

St. Paul's Endowment

2023 Year-End Report to the Vestry and Annual Report to the Parish

Approved by the Endowment Board on February 11th, 2024

Submitted to the Vestry on February 12th, 2024

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 \$354,852 at the end of 2023, and another \$337,450 have been promised through planned gifts. The Endowment began the year with a starting value of \$346,987. A donation of \$1,000 was received and disbursements totaling \$14,087 were made. Investment growth was \$20,827 for the year, which represented an approximate yield of 6.0%. This follows -7.3% growth in 2022, 14.7% in 2021, 11.8% in 2020 and 9.2% in 2019. Since the Endowment began making disbursements in 2018, Endowment grants have totaled \$47,686. In 2023, Endowment grants provided \$14,087 for purposes beyond St. Paul's operating budget. At year-end 2023, all Endowment funds had positive variances, indicating that their values exceed donated amounts.

At the end of 2023, the Endowment Board consisted of Kay Burgess (Chair), Dan Loughlin (Secretary/Treasurer), Emery Anderson, Katie Bricio, Brad Hirschy, Sherri Hubbard, 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. Kay Burgess can be reached for questions at kayburgess9396@gmail.com.

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

Fund	Value	Promised	Total
General	\$282,150	\$290,000	\$572,150
Outreach	\$36,485	\$47,450	\$83,935
Grounds Beautification	\$25,839		\$25,839
Kids' Club	\$10,379		
Total	\$354,852	\$337,450	\$681,924

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

Fund	Year-end values				
	2019	2020	2021	2022	2023
General	\$236,176	\$278,350	\$312,511	\$276,058	\$282,150
Outreach	\$18,655	\$20,114	\$22,317	\$35,369	\$36,485
Grounds Beautification	\$24,021	\$25,917	\$28,720	\$25,375	\$25,839
Kids' Club		\$10,052	\$11,527	\$10,185	\$10,379
Total	\$278,852	\$334,432	\$375,075	\$346,987	\$354,852

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

Fund	Start	End	Change (\$)	Change (%)
General	\$266,040	\$282,150	\$16,110	6.1%
Outreach	\$34,524	\$36,485	\$1,961	5.7%
Grounds Beautification	\$24,450	\$25,839	\$1,389	5.7%
Kids' Club	\$9,821	\$10,379	\$558	5.7%
Total	\$334,835	\$354,852	\$20,018	6.0%

Comment:

The percent change of the General fund differed from the other funds as a result of a donation of \$1,000.

Q4. What are the donations, distributions, and investment growth for the each quarter and for the year?

Endowment	Quarter1	Quarter2	Quarter3	Quarter 4	For Year (2023)
Donations	\$0	\$0	\$0	\$1,000	\$1,000
Disbursements	\$14,087	\$0	\$0	\$0	\$14,087
Investment gain/loss (amount)	\$6,234	\$4,862	-\$9,207	\$19,021	\$20,827
Investment gain/loss (%)	1.8%	1.4%	-2.7%	5.7%	6.0%

Q5. How do the balances in the Endowment funds compare to donated and disbursed amounts?

Fund	Donated	Value	Difference	Disbursed to date
General	\$240,126	\$282,150	\$42,023	\$35,862
Outreach	\$30,002	\$36,485	\$6,483	\$4,895
Grounds Beautification	\$20,002	\$25,839	\$5,837	\$6,046
Kids' Club	\$10,052	\$10,379	\$327	\$883
Total	\$300,182	\$354,852	\$54,670	\$47,686

Comment:

All funds have positive variances.

The "Disbursed to date" column represents disbursement since inception and includes funds marked for disbursement but currently held in the Endowment restricted fund.

Q6. What are our Endowment assets? What percentage does each comprise? What yields are these assets producing?

Holding	Value	Percentage	Yield		
			Quarter 4	For Year (2023)	since 1/11/ 2019
Tandem Fund	\$ 240,151	68%	7.9%	6.9%	7.9%
Baird (Cash/CDs/Bonds/Bond Funds)	\$ 114,702	32%	1.3%	4.1%	2.2%
Total	\$ 354,852				

Comment:

The assets of the three Endowment funds are pooled. Gains/losses are allocated to the individual funds proportionally, based on their relative balances at the beginning of the quarter.

Values were provided by our investment advisor, Baird, and only go back to the date that their management of Endowment assets began, January 11th, 2019.

Q7. What have been the Endowment's annual returns in recent years?

Year	Return
2019 (partial year)	7.7%
2020	12.0%
2021	14.5%
2022	-7.5%
2023	6.2%

Comment:

Values were provided by our investment advisor, Baird, and only go back to the date that their management of Endowment assets began, January 11th, 2019.

Q8. How is the Endowment's asset mix are we within the ranges outlined in the Endowment policies?

Investment type	Total	Percentage
Cash and cash equivalents	\$11,234	3%
Growth	\$205,339	58%
Income	\$138,279	39%
Total	\$354,852	

Comments:

Endowment investments listed above are held within our investment accounts with Baird.

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

We are currently within those targets.

Activities carried out in 2023:

The 2023 distributions were: AED training for users - \$400 (from General); AED training for preschool - \$400 (from General); Johnson Service Corps - \$1200 (\$163 from General, \$1,037 from Outreach); Racial Equity Institute training - \$3,000 (from General); Laptop computers for staff - \$3,000 (from General); Columbarium expansion - \$4,496; and, Kids Club path to playground - \$1,491 (in addition to the \$1,145 from 2022 funds).

Investments were re-balanced such that investments adhered to Endowment guidelines that specify target allocations between growth and income.

Reference:

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, and special one-time projects.

Grounds Beautification Fund

The purpose of this sub-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 sub-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 Fund

The purpose of this sub-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) Fund

The purpose of this 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.