



St. Mark's Episcopal Church Parish Meeting

May 21, 2023

Agenda

- Parish updates since January
- Financial Update
- Building campaign update
- Building plans
- Financing overview
- Overview of next steps

Parish updates since January

- Welcome to the new coffee hour!
- Virginia Riggs resigned; diocesan canons allow vestry to appoint replacement to complete the unexpired term - Meg Boyd will serve for until January 2025
- Established an St. Mark's emails to make it easier to contact the vestry
 - 2023Vestry@StMarksMilwaukee.org
 - Warden@stmarksmilwaukee.org
 - JuniorWarden@stmarksmilwaukee.org
 - Treasurer@stmarksmilwaukee.org
- There have been 12 building/transition/finance communications from parish leadership to the parish since February 1
- Access to vestry minutes will be in the Bride's Walk

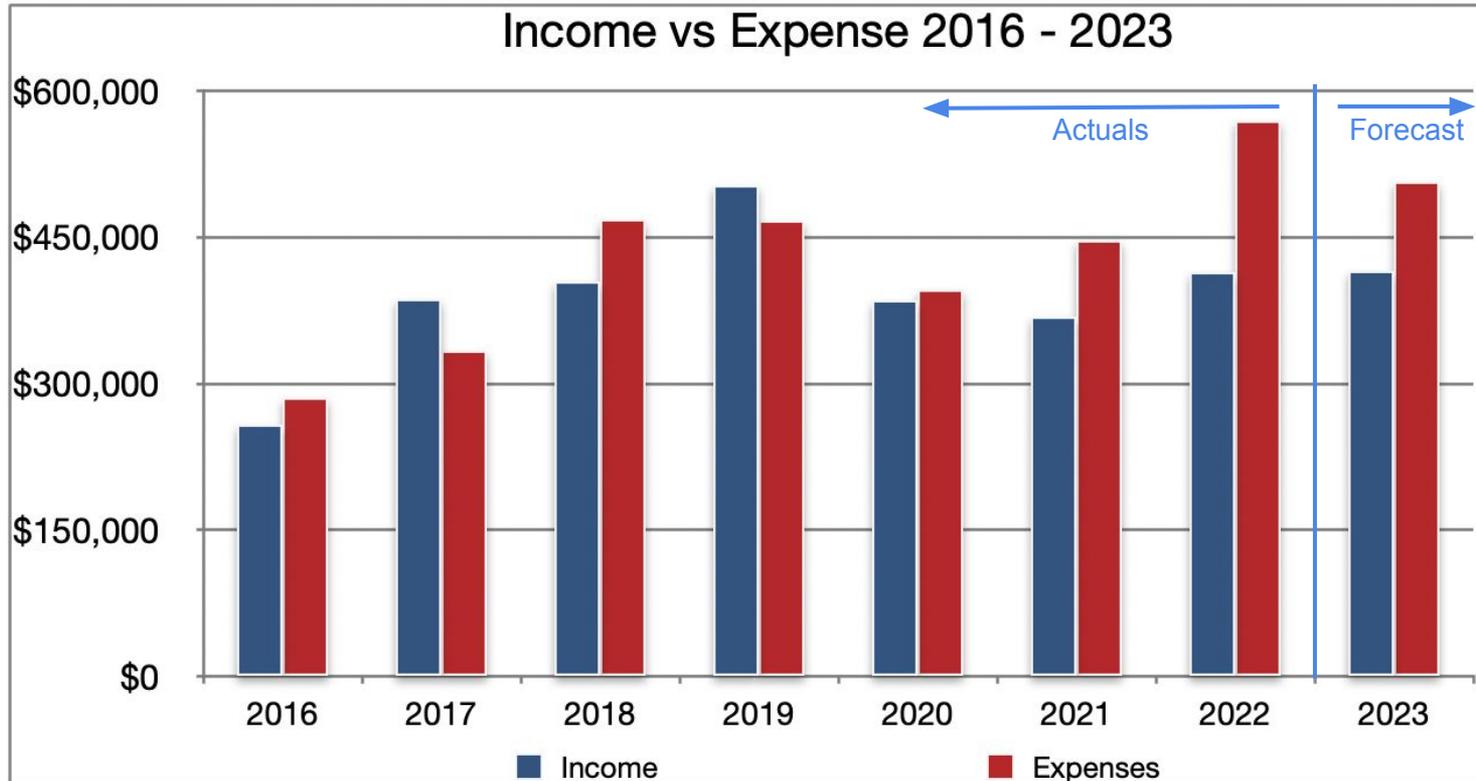
Financial Update

Q1 Financial Update

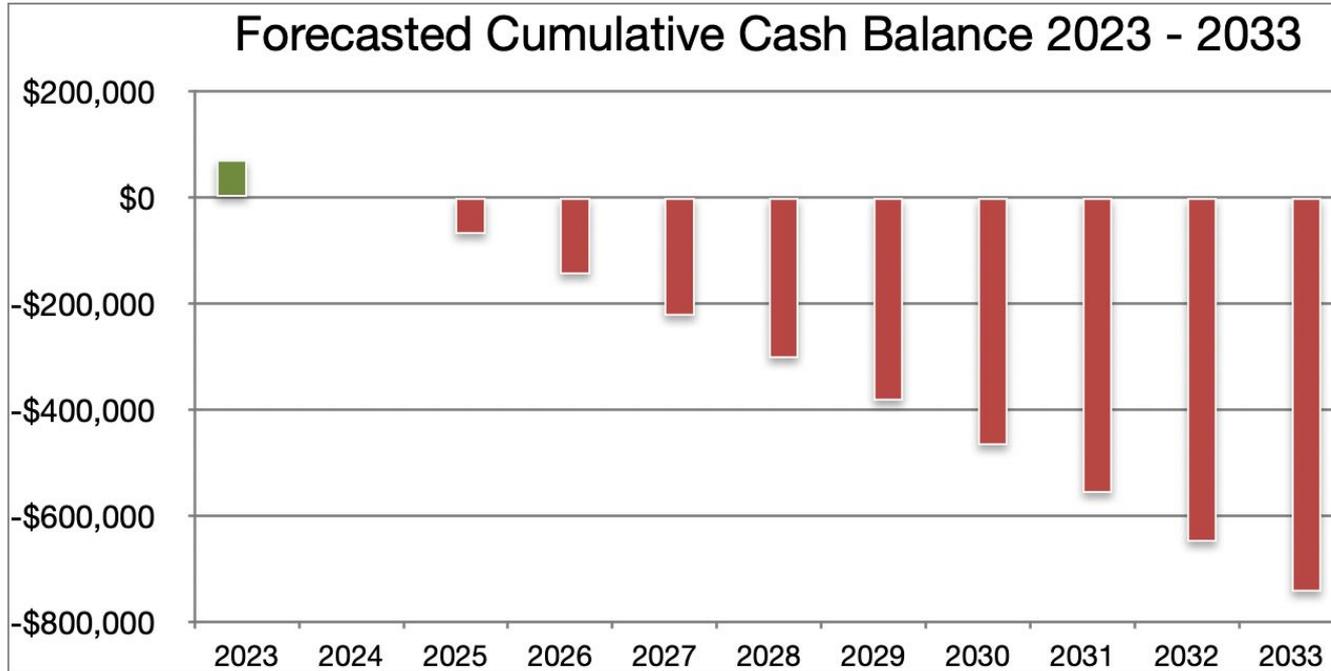
- Migrated 34 recurring donations from Simple Give to Breeze
- Currently 46 giving online, of which 65% are covering our processing fees!
- In the process of asking recurring bill-pay donors to move to Breeze - will reach out directly via e-mail
