2016 Board."*¹⁰

Our CFUW president, Grace Hollett, has stated that "*a large amount of funds from 2013-16 were unaccounted for*" and that this announcement was shocking news to the NFAs present.¹¹ But there is no evidence that any explanation was offered for the fact that it took three years for the presiding GWI board to share this disturbing information with NFAs.

Our own study of GWI's published financial reports (see Addendum) confirms that over 750,000 CHF (~ \$1.1 million CAD) of assets, income from investments, and donations were used to cover deficit spending since 2008. It is not clear if the 750,000 CHF that we identify as over-spending is part of the reported 2 million CHF spent during 2013-2016, or if there is a second large amount that is otherwise unaccounted for. Regardless, the fact that the 2016-2019 board of GWI initiated an insurance claim against the previous board in an attempt to recover apparently misappropriated funds clearly indicates that actions by the previous board are considered to be negligent and/or delinquent.

In 2013 and again in 2016, GWI was criticized by their NFAs because of their pattern of running a large deficit. GWI's accounting firm, KPMG, cautioned that insolvency was inevitable if they continued to use deficit financing without any additional sources of income. Although a bequest in 2011-2012 (118,000 CHF) and donations in 2015 (196,090 CHF) helped to improve their financial

statements and program spending in the following fiscal years, that money was used to reduce large deficits.

The amount spent on program support was higher in 2016 than in previous years, but that does not reflect better financial management since the deficit that year was at its highest in ten years **-320,000 CHF**. The improved program:income ratio coincided with a 2016 accounting change whereby conference expenses were included as program expenses (see Addendum). Therefore, in reality, there has not been a significant increase in the program spending ratio in the years we examined and, therefore, no lasting improvement in their organizational goal of improving the lives of women and girls. GWI's most recent annual report (2018) shows some attempts to decrease spending by substantial reduction of administrative and travel costs. However, income is lower due to decreasing membership, and they have no unrestricted funds left. GWI has only managed to increase their cash position from a low of 70,000 CHF to 323,056 CHF in 2018, far short of the 988,000 CHF in assets they had in 2012.

It is doubtful that even this modest improvement is sustainable based on existing funding models, the loss of many high-income NFA members, and high administrative expenses. Of ongoing importance to CFUW is the fact that GWI indicated at the 2016 triennial that a large increase in dues is necessary to continue operation. The 35 CHF per capita rate that they requested could provide only '*minimal service; added income would be require; and dues will need to be raised again in 3 years*',¹²

GWI's Impact on CFUW:

GWI has many financial challenges and, according to *KPMG's Report of the Auditors on the Financial Statements*, was close to bankruptcy in 2013,¹³ and again in 2015¹⁴ and 2016.¹⁵

Now, the financial burden of supporting GWI threatens the survival of CFUW. In October of 2017, our National Board sought legal advice from Karen Cooper of Drache Aptowitz LLP. Ms Cooper advised:

*'.....CFUW's board has a fiduciary obligation to ensure the sustainability of CFUW' and 'the board....may bring forward motions to amend the by-laws and leave GWI if it believes it is in the best interests of CFUW to do so.'*¹⁶

We believe that this legal advice in 2017 was sound, and we wonder why it has not been followed. Our priority should be the survival of CFUW, not GWI.

CFUW Guelph has stated that our issue with GWI membership isn't about dues *per se*. It is about expecting clear, honest, transparent information from our own National Board, and productive interaction with reliable, honest advocacy partners, so that CFUW can put the \$200,000+ per year that we send to GWI to better use in promoting educational and social equality for women and girls.

At the 2016 triennial, GWI stated that they would ultimately need as much as 50CHF in annual dues to achieve their goals, but that they could function at dues of 35 CHF per capita. Thus, they presented a motion to set dues at 35 CHF (a 19.5CHF increase for CFUW), which they stated was the minimal amount they needed to survive. This was amended to a (larger) increase of 10, 6, and 6 CHF spread over three years, which CFUW joined other NFAs in voting to pass. After complaints from many NFAs, a subsequent emergency electronic amendment was passed in 2017. This amendment settled on a 7 CHF increase per year (6 CHF per year for CFUW), which results in current GWI dues for

CFUW of 21.5 CHF per year.¹⁷ This substitute motion has been in place since January 1, 2018, but we can expect renewed requests for increased dues at a future triennial. Based on the 2016 statement from GWI that they can barely function at dues of 35 CHF per capita, this reduction in anticipated dues, while good news for CFUW, will further weaken GWI.

