

**FLOSSMOOR COMMUNITY CHURCH FOUNDATION**  
**ANNUAL REPORT FOR THE YEAR ENDED**  
**JUNE 30, 2017**

**Overview**

The Flossmoor Community Church Foundation is dedicated to preserving and enhancing Flossmoor Community Church as a vital institution in the community. All members of Flossmoor Community Church are members of the Foundation. Our mission is to provide financial security for the long-term viability of the church's facilities and support for church outreach activities. The Foundation board is responsible for i) raising funds for the Foundation, ii) deploying the funds in accordance with fund policy and iii) managing the Foundation's assets by taking appropriate risk and protecting principal.

As of May 31, 2017 total assets were \$2,731,879. \$250,000 in a residence and cash reserve of \$34,303 were not available for investment. \$2,447,578 was invested with professional managers in a variety of funds. Investment decisions are made by the Foundation Investment Committee, which is advised by Morgan Stanley. These funds were invested as follows:

<b>Investment</b>	<b>2017 Asset Value</b>	<b>% of Assets</b>	<b>2016 Asset Value</b>	<b>% of Assets</b>
Restricted Cash	\$ 34,303	1%	\$ 72,147	3%
Designated Cash	503,265	20%	19,350	1%
Fixed Income	594,442	24%	743,525	33%
Equities	1,135,855	47%	1,209,403	53%
Alternatives	214,015	8%	225,563	10%
Totals	\$2,481,880	100%	\$2,269,991	100%

**Portfolio Performance and Accomplishments**

The Fund Balance increased from \$2,269,991 as of May 31, 2016, to \$2,481,880 as of May 31, 2017, an increase of \$211,809 or 9.3%. From July 1, 2016 through May 31, 2017, the Fund Balance improved by \$113,755, or 4.8%, after expenses and distribution to the church as follows:

- Distribution to FCC operating budget: \$81,535
- Annuitant Payments: \$10,524
- Other Expenses: \$7,771
- Donations and Memorials: \$3,835

Flossmoor Community Church Foundation is chartered to support Flossmoor Community Church Facilities with 90% of the contributions and outreach with 10% of the contributions. Annually the Foundation reserves 5% of the unrestricted fund balance and contributes approximately \$60,000 for facilities operations and for outreach. In addition, approximately \$60,000 is available for emergency facilities projects but not for routine maintenance.

Over the past several years, facilities repairs and maintenance have not been funded adequately due to constrained operating budgets and the contribution restrictions at the Foundation. The last facilities plan was prepared in 2004. Many projects in this plan were not funded and the facilities continue to age without adequate repairs.

In 2016, the Foundation Board requested a new facilities plan in order to more proactively and cost effectively address the facilities needs before becoming costly emergencies. Reserve Advisors were retained and updated the 2004 Plan.

The Plan was reviewed and approved by the Properties Committee and the Flossmoor Community Church Governing Board, and the Foundation Board. All these parties are recommending the Church and Foundation Membership approve, by a two thirds majority, the Resolution prepared by the Boards.

Thank you.

Lois Glasgow  
Foundation Board President

## **Resolution of the Flossmoor Community Church Foundation Board Regarding the Reserve Advisors Study: Short Term Components and Expenditure Recommendations.**

The Flossmoor Community Church Foundation (FCCF) Board resolves to fund the Reserve Advisors Study: Short Term Components and Expenditures for Fiscal Years 2017 through 2020 listed in the Attachment to this Resolution.

The Reserve Advisors consultants were hired in 2016 by Flossmoor Community Church (FCC) and FCCF Boards to update the FCC Facilities Plan that had been prepared ten years earlier. The Facilities Plan provides project priorities and cost estimates. The Plan was developed with oversight and input from FCC administration. The FCC Governing Board Properties Committee reviewed, revised and approved the Plan. On March 4, 2017, the FCC Governing Board approved the Plan prepared by Reserve Advisors and the FCC Properties Committee for Fiscal Years 2017 through 2020.

The FCCF Investment Committee and Board have reviewed the approved Plan and acknowledge that all projects need to be completed in order to repair, updated and preserve the FCC facilities. FCCF Board is recommending to the FCC Membership that the Membership approve the Plan at the Annual Meeting in July 2017. A two-thirds vote of the Membership is required. The Plan will be funded through FCCF. The FCCF "Amended and Restated Preservation Enhancement and Benevolence Fund Document" requires 90% of all assets be designated for care of the facilities.

This recommendation would be treated as an exception to the requirements stated in the FCCF Document. FCCF would continue to fund the provisions for the FCC operations and benevolence annual contributions.