- Implemented digital giving QR codes to make it easier to give digitally via StMarksMilwaukee.org and Venmo

- Q1 actuals are on track to the annual budget, meaning we will likely realize the forecasted deficit
- 10 year forecast developed with help of Caroline Senn, Diocesan CFO, to help plan for closing operating budget deficit and support of building project

As shared in January, St. Mark's has historically run a deficit budget



This trend is not sustainable - our reserves run out in 2024



* Excludes impacts of building project

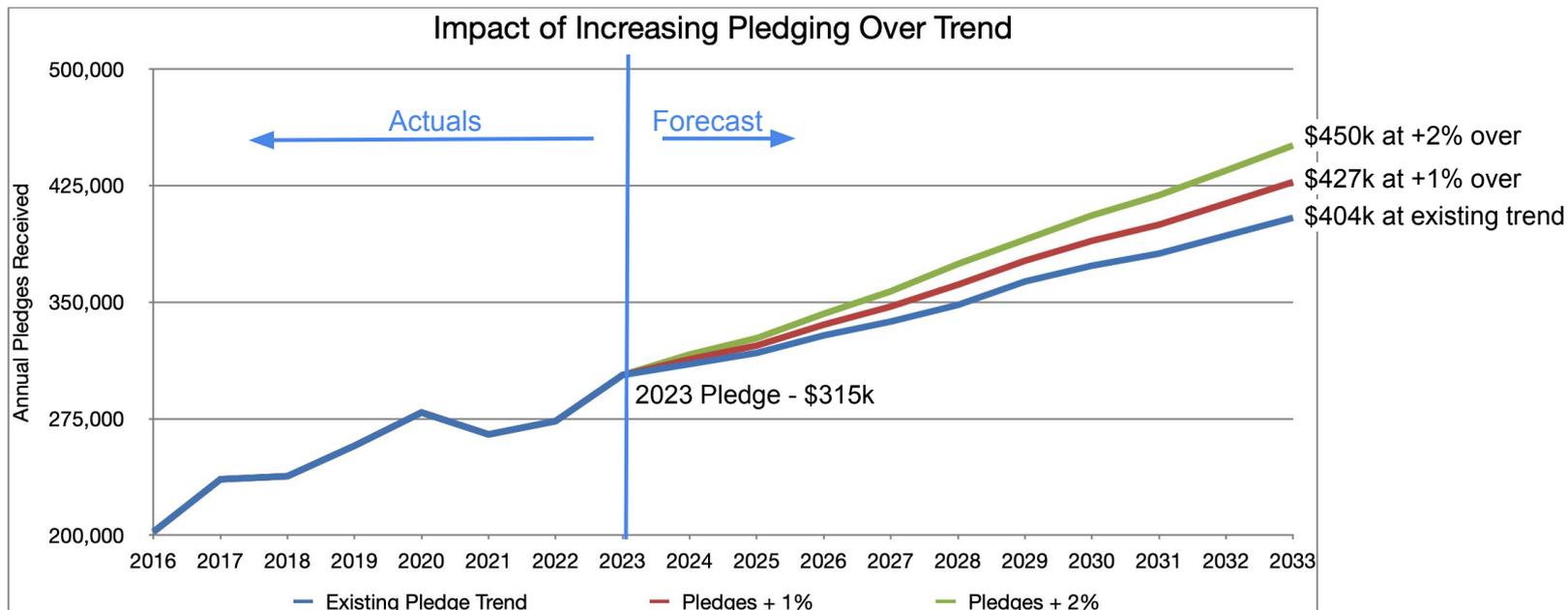
To create a sustainable future we are planning on the following actions

- Increase our existing pledge growth by 2% every year for 5 years
 - Over past 8 years giving has grown at rate of 2.3%
 - Forecasting growth at 4.3% for next 5 years then back to 2.3%

	2023	2024	2025	2026
Existing Growth Trend	\$ 303,106	\$ 310,100	\$317,300	\$328,600
Existing Trend plus 2%		\$ 316,300	\$ 326,800	\$ 342,500

- Reduce expenses in 2024 by over \$65,000 despite inflation
 - Reduced employee expenses by \$70,000 in 2024
 - Reduced guild hall utility/maintenance costs (~\$10k)

