

St. Paul's Endowment

2022 Year-End Report to the Vestry and Annual Report to the Parish

Approved by the Endowment Board on February 12th, 2023

Submitted to the Vestry on February 15th, 2023

The St. Paul's Endowment was created in 2008 and received its first bequest in 2010. Through generous gifts of our parishioners, the Endowment was valued at \$346,987 at the end of 2022, and another \$357,448 have been promised through planned gifts. The Endowment began the year with a starting value of \$375,075. Donations and disbursements each totaling \$15,002 were made. Investment growth was -\$28,089 for the year, a change of -7.7%. This follows growths of 14.7% in 2021, of 11.8% in 2020 and 9.2% in 2019. Since the Endowment began making disbursements in 2018, Endowment grants have totaled \$33,599. In 2022, Endowment grants provided \$15,002 in funding. This report provides a summary of the 2022 Endowment grants.

At the end of 2022, the Endowment Board consisted of Katie Bricio (Chair), Dan Loughlin (Secretary/Treasurer), Emery Anderson, Kay Burgess, Brad Hirschy, Sherri Hubbard, Tom Johnson, and David Moon. The Board manages the Endowment holdings with assistance from Emily Finch Johnson of Robert W. Baird & Co. Incorporated.

The General Endowment and designated use funds have been pooled to maximize growth potential. Values of the General Endowment fund and designated use funds are tracked separately, and quarterly growth over all holdings is apportioned based on the funds' relative values at the start of the quarter. Most of the Endowment assets currently are held within a portfolio managed by Tandem Investments. The Endowment also holds short-term bond funds, money market holdings, and cash.

Financial statements are available upon request. The tables below provide a summary of Endowment values and holdings. In early 2022, Kay Burgess transitioned into the Chair role of the Endowment Board. She can be reached at kay.burgess9396@gmail.com with comments or questions about this report or about the Endowment.

Q1. What are the current balances, promised assets, and totals for the Endowment funds?

Fund	Value	Promised	Total
General	\$276,058	\$310,000	\$586,058
Outreach	\$35,369	\$47,448	\$82,817
Grounds Beautification	\$25,375		\$25,375
Kids' Club	\$10,185		\$10,185
Total	\$346,987	\$357,448	\$704,435

Q2. How have the Endowment fund values changed in value in recent years?

Fund	2016	2017	2018	2019	2020	2021	2022
General	\$39,503	\$233,342	\$215,216	\$236,176	\$278,350	\$312,511	\$276,058
Outreach	\$18,057	\$19,849	\$17,761	\$18,655	\$20,114	\$22,317	\$35,369
Grounds Beautification	\$23,149	\$25,475	\$22,868	\$24,021	\$25,917	\$28,720	\$25,375
Kids' Club	\$0	\$0	\$0	\$0	\$10,052	\$11,527	\$10,185
Total	\$80,709	\$278,666	\$255,845	\$278,852	\$334,432	\$375,075	\$346,987

Q3. How did the balances of the Endowment funds change over the last year?

Fund	Starting value	Donations	Disbursements	Invest. growth	Final value	Est. inv. growth (%)	Change in value (%)
General	\$312,513	\$0	\$12,509	-\$23,945	\$276,058	-7.7%	-11.7%
Outreach	\$22,317	\$15,002	\$889	-\$1,061	\$35,369	-7.7%	58.5%
Grounds Beautification	\$28,720	\$0	\$1,145	-\$2,200	\$25,375	-7.7%	-11.6%
Kids' Club	\$11,527	\$0	\$459	-\$883	\$10,185	-7.7%	-11.6%
Total	\$375,077	\$15,002	\$15,002	-\$28,089	\$346,987	-7.7%	-7.5%

Q4. How do the balances in the Endowment funds compare to donated amounts?

Fund	Donated	Value	Difference
General	\$239,126	\$276,058	\$36,931
Outreach	\$30,002	\$35,369	\$5,367
Grounds Beautification	\$20,002	\$25,375	\$5,373
Kids' Club	\$10,052	\$10,185	\$133
Total	\$299,182	\$346,987	\$47,805

Comment:

All Endowment funds have a favorable variance as of the end of the year.

