

**FLOSSMOOR COMMUNITY CHURCH FOUNDATION
PRESIDENT'S REPORT TO THE FCCF CONGREGATION MEMBERS
2022 PERFORMANCE AND PROPOSED 2023 BUDGET**

PERFORMANCE IN 2022

The Flossmoor Community Church Foundation (FCCF) is a separate nonprofit corporation, FCCF sole purpose is to own funds that are contributed for the benefit of Flossmoor Community Church (FCC). FCCF oversees three funds.

The Preservation, Enhancement and Benevolence Fund (PEB Fund). 90% is for maintenance of FCC preservation of facilities, 10% is for benevolence. Additionally, the FCC Board may allocate an amount to facilities projects approved under the long-term Facilities Plan.

The Clark Fund is dedicated to the activities supporting the FCC mission.

The Hendrickson Fund is for the support of the Associate Pastor of Pastoral Care. Flossmoor Community Church (FCC) owns the Fund and FCCF oversees it.

Morgan Stanley advises FCCF regarding the investments of these funds. The Stock and Bond Markets have been a challenge in 2022. FCCF has overseen the management of Morgan Stanley for FCCF Funds as the Markets have experienced significant variability and declines.

Morgan Stanley experience over time shows that assets invested in portfolios with 60% equity/40% fixed income over the long term can support the 4% annual distribution rate. The advice is to stay the course in 2023 and hold with the 4% distribution target for 2023 budgeting recognizing that some FCCF actions may be warranted during the year.

The Preservation, Enhancement and Benevolence Fund (PEB Fund) held assets of \$2,796,869.99 as of December 31, 2021, including \$183,700.24 in short term cash and Morgan Stanley UMA investments of \$2,613,169.75. As of December 31, 2022, the total PEB Fund assets had declined by \$566,591.54, to \$2,229,918.45 from the beginning of the year. The primary driver for this decline, which totaled 20.3%, was a 18.9% decline in the UMA investment portfolio which totaled \$2,119,693.71 on 12/31/22 (versus \$2,613,169.75 at the beginning of the year). For comparison purposes, the YTD decline through 12/31/22 experienced by the

benchmark to the PEB UMA Fund (“the 60MSCI ACWI 35 BC Agg 5 T-Bill”) was 16.20%.

Short-term cash was of \$73,475.50 was spent for \$62,312.79 to FCC Preservation, \$6,923.64 to FCC Benevolence, \$1,584 to the annuitant and \$2,655.07 miscellaneous expenses. During 2022, several projects were paid for that improved the security of the building, enhanced FCC worship ability to communicate with the congregation both in the sanctuary and remotely, updated the Facilities Long-Term Facilities Plan by the Reserve Company and began to plan for many projects that had been postponed during the Pandemic. Several community food and shelter programs were funded.

The Clark Fund held assets of \$571,185.67 as of December 31, 2021, including \$30,007.67 in short term cash and Morgan Stanley UMA investments of \$541,178.00. In March of 2022, an additional \$333,000 was added by the Clark Estate to the Clark Fund (of this total, \$10,000 was added to short term cash with the balance of \$323,000 added to the UMA investment portfolio. In September \$10,000 was added to cash by a Darnall Estate gift and in December \$23,300 was added from the Clark Estate to cash and the UMA. As of December 31, 2022 total asset balances for the Clark Fund were \$795,122.15 with \$65,116.09 in cash and \$730,006.06 in UMA investments. As of December 31, 2022, total assets in the Clark Fund has increased by \$201,099.74. The UMA investment portfolio decline approximated \$130,000, or 17%, for the period ended 12/31/22. For comparison purposes, the YTD performance through 12/31/22 for the Clark UMA Fund benchmark (“the 60MSCI ACWI 35 BC Agg 5 T-Bill”) was a decline of 16.3%. The Clark Fund incurred \$12,113.73 for FCC mission specific program expenses including Appreciative Inquiry and support for the Associate Pastor for Pastoral Services and Pastoral Speakers.

The Hendrickson Fund asset values declined from \$321,450.34 on December 31, 2021, to \$256,893.73 on December 31, 2022. The decrease of \$64,556.61 represented a \$47,469 decrease or 18.5% decline in the market value of the Life Insurance/Annuity component of the Hendrickson Fund. FCC paid the required amount for the Associate Pastor for Pastoral Care Services from the Hendrickson Fund. Including market changes in fixed income investments, the decline was \$17,577.52.

In summary, the three FCCF funds had assets totaling \$3,689,506 as of December 31, 20121 and \$3,281,934.33 as of December 31, 2022.

2023 BUDGET SUPPORT FOR FCC FROM FCCF

PEB FUND SUPPORT

In 2022, the FCCF Board set a Target Return Rate of 7% which included a maximum of 4% for Distribution to FCC. Using the formula set out in the PEB Fund Document, this results in a total amount of up to \$86,436.69. Of which \$57,744.28 would be for Preservation, \$6,416.03 for Benevolence and up to \$22,276.38 would be for additional capital projects.

The process for reimbursement is FCCF and FCC approves the project, cost and vendors. FCC oversees the projects, pays the vendor and requests reimbursement from FCCF. FCCF reimburses FCC not the vendor.

CLARK FUND SUPPORT

Budgeting for 2023 Clark Fund Support follows the established PEB Target Distribution of a maximum of 4% of Assets. For 2023, Support is a maximum of \$29,206.19 to be used for mission support efforts as FCC leadership determines. FCCF will need to approve the projects and the costs.

Thank you.

Lois Glasgow, President