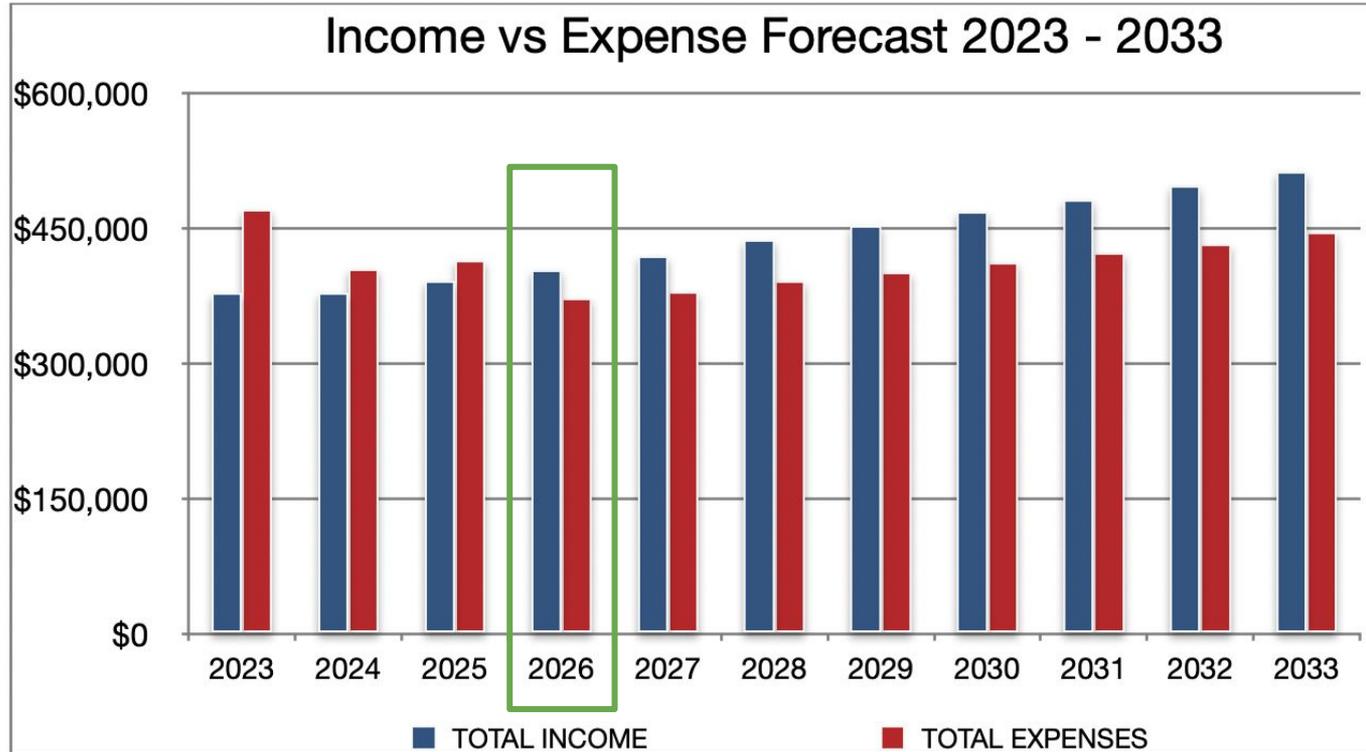
This slight giving increase will have a meaningful impact in 10 years



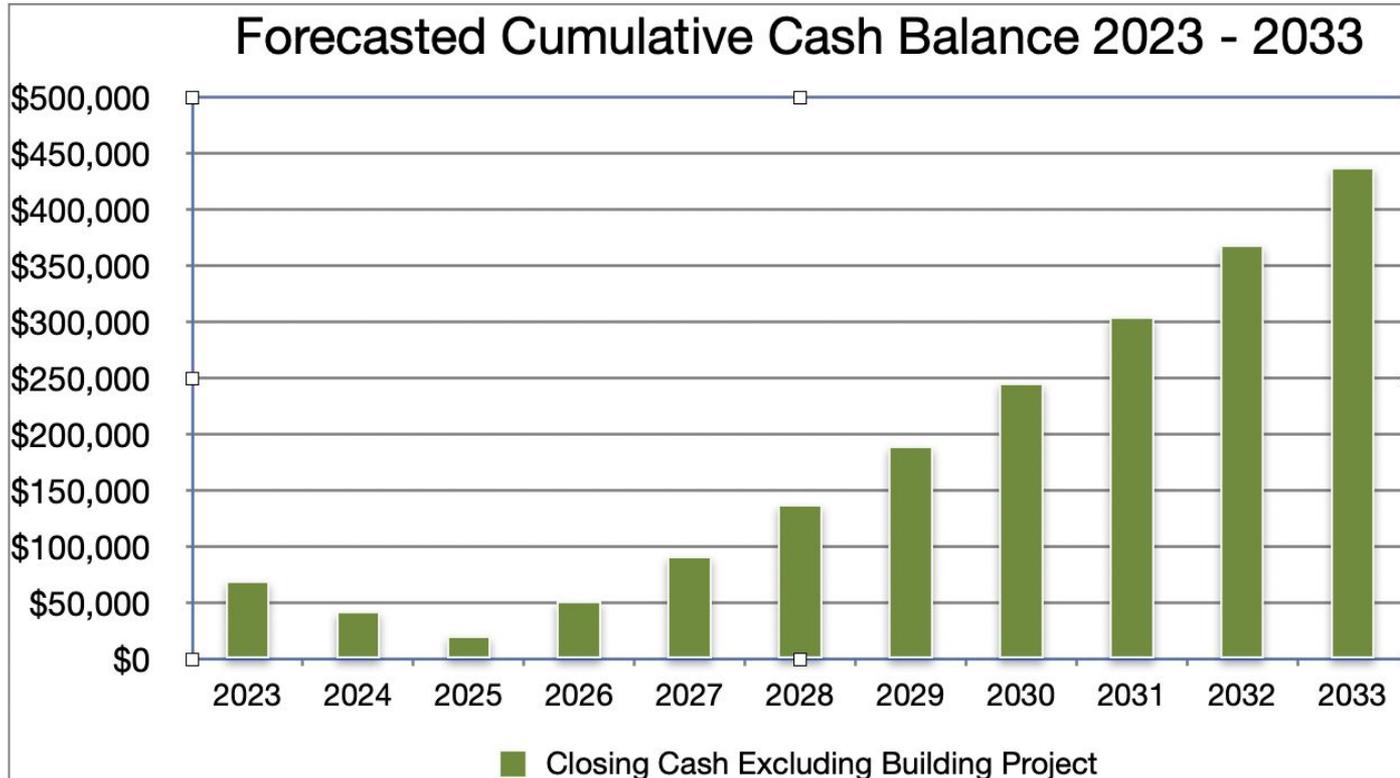
Assumes:

- Existing trend is based on a seven year linear forecast
- 2% increases over trend is added to linear forecast for five years at which point a linear forecast resumes

They lead to a balanced budget in 2026 and beyond



And funds the church in the short and long term



Parish Hall Status and Plans

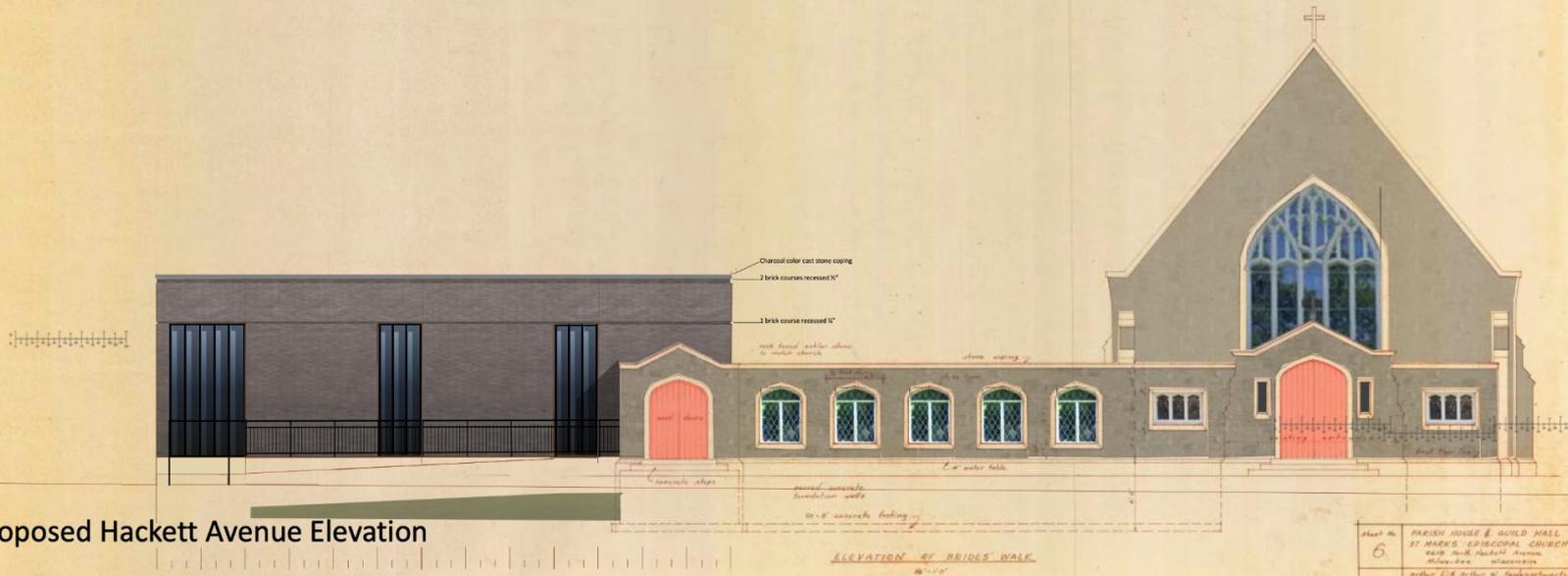
Our current state

- Demolition complete - met land sale timeline requirements
- Have plans defined for a \$3M building
 - Finished first floor (offices, bathrooms, conference room, kitchen, nursery, gathering space)
 - Unfinished basement, i.e. “open concept” (usable, heated, and lit)
 - Elevator shaft built to accommodate basement to roof access, but no elevator
- What's not included
 - Green roof
 - Working elevator
 - Memorial courtyard deck
 - Handicap accessible high altar
 - Finished basement rooms (choir, youth etc.)

