

St. Mark's Milwaukee Treasurer Report 2022
Annual Meeting: January 29, 2023

January 23, 2023

Dear fellow members of St. Mark's,

While the move from pandemic requirements has led to familiar in-person gatherings and behaviors, we all know it has not been without its challenges. Last year, we forecasted a significant budget deficit going into 2022, which the vestry planned on addressing with our investments as necessary.

Unfortunately, this forecast was accurate which required significant draws on our investment account. These actions, along with a decline in the market, leave the balance in our investment account in a position that it cannot support a significant budget deficit again this year.

To be specific, we finished the year with an operating deficit of \$154,910 excluding investment losses. (This is \$15,910 more than budgeted.) Between funding our deficit and market losses, our general investment account balance has dropped \$182,700 since last year to a balance of \$113,400.

Without any changes to our spending from 2022, the budget deficit for 2023 was forecasted to be over \$125,000. Given the balance of our general investment account, the vestry has worked to adopt changes to bring the deficit to under \$70,000. Unfortunately the majority of our expenses are fixed, so there are no additional options available to reduce costs without significantly impacting the experience at St. Mark's. Solving this deficit will be a key part of our review and discussion during the annual meeting.

As we embark on this challenge, along with the excitement and challenge of a potential building project, the finance committee and I have worked to develop a financial investment strategy that can be adopted into the parish by-laws to provide both short- and long-term direction to the church. An overview of the proposed by-law changes is included for your review prior to the meeting. I look forward to sharing our approach and receiving your support on this strategy in the adoption of our by-law changes.

Thank you for your continued generosity, and support of our ministry. I look forward to speaking with all of you in more detail during our annual meeting next week.

Sincerely,

Jason Shimko

St Mark's Operating Statement

As of January 23, 2023							Preliminary	
		2020	2020	2021	2021	2022	2022	2023
		Budget	Actuals	Budget	Actuals	Budget	Actuals	Budget
1	INCOME							
2	<i>Pledges and Offerings</i>	290,000	303,500	286,500	276,570	308,000	307,090	337,000
3	<i>Endowments & Rest. Gifts</i>	28,300	13,600	38,000	5,000	8,000	5,940	8,000
4	<i>Other Income</i>	10,500	45,600	10,000	109,550	6,500	32,630	5,500
5	<i>Grants</i>	36,000	27,000	36,000	81,480	36,000	68,610	85,000
6	Total Income	364,800	448,100	370,500	472,600	358,500	414,270	435,500
7								
8	EXPENSES							
9	<i>Personnel</i>	256,700	256,700	269,500	304,500	336,900	374,600	362,923
10	<i>Property</i>	65,000	65,000	62,500	50,000	65,350	65,050	43,350
11	<i>Office</i>	15,300	15,300	16,500	17,400	15,900	19,740	9,050
12	<i>Program</i>	20,000	31,726	23,500	31,726	26,000	51,130	23,000
13	<i>Diocese</i>	51,500	51,500	51,500	47,200	51,500	53,130	62,450
14	<i>Other</i>	2,000	2,000	8,500	5,300	3,400	5,530	4,650
15	Total Expense	410,500	403,700	432,000	456,126	499,050	569,180	505,423
16	NET GAIN/(LOSS)	(45,700)	(13,900)	(61,500)	16,474	(140,550)	(154,910)	(69,923)
17								
18	Investments	0	58,400	0	79,510	0	(128,650)	0
19	GRAND NET GAIN/(LOSS)	(45,700)	44,500	(61,500)	95,984	(140,550)	(283,560)	(69,923)

St. Mark's Balance Sheet

As of January 23, 2023		2018	2019	2020	2021	2022
(in thousands)		Actuals	Actuals	Actuals	Actuals	Actuals
1	Unrestricted Assets					
2	<i>Cash</i>		72.0	52.0	78.3	51.9
3	<i>Investments</i>		271.9	303.8	296.1	113.4
4	Total Unrestricted Assets		268.7	343.9	374.4	165.3
5						
6	Restricted Assets					
7	<i>Endowments</i>	132.9	149.9	209.7	275.4	224.5
8	<i>Property</i>	3,953.8	3,953.8	3,953.8	3,953.8	3,953.8
9	Total Restricted Assets	4,086.7	4,103.5	4,163.5	4,229.2	4,178.3
10						
11	Liabilities					
12	<i>Accounts Payable</i>	6.8	27.0	26.4	19.2	23.9
13	<i>Line of Credit</i>	0.0	0.0	0.0	0.0	0.0
14	<i>PPP Forgivable Loans</i>	0.0	0.0	51.9	0.0	0.0
15	Total Liabilities	6.8	27.0	78.3	19.2	23.9
16	Net Assets / (Liabilities)	4,348.6	4,420.4	4,441.0	4,584.4	4,319.7

St. Mark's Strategic Investment By-Law Proposal

The treasurer in partnership with the finance committee and approval from the vestry recommends making the below changes to the by-laws to provide greater structure and purpose to the investments held by the congregation. This will also serve as a means to educate and welcome potential donors.

We recommend replacing the below existing "Article VI - Endowment"

It is the primary intent of the endowment to provide for the development of real property, buildings and other improvements to real property. Therefore, no part of the principal of the Church's endowment fund shall be used for operating expenses. Any proposal to use the endowment's principal in a manner inconsistent with any of the foregoing must be brought before a meeting of the Parish according to the process defined in Article V.

With this new "Article VI - Investments"

It is the intent of the Parish to provide mechanisms for saving and financial growth to promote both the short- and long-term mission of the church. Therefore, the Church shall establish and maintain trusts where the principal balance may be reduced according to the specific allocation of the funds, and endowments where the principal may not be utilized. For avoidance of doubt, the endowments shall provide long-term income via the gains made by the principal and the principal may never be withdrawn.

In support of the Church's short- and long-term mission, accounts shall be established and maintained as both trusts and endowments to support 1) Ongoing Church and Building Operations 2) Music 3) Education and 4) Outreach. Donors may contribute to these funds as they desire based on whether they would like to see their donation plus investments utilized for these purposes via the trusts, or whether they would like only the gains from their investments utilized via the endowments.

All accounts in support of the above shall be held at reputable institutions as approved by a simple majority of the Vestry. The utilization of funds shall be approved by a two-thirds majority vote by the Vestry according to the restrictions set forth by the individual account purposes as described above.