

# HOLY SPIRIT | EPISCOPAL CHURCH

Annual Report 2017

## HOLY SPIRIT MEMORIAL FOUNDATION

Board Members:     The Rev. Terri Ann Grotzinger, Rector  
                          Candice Lindsay, Treasurer  
                          William Towle, President  
                          Richard Dailey, Vice President  
                          Gary Swartz, Clerk  
                          Keith Kuhn  
                          Jeannie Warner  
                          Mark Dvarishkis  
                          Margaret Borg  
                          John Crowley  
                          Paul Polzin

**HOLY SPIRIT MEMORIAL FOUNDATION  
ANNUAL REPORT 2017**

**PURPOSE:** The Foundation was established in 1995 to serve as a thoughtful and objective financial manager-conservator of endowed gifts made to the Memorial Foundation and special gifts made to Holy Spirit Parish. The benefits of these gifts are to assure the ability of Holy Spirit Parish to serve current and future parishioners with the quality of worship we enjoy, to preserve and upgrade our historic church facilities, to support other small churches and to meet priority community outreach needs.

The Foundation's focus is on the capital and long-term needs of the Parish. Farsighted parishioners have, through gifting and bequests in their wills, provided the Foundation with the funds necessary for meeting such capital and long-term requirements. Through the years the Foundation has consistently met those needs and will continue to do so.

We urge parishioners to consider using the Foundation as a way of commemorating their devotion to the Parish by making gifts and bequests that will allow for the long-term financial health of the Parish.

**2017 ACTIVITY:** During 2017 the Foundation received \$ 3,388 in gifts and memorials and funded \$ 17,926 in the following projects and activities:

Capital Improvements	\$ 2,760
Music	292
Education	2,439
Seminarians	6,638
Outreach	5,506
Garden and Grounds	231
Parish Support and Misc.	60
Total	<hr/> \$ 17,926

In 2016 the Board concluded that our investment advisor was not meeting our requirements. A search was conducted, jointly with the Vestry, to find a new advisor. This resulted in both the Memorial Foundation and the Vestry deciding to switch to the Episcopal Church Foundation (ECF) to manage our funds in conjunction with State Street Global Advisors. The switch was made in late January 2017. The Board has been satisfied with the results obtained by ECF. The asset allocation is 70% equities and 30% fixed income. The Board transferred \$ 592,220 to ECF on January 25, 2017. At December 31, 2017, the account is at \$ 658,594. During this 11-month period the portfolio has achieved a return of 11%. The Board will continue to monitor the performance of ECF.

For the full year the investment account increased from \$ 584,059 to \$ 658,594.

**2018 BUDGETED ACTIVITY:** For the past several years the Foundation has implemented a program of budgeting for the transfer of a sum certain to the Vestry for its spending in areas consistent with the aims of the Foundation. This year \$ 17,624 was designated for such spending during 2018. This figure is based on 3% of the average balances of HSMF's General Endowment and Board Designated Funds at December 31, 2015 and 2016; and the General Endowment, Board Designated Funds and the Burgess Educational Fund as of September 30, 2017. This process is in accord with generally accepted procedures for foundations. It permits the Vestry to plan for the use of such funds as they see fit within the categories established by the Foundation's Charter.

<u>SPENDING CATEGORIES</u>	<u>FUNDS ALLOCATED</u>
1. Improvement and restoration of the physical plant and facilities of Holy Spirit Episcopal Church	\$ 8,812
2. Support for charitable and humanitarian activities based on Christian values	5,287
3. Assistance for clergy and seminarians for seminary and continuing education	1,762
4. Supplemental materials, services, etc. to enhance religious education, youth training and other religious activities of Holy Spirit Episcopal Church	0
5. Assistance to covenant churches and missions in western Montana	0
6. To any of the above categories as decided by the Vestry of Holy Spirit Episcopal Church	<u>1,763</u>
Total	\$ 17,624

**2018 BOARD AGENDA:** On the Foundation's agenda for 2018 is working with a Joint Vestry/Memorial Foundation Committee in launching a planned giving effort within the Parish. We will use the services of the ECF to help the Committee with the development of this program. One of the reasons the ECF was chosen as our investment advisor was their ability to assist us in establishing objectives for the Committee and guiding us in achieving those objectives.

The Foundation gratefully accepts all reasonably constructive gifts of tangible value, providing the gift does not impose an unacceptable obligation on the Foundation or the Parish. All gifts are confidential if that is the giver's wish. Please contact the office or any Foundation Board member to answer your questions about donations to the Foundation.