Proposed Section Through Courtyard



Proposed Hackett Avenue Elevation

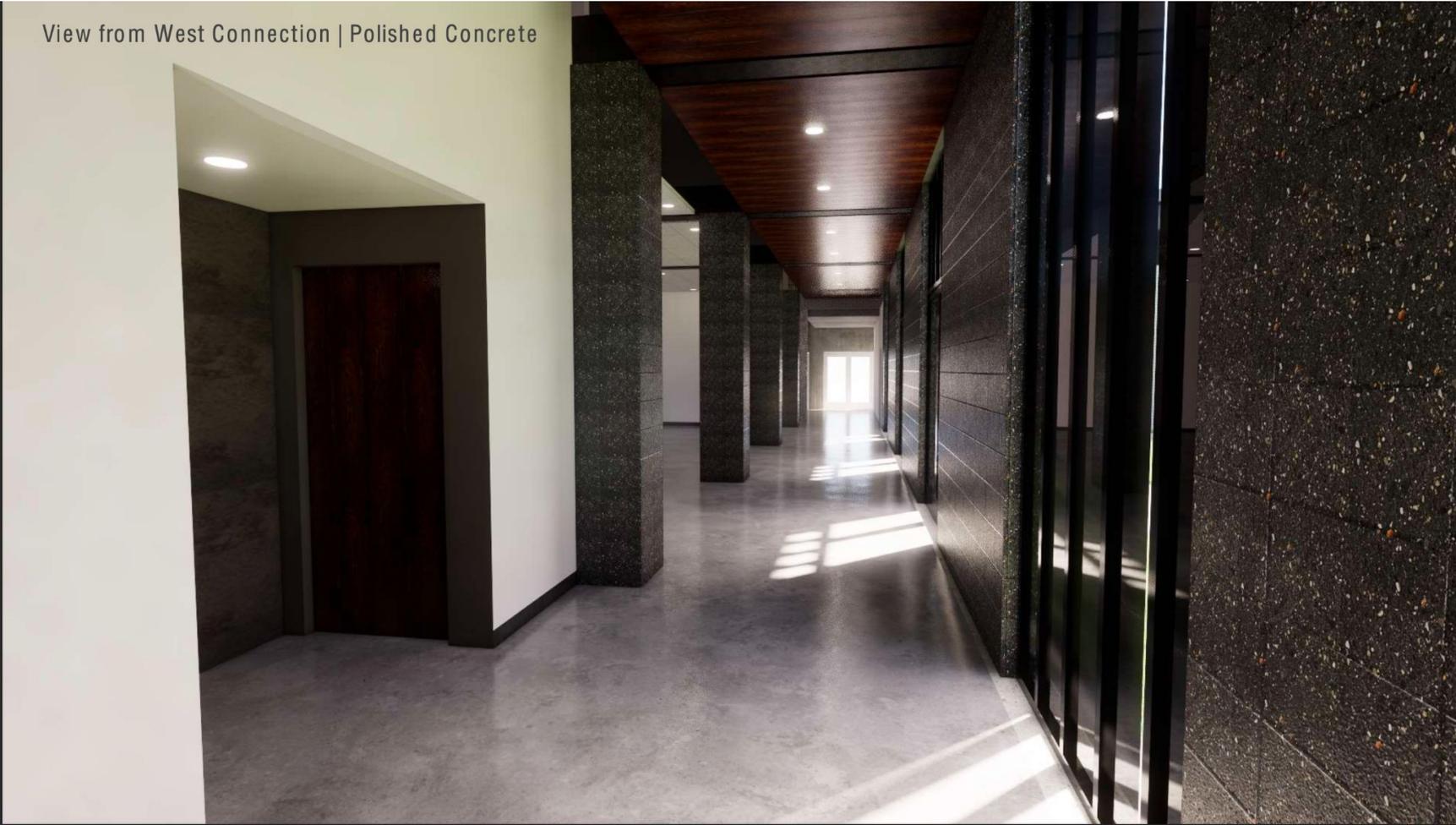


First Level

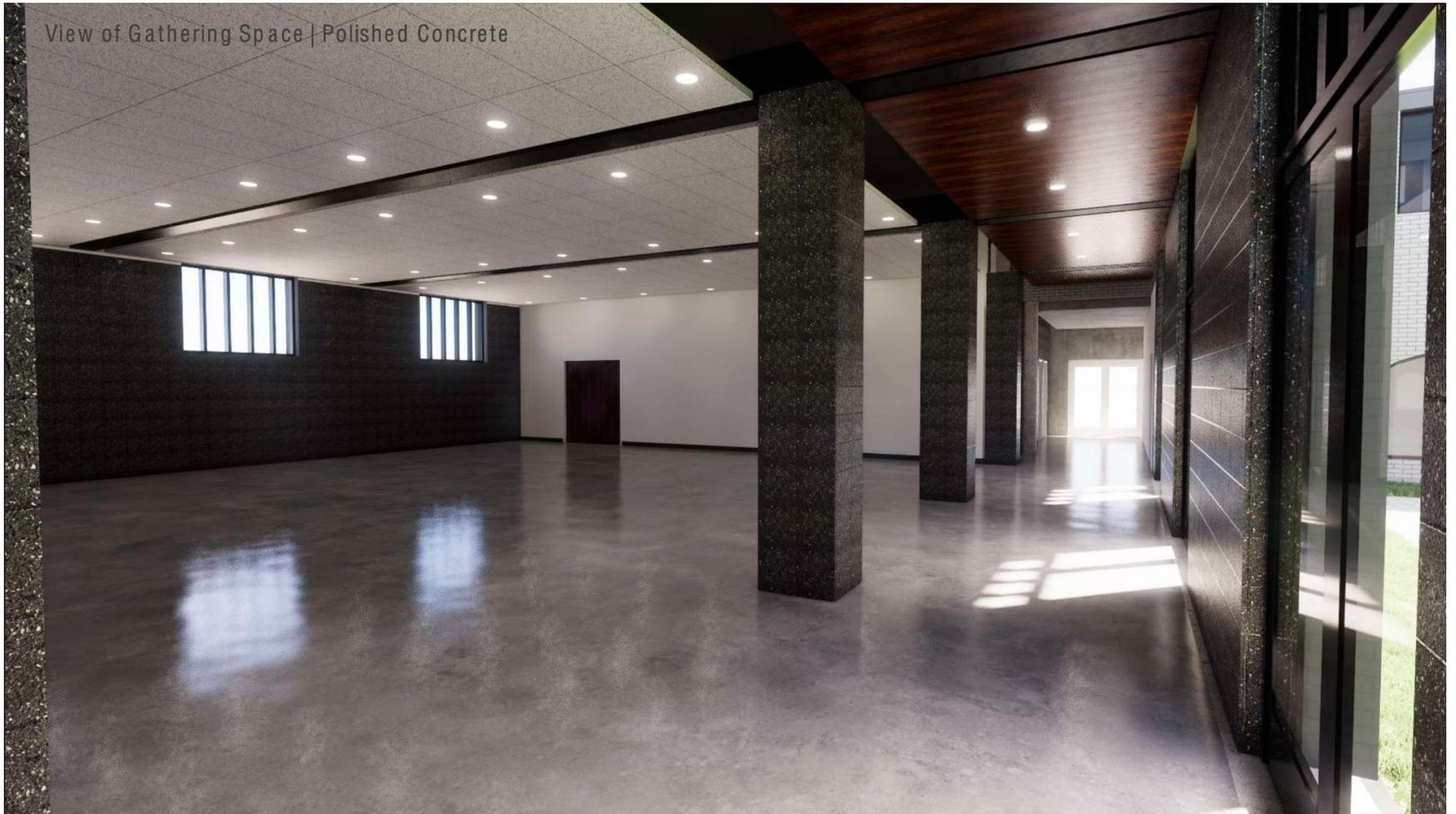




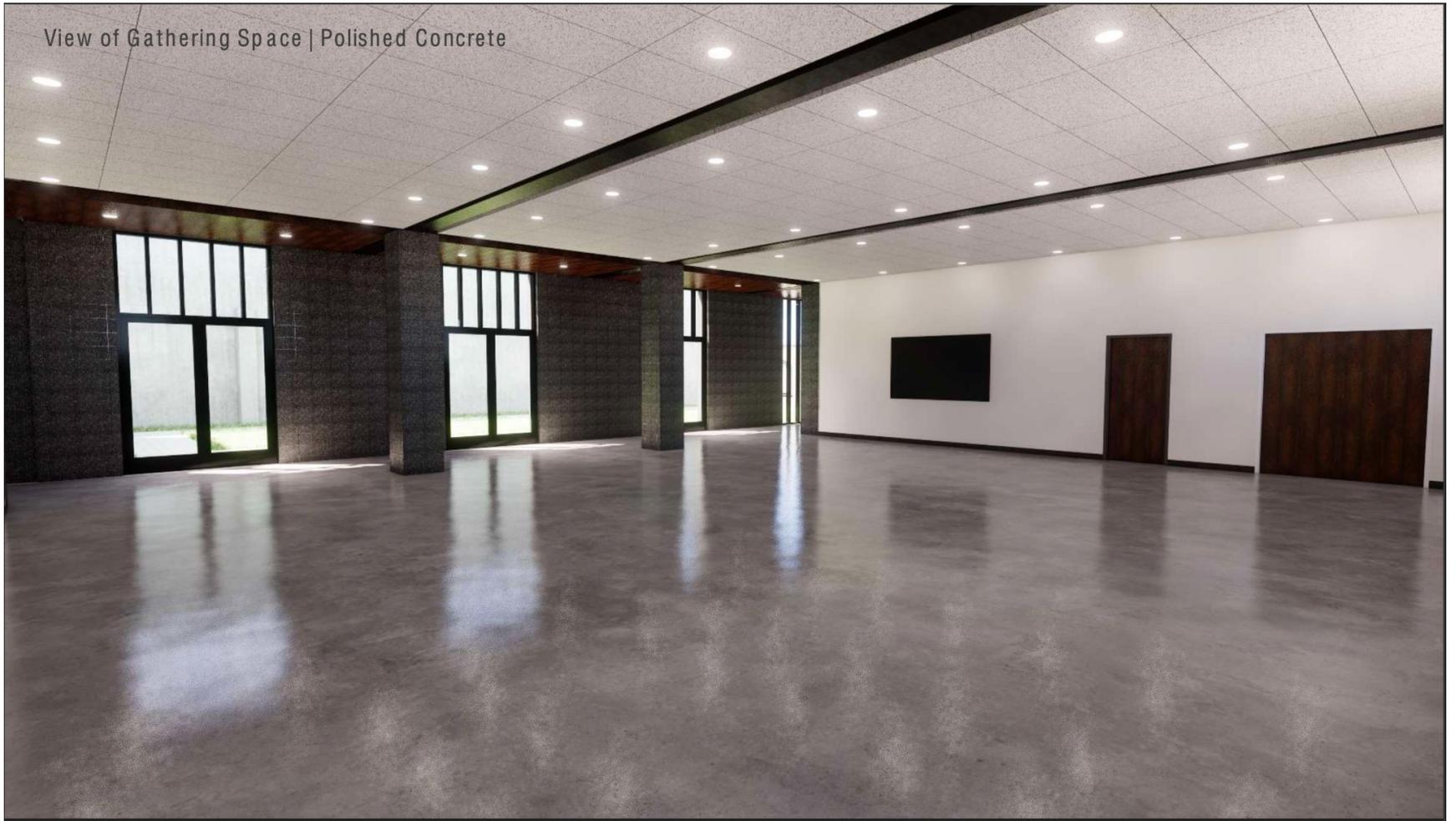
View from West Connection | Polished Concrete



View of Gathering Space | Polished Concrete



View of Gathering Space | Polished Concrete



View of Gathering Space | Floor Tile



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The [Milwaukee Metropolitan Sewerage District](#) is partnering with Greenprint Partners to connect with communities to plan, build, and maintain multi-benefit green infrastructure. This program will protect Lake Michigan, our communities, and create more [Fresh Coast Guardians](#).

