

**FLOSSMOOR COMMUNITY CHURCH FOUNDATION**  
**ANNUAL REPORT FOR THE PERIOD ENDING**  
**DECEMBER 31, 2020**

**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.

The Foundation Board is responsible for i) raising funds for the Foundation, ii) deploying the funds in accordance with fund policies and iii) managing the Foundation's assets by taking appropriate risk and protecting principal.

In 2020, the Foundation owns two Funds: the Preservation, Enhancement and Benevolence Fund (PEB Fund) and the Clark Fund. Additionally, the Foundation is responsible for overseeing the Hendrickson Fund which is owned by the Church. The Assets held in the Clark Fund and the PEB Fund and their performances are reported to the congregation at the Annual Meeting of the Foundation Members on January 24, 2021 for the period January 1, 2020 through December 31, 2020.

**CLARK FUND, BENEFIT OF THE CONGREGATION SPIRITUAL LIFE**

\$450,000 was received from the Linda Clark Estate as a gift to the Foundation designated for the benefit of the spiritual life of FCC Congregation. The proceeds are held in the Clark Fund and are invested in a Preferred Savings Account held by Morgan Stanley and FDIC insured with an adjustable rate. A generous gift of \$10,000 was received in August from a longtime FCC member. For the period March through December 31, 2020, \$1,164.98 in interest was earned. The FCC Senior Pastor Search Committee requested that FCCF Clark Fund provide reimbursement for Pastor Van Til's moving expenses from California. The request was approved and paid in August. As of December 31, 2020 the Clark Fund Cash Balance was \$456,990.41. Funds are designated for the benefit of the spiritual life of the FCC Congregation and are not for support of the FCC facilities.

**PRESERVATION, ENHANCEMENT AND BENEVOLENCE FUND (PEB FUND)**

The PEB Fund is restricted to support Flossmoor Community Church facilities project requirements with 90% of the contributions and outreach/benevolence programs with 10% of the contributions.

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. In July 2017 the FCC Foundation Members approved the recommendations and funding for the first three years of projects included in the Plan.

In Fiscal Year 2020 the PEB Fund contributed:

- FCCF total annual support of FCC was budgeted at \$128,806 based on the 5% spending target limit of the FCCF fund balance as December 31, 2019 of \$2,576,117.
- FCCF has paid FCC \$57,260 for facilities maintenance and \$6,362 for outreach for a total of \$63,622.
- FCCF has budgeted \$65,184 reimbursement for facilities plan projects. Facilities project included in the facilities plan and completed were for walls and for masonry repairs, window and door sealants. FCCF reimbursed FCC for \$33,505.

The PEB Fund changes for Fiscal Year 2020 from January 1, 2020 through December 31, 2020, are reported in this Annual Report. As of December 31, 2020 total assets were \$2,616,311 including a cash reserve \$258,140. The cash reserves are not available for investment. Funds available for investments at year-end were \$2,358,171 and are invested with professional managers in a variety of funds. Investment decisions are made by the Foundation Investment Committee, which is advised by Morgan Stanley. FCCF Funds as of December 31, 2019 and December 31, 2020 were invested as follows:

<b>Investment</b>	<b>2019 Asset Value</b>	<b>% of Assets</b>	<b>2020 Asset Value</b>	<b>% of Assets</b>
Cash	\$ 341,862	13%	\$ 258,140	10%
Fixed Income	610,485	24%	638,425	24%
Equities	1,373,772	53%	1,471,550	56%
Alternatives	249,998	10%	248,196	10%
Totals	\$2,576,117	100%	\$2,616,311	100%

Total Investment and Cash Assets increased from \$2,576,117 as of December 31, 2019, to \$2,616,311 as of December 31, 2020, a net increase of \$40,194 or 1.6% after supporting FCC in 2020 with \$63,622 for facilities operations and benevolence, \$33,505 for the facilities improvement project and the payment of Fund expenses. In total the PEB Fund distributed Cash of \$109,609 which included FCC payments, advisory and annuitant payments, FCC project cost reimbursements, Gordon property closing costs and minor expenses. FCCF increased Cash by \$22,141.18 due to contributions, dividends and interest income.

The Stock and Bond Markets fluctuated dramatically in 2020 due to the pandemic. The Investment Funds performances were mixed due to the market movement. The Total Invested Funds increased from \$2,234,255 as of December 31, 2019 to \$2,358,171 as of December 31, 2020, an increase of \$123,916 or 5.5%. Five stock or bond funds performed at losses at year-end. The Market Rate of Return Benchmark for the PEB Fund for 2020 was 13.1%. This caused the Investment Committee with the help of Morgan Stanley Bolton Group to conduct a four month review of the cause of this long-term unsustainable performance and to recommend changes to address the problem.

The recommendation presented by the Investment Committee to the FCCF Board was to move the PEB Portfolio from the management by the Investment Committee to a Morgan Stanley Hybrid Portfolio Tactical Model that is professionally managed by Morgan Stanley senior management. The Investment Committee will no longer select the portfolio funds but will provide oversight to the Foundation regarding the performance of the Model Portfolio.

The expectation is that the Model Portfolio will be managed in a way that is more proactive in the market and relies on the Morgan Stanley senior leadership direction. The FCCF Board approved the IC and Bolton Group recommendation at the January 5, 2021 Board meeting.

The FCCF Board set the limit of FCC Annual Contributions at 4% of the PEB Fund Assets for 2021. For 2021, the FCCF budgeted reimbursement includes the following:

- FCCF total annual support of FCC was budgeted at \$104,652 based on the 4% FCCF Board spending limit target of the FCCF fund balance as December 31, 2020 of \$2,616,311.
- FCCF will pay FCC \$58,400 for facilities maintenance and \$6,488 for outreach for a total of \$64,888.
- FCCF has budgeted \$37,764 reimbursement for facilities plan projects. The planned facilities project in 2021 includes: upgrading the Wi-Fi internet network; installing a building access security system in the FCC building and enabling streaming of worship.

Lois Glasgow  
Foundation Board President