CFUW members have voted against GWI's requested dues increase since 2016. Therefore, this current increase remains unfunded, although partly covered by the MOU discussed below. CFUW is already paying approximately \$175,000 per year for our funded GWI fees (15.5CHF per capita), but the unfunded increase in GWI dues (and other GWI support) adds another \$80,000 per year to the base amount in 2020-2021, for a total of \$255,088.¹⁸ The commitment to pay sizeable dues that membership does not support is potentially a crushing problem for CFUW.

Note also, that legal advice from Ms Cooper, referred to above, stated that the unusual emergency amendment in 2017 regarding GWI's dues, was in violation of GWI's constitution. She also stated that '*CFUW's Board is not required to put the overall financial health of CFUW at risk to meet an obligation for increased (GWI) dues*'.¹⁹

The MOU: Further Lack of Transparency^{20, 21}

Without funding to pay the increased GWI dues in place since 2017, our indebtedness to GWI grew. In 2019, our national board negotiated a memorandum of understanding (MOU), which allowed CFUW to settle the outstanding debt to GWI. CFUW received credit for almost 50% (~\$94,000) of 3 years of fees increase in exchange for *in-kind* services to GWI. This might seem like a good solution for CFUW, although an additional cash payment of \$100,735²² was still owed, over three years with the final installment due in June 2020. Clearly, it was also to GWI's benefit to negotiate this settlement since it resulted in both a large cash payment from CFUW and the perceived agreement that we would continue to support GWI operations with annual future payments, projected by our Finance Committee to be over \$250,000 in 2020-2021.²³

Significantly, GWI's report of misappropriated funds and pending insurance claim^{24, 25} were only revealed at the 2019 GWI Triennial GA²⁶ - after CFUW had signed the MOU. Our then VP of Finance stated at the 2019 AGM that, if known, '*this information would have been considered during the decision-making process.*'²⁷ The fact that our negotiations for the MOU were conducted without full disclosure of GWI's latest financial problem seems, to us, an unacceptable breach of trust.

Furthermore, in spite of the short-lived hope that the signed MOU might provide some financial respite, the CFUW Finance Committee delivered more unwelcome news for attendees at the 2019 AGM when they announced grave concern for CFUW's financial future. More recently, a report from our Finance Committee in February 2020,²⁸ states that CFUW's reserves, now valued at approximately \$142,000, could be as low as \$45,000 by the end of fiscal year 2021. Are we really willing to let CFUW go bankrupt to save a failing GWI?

Conclusions:

CFUW Guelph and clubs from across Canada no longer support membership in GWI. A majority of CFUW clubs voted in 2016, 2017, 2018 and 2019 to sever or to modify our connection with GWI.

We believe that CFUW membership in GWI:

- Lends support to an organization that uses the vast majority of its revenue for excessive operational expenses, consistently runs a deficit, fails to demonstrate financial transparency, repeatedly uses reserved funds for operating expenses, ignores its own constitution, and does not adequately support international advocacy programs mandated by the goals of CFUW;
- Is not consistent with CFUW's respect for fiduciary responsibility;
- Ignores the legal advice given to the CFUW National executive in 2017, which indicated that membership in GWI should be severed if it threatens the sustainability of CFUW;
- Endangers CFUW's financial viability and brings our own integrity into disrepute.

If we fail to find a solution to the GWI issue, we will continue to lose long-term members and fail to recruit new ones. Local clubs will weaken, and some will withdraw their membership from CFUW. All of these outcomes will erode the future income and financial sustainability of CFUW.

It is now time, in 2020, for CFUW to remove the constitutional requirement for membership in GWI, while reaffirming our commitment to international advocacy. CFUW has the ability to work alone or with other fiscally responsible partners to meet our advocacy goals with pride. It is time to move on to a better future for CFUW where we will use our funds generously and willingly to support the betterment of women and girls throughout the world.