Next steps for the Building Committee

Pursue grants/timelines

Work on the interior (not finalized)

Listening sessions, gather input

Capital Campaign Update

Building campaign update

- As of Friday, 5/19 we have raised \$885,515
- Pledge on-line at StMarksMilwaukee.org

Options for giving:

- Cash - direct donation via check or credit
- Stock* - transfer stock to St. Mark's and St. Mark's will sell with no tax implication to the donor
- Retirement Accounts* - may be able to transfer funds to St. Marks with no tax implication to the donor
- Annuity* - varies greatly based on the structure

Parish Hall Financing Plan

Key assumptions

- Breaking the project into several phases
 1. Demolition
 2. Basement Foundation and Walls
 3. First floor enclosure and finishes
- Financing institutions include pledge attrition assumption of 25%
 - Over the past four years, St. Mark's has realized an 18% attrition on annual pledges
 - St. Dunstan's in Madison realized a 5% attrition rate on their \$1.3M campaign ending
- Interest rates are assumed at 5.5%
- If interested in a review of the financial models, a walk-thru will be scheduled - email treasurer@stmarksmilwaukee.org

The \$1M goal leaves us with an unaffordable mortgage

- \$1M goal did not consider timing of funds, mortgage interest or attrition
- \$1M requires an initial mortgage of \$1.5M and ongoing mortgage of \$1.2M with \$101,000 in annual payments
- Key donors have expressed a lack of interest in supporting a project that leaves us financially encumbered

Given this we've asked the diocese for help and they have agreed

Approval received on May 2 for:

- Up to \$230,000 in total grants
 - A one time \$150,000 grant
 - Up to \$80,000 in a 25% matching grant for donations over the \$1M capital campaign target
- Up to \$800,000 loan for up to 6 yrs at 3% interest to cover timing of funds and developing operational budget stability (2023 - 2028)

But this still isn't enough

- Assuming \$1M in pledges with a 25% attrition rate we are short by \$385k
- At a 5% attrition rate we are short by \$232k

Our best path to long term success is a campaign of \$1.4M

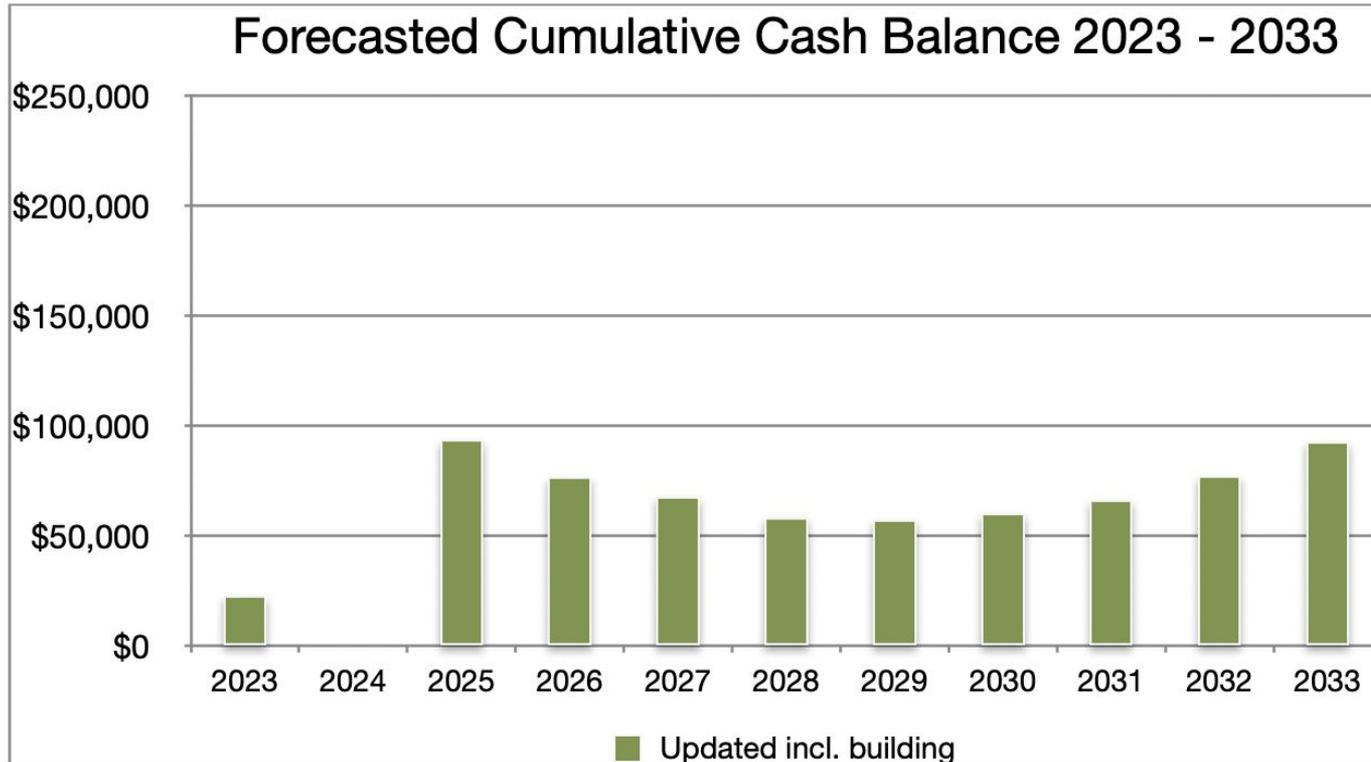
Under a 25% attrition assumption

- Raising \$1.4M
- Plus the diocese grants of \$230,000 in total
- Our loan needs are reduced to \$800,000 loan for five years at 3%
- In 2028, St. Mark's pays back diocese and re-finances remaining loan balance of \$500,000 for 5.5% or better for 25 yrs
- Allowing St. Mark's to comfortably make the \$42,000 annual payment from operating budget

Under a 5% attrition assumption

- St. Mark's is left with a \$280,000 mortgage with \$28,400 in annual payments

Under the 25% attrition scenario, we remain financially sound



How we get there

Actions currently underway

- Donor meeting
- Around 40 families still available to pledge
- Former clergy and former members being invited to give
- Community members invited into the campaign
- Faith