Q5. How much was disbursed from each fund this year and to date?

Fund	2021 dist'n	To date
General	\$12,509	\$24,303
Outreach	\$889	\$3,858
Grounds Beautification	\$1,145	\$4,979
Kids' Club	\$459	\$459
Total	\$15,002	\$33,599

Q6. What are our Endowment assets and what was the estimated annual yield of each investment?

Holding	Value	Estimated yield
Cash / Money Market Fund	\$ 1,848	0.0%
Tandem Fund	\$ 281,583	-9.7%
Short-term Bonds	\$ 63,555	1.3%
Total	\$ 346,987	-7.7%

Q7. How are Endowment assets invested and are we within the ranges outlined in the Endowment policies?

Investment	Cash / MM	Income	Growth	Total
Cash/Money Market	\$1,848			\$1,848
Tandem Fund	\$17,886	\$19,996	\$243,702	\$281,583
Short-term Bonds		\$63,555		\$63,555
Total	\$19,734	\$83,551	\$243,702	\$346,987
Percentage	6%	24%	70%	

Comments:

Stock holdings are assumed to be in the Growth category, while CDs are in Income.

Endowment investment guidelines call for a target of between 30 and 60% in both income and growth.

The Tandem Fund is managed to balance growth and risk, and thus we believe this allocation is generally consistent with the investment guidelines.

Major Endowment Board Activities in 2022

1. Based on the Endowment's financial performance in 2021, the Endowment Board recommended the following disbursements:

General: \$12,509; Outreach: \$889; Grounds Beautification: \$1,145; Kid's Club: \$459 (Total: \$15,002)

This recommendation was made to the Vestry and approved.

2. On March 27th, the Endowment Board hosted Coffee Hour. Members of the Legacy Society were invited and the Legacy Society plaque in the Narthex was unveiled.

3. The Board received grant requests from several parish ministries and from the Vestry. We recommended the following grants be made from the 2022 disbursement:

General: \$12,509 for lobby furnishings and sound panels

Outreach: \$500 for the Christmas Shoppe at Family Promise; \$389 to the St. Pauli Murray Center

Grounds: \$1,145 for a walkway from Kid's Club to the playground

Kid's Club: \$459 for shelving

This recommendation was made to the Vestry and approved.

Purpose Statements*General Fund*

Distributions from this fund shall not be used to meet yearly operating expenses of the parish, but instead shall be used to fulfill purposes such as: outreach ministries and grants, seed money for new ministries, special one-time projects, and maintenance and enhancement of the physical plant and grounds of the parish.

Grounds Beautification Designated Use Fund

The purpose of this designated use fund is to support the ongoing beautification of St. Paul's campus through capital improvements to the grounds. Distributions shall be used for the design and installation of long-lived trees and plants, and permanent elements such as retaining walls, walkways, garden structures and lighting.

[Add'l info from donor: The intent of this designated use fund is exclusive to grounds beautification versus "business as usual" grounds maintenance and repairs, such as corrective actions to the retention pond, corrective drainage actions, re-paving the parking lot, repairing existing sidewalks, removing existing landscape elements, etc. This sub-fund does not duplicate the broader scope of the last example given under the "General Fund" above.]

Outreach Designated Use Fund

The purpose of this designated use fund is to support outreach. Distributions shall be used to supplement the parish's outreach budget, providing support to St. Paul's outreach ministries and to charitable organizations outside of the parish. These funds are not to take the place of operating funds designated to outreach.

Kids' Club (Nursery) Designated Use Fund

The purpose of this designated use fund is to support the St. Paul's Nursery (currently referred to as the Kids' Club). Distributions shall be used for non-operational purposes that (1) enhance the nursery's ability to serve the St. Paul's community, and (2) upgrade the nursery environment to attract new members to the church. Examples of envisioned uses of disbursements include: updating nursery signage to make the space feel more accessible and welcoming, implementing a child care software solution for parental child monitoring and notifications during services, and purchases of durable equipment such as cribs, playpens, rockers, and substantial age-appropriate toys.

Note: Fund descriptions were modified to reflect the terminology currently being used by the Endowment Board to distinguish between the General Fund and the designated use funds. "Designated use fund" replaces the prior term "sub-fund".