¹ Business and Finance Booklet - CFUW AGM 2019, Winnipeg motion, p. 29
<http://www.fcfdu.org/Portals/0/cfuwpublicfiles/webfiles/whatwedo/agm/AGM2019/AGM%202019%20BUSINESS%20AND%20FINANCE%20BOOKLET.pdf?ver=2019-08-09-125826-023>

² GWI 2018 Annual Report: "GWI has 27 independent members" (includes WG-USA and GWI-Netherlands)

³ Dianne Dodd, *Our 100 Years: The Canadian Federation of University Women*, pgs 304-307 and 314-315. See also Edith Batho: *A Lamp of Friendship*, referenced by CFUW at <https://www.cfuwvictoria.ca/wp-content/uploads/2016/03/Response-to-questions-on-CFUW-and-GWI-1120062.pdf>

⁴ Countries that left GWI from 2013-2016 include Croatia, Finland, Germany, Italy, Netherlands, Sweden, as well as Albania, Armenia, Cameroon, Georgia, Guinea, Indonesia, Niger, Moldova, Romania, Samoa, Thailand, Tonga, Vanuatu. The U.S. left in 2004, (AAUW currently has 100,000 members) but has a small independent GWI club (WG-USA with 185 members) listed as a current member on GWI's website.

⁵ CFUW Conference Documents, MOU CFUW GWI signed July 17, 2019, p.3 of MOU states "CFUW's contribution was 51% of GWI revenue from NFAs in 2017"
<http://www.fcfdu.org/en-ca/whatwedo/annualgeneralmeetings/agm2019/agmandconferencedocuments.aspx>

⁶ Business and Finance Booklet -CFUW AGM 2019, Table of GWI Dues, p. 36. See endnote 1 for link.

⁷ Ibid, p.36

⁸ GWI Annual reports; 2013 – 2018 publicly available; 2008 to 2012 are password protected, members only.
<https://graduatewomen.org/media-publications/annual-reports/>

⁹ Approximate exchange rate for Swiss Franc; April 2020 value: 1CHF = 1.45CAD \approx 1USD

¹⁰ GWI minutes for 2019 Triennial, Financial Management, see pgs. 12-13, President's remarks, Treasurer p.14-18;
https://graduatewomen.org/wp-content/uploads/2019/11/FINAL-DRAFT_Minutes-of-GWI-33rd-Triennial-GA-September-2019.pdf

¹¹ Correspondence to CFUW Guelph from CFUW President, Feb 9, 2020

¹² Presentation by GWI president Catherine Bell, 2016 Triennial, reported in minutes, p.9
http://graduatewomen.org/wp-content/uploads/2016/10/2017-02-17-GWI-Cape-Town-GA-Minutes_FINAL.pdf

¹³ Correspondence from CFUW president to club presidents, *Response to Questions*, Feb 21, 2020.
https://mcusercontent.com/8efb82640cb8bc1fd889b4668/files/ae8ead33-d723-4dcc-9f25-70b3159c0ee4/QA_letter_re_GWI_Feb_21_2020_v3_for_links_002_09.pdf

¹⁴ GWI Annual report 2014-2015, Auditors notes, p.22, p. 26
<https://graduatewomen.org/wp-content/uploads/2014/01/GWI-2015AnnualReport-FINAL-web.pdf>

¹⁵ GWI Annual report 2016 (uploaded in 2018)
<https://graduatewomen.org/wp-content/uploads/2018/01/GWI-2016-Annual-Report-Final.pdf>

¹⁶ Correspondence to CFUW, by Karen Cooper, Drache Aptowitz LLP, November 6, 2017. [Additional letter to GWI, dated October 26, 2017, is not at this link, but a copy is in our possession]
<https://files.cfuwadmin.org/webfiles/governance/gwi/Letter%20from%20Lawyer%20%20to%20CFUW%20Members%20%202017%2011%2006-signed.pdf>

¹⁷ Correspondence from CFUW president to club presidents, *Response to Questions*, Feb 21, 2020. **See endnote 13 for link.** In summary: At their 2016 triennial, GWI requested an increase in dues of 20 CHF (from 15.5CHF to 35.5CHF per member) which was amended to a phased-in (but larger) increase of 10, 6, and 6 CHF over three years. The amendment passed. Subsequent complaints from some NFAs resulted in a 2017 emergency vote to reduce the dues increase to 7 CHF per year for the next three years; for CFUW, it became 6 CHF per year with annual dues now set at 21.5 CHF per capita.

¹⁸ Business and Finance Booklet - CFUW AGM 2019, Table of GWI dues, p. 36. **See endnote 1 for link.**

¹⁹ Correspondence to CFUW by Karen Cooper, Drache Aptowitz LLP, November 6, 2017. **See endnote 16 for link.**

²⁰ Financial calculations are approximate and are based on membership numbers and dues in CAD as taken from 2019 CFUW documents.