Appendix

Financial details of a \$1M capital campaign

	Year 1	Year 2	Year 3	Year 4	Year 5
1 \$1M of Capital Pledges	334,000	333,000	333,000		
2 % of pledges realized (25% total loss)	85%	75%	65%		
3 Capital Contributions (1*2)	283,900	249,750	216,450		
4					
5 Building Cost	(3,000,000)				
6 Contingency & Misc. Expense (5 *5%)	(150,000)				
7 Land Sale Proceeds	1,407,082				
8 Capital Contributions (=3)	283,900	249,750	216,450		
9 Construction & Campaign Balance (5+6+7+8)	(1,459,018)	249,750	216,450		
10					
11 Loan Draw	1,550,000				
12 Loan Beginning Balance (15 - 18)		1,550,000	1,397,395	1,275,716	1,244,498
13 Loan Interest Payment	(56,833)	(85,250)	(76,857)	(70,164)	(68,447)
14 Loan Principal Payment	0	(32,605)	(31,678)	(31,218)	(32,935)
15 Ending Loan Balance (12 - 14)	1,550,000	1,517,395	1,365,716	1,244,498	1,211,562
16					
17 Year End Campaign Fund Balance (9-11-13-14)	34,149	131,895	107,915	(101,383)	(101,383)
18 Additional Principal Repayment		(120,000)	(90,000)		

\$1M plus dioceses help and 25% attrition

		Year 1	Year 2	Year 3	Year 4	Year 5
		2023	2024	2025	2026	2027
15	Opening Capital Balance	0	(90,345)	(294,839)	(126,884)	(175,379)
16						
17	<u>Cash from Capital Activities</u>					
18	Proceeds from Land Sale	1,407,082				
19	75% of Forecasted Capital Campaign Pledges Realized	283,900	249,750	216,450		
20	Diocese Grant	75,000	75,000			
21	Additional Capital Campaign Pledges					
22	Diocese 25% Match of Additional Pledges				0	
23	Building Program Expenditure (assume June 1 start)	(2,297,327)	(852,674)			
24	Net Cash from Capital Projects	(531,345)	(527,924)	216,450	0	0
25						
26	<u>Cash from Financing Activities</u>					
27	Proceeds from Diocese Borrowings	450,000	350,000	0	0	0
28	Repayment of Interest (3%)	(9,000)	(24,000)	(23,923)	(23,186)	(22,426)
29	Repayment of Principal	0	(2,571)	(24,572)	(25,309)	(26,068)
30						
31						
32	Proceeds from ECBF Borrowings (25 yrs)	0	0	0	0	0
33	Repayment of Interest (5.5%)	0	0	0	0	0
34	Repayment of Principal	0	0	0	0	0
35	Net Cash from Borrowings	441,000	323,429	(48,495)	(48,495)	(48,495)
36						
37	Closing Net Capital Cash Balance	(90,345)	(294,839)	(126,884)	(175,379)	(223,874)

\$1M plus diocese help and 5% attrition

	Year 1	Year 2	Year 3	Year 4	Year 5
	2023	2024	2025	2026	2027
15 Opening Capital Balance	0	(46,925)	(184,819)	73,046	24,551
16					
17 <u>Cash from Capital Activities</u>					
18 Proceeds from Land Sale	1,407,082				
19 95% of Forecasted Capital Campaign Pledges Realized	327,320	316,350	306,360		
20 Diocese Grant	75,000	75,000			
21 Additional Capital Campaign Pledges					
22 Diocese 25% Match of Additional Pledges				0	
23 Building Program Expenditure (assume June 1 start)	(2,297,327)	(852,674)			
24 Net Cash from Capital Projects	(487,925)	(461,324)	306,360	0	0
25					
26 <u>Cash from Financing Activities</u>					
27 Proceeds from Diocese Borrowings	450,000	350,000	0	0	0
28 Repayment of Interest (3%)	(9,000)	(24,000)	(23,923)	(23,186)	(22,426)
29 Repayment of Principal	0	(2,571)	(24,572)	(25,309)	(26,068)
30					
31					
32 Proceeds from ECBF Borrowings (25 yrs)	0	0	0	0	0
33 Repayment of Interest (5.5%)	0	0	0	0	0
34 Repayment of Principal	0	0	0	0	0
35 Net Cash from Borrowings	441,000	323,429	(48,495)	(48,495)	(48,495)
36					
37 Closing Net Capital Cash Balance	(46,925)	(184,819)	73,046	24,551	(23,944)
38					
39 OVERALL NET CASH FLOW	(140,317)	(164,262)	235,663	(17,254)	(8,772)

\$1.4M campaign plus diocese help and 25% attrition

15	Opening Capital Balance	0	43,406	(27,964)	23,116	(9,692)	(42,500)	(72,742)
16								
17	Cash from Capital Activities							
18	Proceeds from Land Sale	1,407,082						
19	75% of Forecasted Capital Campaign Pledges Realized	283,900	249,750	216,450				
20	Diocese Grant	75,000	75,000					
21	Additional Capital Campaign Pledges + Diocese Matching Grant	107,000	106,500	106,500				
22	Diocese 25% Match of Additional Pledges	26,750	26,625	26,625	0			
23	Building Program Expenditure (assume June 1 start)	(2,297,327)	(852,674)					
24	Net Cash from Capital Projects	(397,595)	(394,799)	349,575	0	0	0	0
25								
26	Cash from Financing Activities							
27	Proceeds from Diocese Borrowings	450,000	350,000	0	0	0	0	0
28	Repayment of Interest (3%)	(9,000)	(24,000)	(23,923)	(15,686)	(15,172)	(14,643)	0
29	Repayment of Principal	0	(2,571)	(274,572)	(17,122)	(17,636)	(488,099)	(0)
30								
31								
32	Proceeds from ECBF Borrowings (25 yrs)	0	0	0	0	0	500,000	0
33	Repayment of Interest (5.5%)	0	0	0	0	0	(27,500)	(29,013)
34	Repayment of Principal	0	0	0	0	0	0	(12,909)
35	Net Cash from Borrowings	441,000	323,429	(298,495)	(32,808)	(32,808)	(30,242)	(41,921)
36								
37	Closing Net Capital Cash Balance	43,406	(27,964)	23,116	(9,692)	(42,500)	(72,742)	(114,663)