As of May 31, 2017, FCCF Assets totaled \$2,731,880.82, with Unrestricted Investment Fund Balance of \$2,447,577.92 in cash, stocks and bonds. The cash available was \$337,566.90. The estimated cost of the four-year Plan expenditures is \$386,670. The FCCF Board has approved funding the amount on a not to be exceeded basis. The FCCF Board is responsible for the stewardship of assets over the next four years as firm project bids are obtained, the stock and bond market values change, contributions are given and routine expenditures are funded. The FCCF Investment Committee will review all bids and approve the expenditures or raise concerns to be addressed prior to proceeding.

The FCCF Board is required to review the use of FCCF Assets when assets reach the Soft Asset Backstop of \$2,131,311.60 and is required to take action when the assets reach New Minimum Asset Balance of \$1,720,141.47. FCCF will continue to fund the annual operating support for FCC required by the fund documents. In 2017, FCCF contributed \$81,535 to FCC for annual operations.

# RESERVE STUDY COMPONENTS

## SHORT-TERM EXPENDITURES

1. Building HVAC control system – control system to monitor and control mechanical systems with pneumatic components is obsolete. Upgrades to software system and sensor are necessary
2. Telephone system – current system is at least 15 years old and support and replacement parts are no longer available. Equipment is beginning to break down physically. Basic new system is needed
3. Community House restrooms - Not compliant with Americans with Disabilities Act, and components are aged and worn. Toilets not efficient. Complete renovation, including moving janitorial supplies out of men's room, is necessary
4. Community House roof – poor condition and at least 20 years old with weathered and lifted shingles, in addition to many replaced areas. Complete replacement necessary to prevent further leaks
5. Exterior trim, soffit, fascia painting – Wood trim finish is in poor condition, with peeling and deteriorated paint finish, weathered and rotted wood.
6. Carpet, first floor office and education wings – Carpet is in poor condition, stained and worn. Replacement of Genesis and kitchen area completed in January
7. Carpet, second floor family room, parlor and education wing – stained and worn, requires replacement
8. Stained glass repair – 4 units in need of repair to prevent further deterioration. Work includes removing, re-leading and re-installing with re-application of original structural support bar
9. Sealants on windows and doors – sealants and caulk is dry and no longer prevents water infiltration in areas
10. Walls and masonry repairs – complete inspection to identify and repair failing areas showing deterioration, including masonry and mortar cracks, loose mortar, and efflorescence/water infiltration
11. LED upgrade in Sanctuary – interior ceiling mounted light fixtures need LED upgrades to reduce heat output and reduce energy consumption
12. Carpet in Sanctuary, Gathering Space and Chapel – last replaced in 2007; stain removal no longer working, carpet worn in areas
13. Wood floor refinishing in Sanctuary – last refinished in 2007; recommend refinishing every 12 years
14. AV equipment upgrade in Sanctuary – Components are out of date and as they age, service interruptions will increase.
15. Community House air handler – 15-ton unit is nearing end of useful life and will need to be replaced
16. Stained Glass protective covering replacement – current coverings have become opaque and are not properly vented, leading to wood frame deterioration and deterioration of leading. Old coverings should be removed, glass should be cleaned, and new coverings need to be placed with proper venting and attachment to stained glass. This project may require fundraising

## Reserve Study Short-term Expenditures

Phone system	2017	\$	12,000
Community House bathrooms upgrade	2017	\$	17,000
		<b>\$</b>	<b>59,000</b>
Community House roof, gutters and downspouts	2018	\$	29,000
Exterior trim, soffit, fascia painting	2018	\$	10,270
Carpet, education and office wings of first floor	2018	\$	19,000
Carpet, family room and parlor and education, second floor	2018	\$	40,600
Stained Glass repair	2018	\$	10,000
		<b>\$</b>	<b>108,870</b>
Sealants on windows and doors	2019	\$	7,200
Walls and masonry repairs	2019	\$	32,580
LED fixture upgrade in Sanctuary	2019	\$	6,000
		<b>\$</b>	<b>45,780</b>
Carpet in Sanctuary, Gathering Space, Chapel	2020	\$	38,720
Wood floor refinishing in Sanctuary	2020	\$	3,470
AV equipment upgrade	2020	\$	10,830
Community House 15-ton air handler	2020	\$	20,000
Stained Glass protective covering replacement	2020	\$	100,000
		<b>\$</b>	<b>173,020</b>
<b>Total</b>		<b>\$</b>	<b>386,670</b>