²¹ CFUW Conference Documents, MOU CFUW GWI July 16, 2019, at:
<http://www.fcfdu.org/en-ca/whatwedo/annualgeneralmeetings/agm2019/agmandconferencedocuments.aspx>

²² Correspondence from CFUW president to club presidents, *Response to Questions*, Feb 21, 2020.
https://mcusercontent.com/8efb82640cb8bc1fd889b4668/files/ae8ead33-d723-4dcc-9f25-70b3159c0ee4/QA_letter_re_GWI_Feb_21_2020_v3_for_links_002_09.pdf

²³ Business and Finance Booklet - CFUW AGM 2019, Table of GWI Dues, p. 36. **See endnote 1 for link**

²⁴ Correspondence from CFUW president to club presidents, *Response to Questions*, Feb 21, 2020. **See endnote 22 for link**

²⁵ Correspondence to CFUW Guelph from CFUW president, Feb 9, 2020.

²⁶ Minutes of GWI 2019 triennial, p.13; **See endnote 10 for link.** Quoting Geeta Desai "...the previous board violated the GWI constitution, neglected fiduciary oversight, continued to spend down funds, ignored a spending floor established by the Finance committee, and ended each of three years with a six-figure deficit.... by the end, the previous board had spent 2 million CHF, lost 5,000-6,000 members, and GWI was insolvent. In view of this, it has been this board's decision to make a claim against the Directors/Officers Insurance Policy that covered the 2013-2016 Board"

²⁷ CFUW Conference Documents, D. Racanelli, Addition to VP Finance Report, p.16 of Booklet , at:
<http://www.fcfdu.org/en-ca/whatwedo/annualgeneralmeetings/agm2019/agmandconferencedocuments.aspx>

²⁸ Presidents Message, circulated to CFUW clubs on Feb 24, 2020 <https://mailchi.mp/rogers/presidents-message-february-24-2020?e=6e6b0f9509>

Addendum
to Proposed Amendment by CFUW Guelph, 2020

GWI Annual Financial Records Summary 2008 to 2018 ^{a,b}

Year	Income ^c (CHF)	Expenses (CHF)	Difference (CHF)	Program: Income Ratio	Current Assets ^d	Restricted (CHF)	Unrestricted (CHF)
2008	428,319	624,011	(195,692)	4.2 % (20,237/428319)	845,482	99,492	608,369
2009	416,982 ^e	458,340	(41,358)	4.1% (20,621/416,982)	966,245	97,512	619,606
2010	419,413	503,779	(84,366)	6.2% (26,119/419,413)	901,883	140,129	643,318
2011	377,765	438,005	(60,240)	4.6 % (17,416/377,765)	869,454 ^f	118,614	688,546
2012 ^g	356,821	313,970	42,851	4.9% (17,591/356,821)	988,108 ^h	120,712	762,582
2013	395,808	553,682	(157,874)	25.5% (97,100/395,808)	862,307	121,712	595,405
2014 ⁱ	449,132	656,898	(207,766)	24.0% (108025 ^k /449,132)	656,898	100,721	366,227
2015 ^l	515,643	685,970	(170,327 ^m)	24.6% (126,866 ⁿ /515,643)	463,928	104,356	200,900
2016	368,204	689,868	(321,664)	55.0% (203,024 ^o /368204)	70,026	113,627	(97,627)
2017	290,490	256,621	33,869	10.8% (31,258/290,490)	214,056	115,740	
2018	307,175	266,066	41,109	21.7% (66,604 ^p /307,175)	323,783	124,062	

^a All amounts are in Swiss Francs; 1CHF ~ 1.45 CAD (current value, April 2020)

^b Original data available at <https://graduatewomen.org/media-publications/annual-reports/>

^c Includes dues and donations

^d Total cash and short-term investments (includes restricted and unrestricted funds)

^e 2009 Income: Net gain on short-term investments not included – assets cashed for 2008 shortfall

^f 2011 Current Assets includes 1st installment of 41,360 CHF from Frederika Quak bequest

^g 2012 New line item: Strategic Planning fees and ED Recruitment fees

^h 2012 Current Assets includes 2nd installment of 77,619 CHF from Frederika Quak bequest

ⁱ 2013 Istanbul Triennial

^j 2014 First cautionary note from KPMG re survivability

^k 2014 36,649 CHF of the “Program budget” spent on member development

^l 2015 Second and Stronger Cautionary Note from KPMG

^m 2015 Donation of 196,091 reduced deficit from -366,418 to -170,327 CHF currently reflected

ⁿ 2015 45,515 CHF of the “Program budget” spent on member development

^o 2016 New line items: 99,840 CHF conference; 63,112 CHF projects

^p 2018 New line item: 20,000 CHF conference