**FOUNDATION ASSETS:** The Foundation's progress in building assets is reflected in the following year-end balances in our investment, cash and other asset accounts:

		<u>Annual Change</u>
2009	\$ 579,367	
2010	\$ 623,784	44,417
2011	\$ 594,512	(29,272)
2012	\$ 645,955	51,443
2013	\$ 730,048	84,093
2014	\$ 696,270	(33,778)
2015	\$ 597,291	(98,979)
2016	\$ 590,651	(6,640)
2017	\$ 668,823	78,172

There was an increase of \$ 78,172 in the Foundation's asset accounts for 2017. Gifts and memorials totaled \$ 3,388. Expenditures were \$ 17,926. The investment account increased \$ 74,535.

**BOARD MEMBERS:** The members of the Board, as set forth on the cover of this Annual Report, met quarterly during the year. Pursuant to the Foundation's By-Laws the terms of Keith Kuhn, Richard Dailey and William Towle expire at this Annual Meeting. They are due special thanks for their years of service.

Respectfully submitted,

William Towle, President

**Holy Spirit Memorial Foundation  
Financial Statements**

**Balance Sheet**

Assets	12/31/16	12/31/17
Cash in Bank	\$ 5,652.72	\$ 9,299.49
Inventory (Ornaments)	939.25	929.25
Investment portfolio	<u>584,059.06</u>	<u>658,594.48</u>
Total	<u>590,651.03</u>	<u>668,823.22</u>
<b>Fund Balances</b>		
HSMF Board Designated Funds	\$ 286,771.09	\$ 326,989.78
Clergy International Travel	19,704.60	22,623.74
Burgess Education Fund (created from Gen. Endow.)	--	77,364.58
HSMF General Endowment	<u>284,175.34</u>	<u>241,845.12</u>
Total	<u>590,651.03</u>	<u>668,823.22</u>

**Statement of Income and Expenditures  
For the years ended December 31**

		2016 Actual	2017 Actual
<b>Income</b>			
	<b>Investment/int income (loss)</b>	12,662.24	85,574.56
	<b>Gifts</b>	1,451.11	3,387.83
	<b>Total Income</b>	14,113.35	88,962.39
<b>Expense</b>			
	<b>Current Expense</b>		
	<b>Bd. Desig.-Donor Specified Use:</b>		
	<b>Garden Club</b>	277.33	230.80
	<b>Music/Winslow donation</b>	380.50	0.00
	<b>Music/Goode donation</b>	551.76	291.67
	<b>Seminary/Deacon School</b>	0.00	6,638.10
	<b>Board designated Parish Support:</b>		
	<b>Holy Spirit Parish Capital Improvements</b>	11,713.22	2,759.66
	<b>Outreach</b>	6,171.00	5,506.00
	<b>Education:</b>		
	<b>Continuing Ed-Rector</b>	629.26	376.39
	<b>Continuing Ed-Others</b>	1,055.52	525.00
	<b>Church School</b>	0.00	1,175.00
	<b>Adult Ed/Explorations</b>	(244.01)	363.46
	<b>Campships</b>	0.00	0.00
	<b>Miscellaneous Gifts-Expense</b>	200.00	0.00
	<b>Business Expense</b>	20.00	59.98
	<b>Total · Current Expense</b>	<u>20,754.58</u>	<u>17,926.06</u>
	<b>Total Expenditures</b>	<u>20,754.58</u>	<u>17,926.06</u>
	<b>Excess income over expenditures</b>	<u>(6,641.23)</u>	<u>71,036.33</u>

**Notes to the Memorial Foundation 2017**

<b>Board Designated Funds (#See Chart Below)</b>			<b>Clergy International Travel</b>			
<i>Both interest and principal can be spent.</i>			<i>Interest only: for clergy intl. travel</i>			
Date	Total		Date	Principal	Total	
12/31/2010	365,980.54	*	12/31/2010	20,010.00	16,716.85	**
12/31/2011	349,445.58		12/31/2011		15,890.94	
12/31/2012	373,695.50		12/31/2012		17,654.22	
12/31/2013	417,167.87		12/31/2013		20,288.16	
12/31/2014	386,605.42		12/31/2014		20,079.68	
12/31/2015	300,091.18	***	12/31/2015		19,271.49	
12/31/2016	286,771.10		12/31/2016		19,704.57	
12/31/2017	326,989.78		12/31/2017		22,623.74	

<b>#Balances of Board Designated Funds: Earmarked</b>					
	Garden Club	Winslow Music	Music/Goode	Hearing/Green	Total Earmarked
12/31/2011	4,054.82	5,000.00			
12/31/2012	3,904.03	4,166.93			
12/31/2013	3,839.08	2,159.80	1,466.40		
12/31/2014	3,785.76	634.48	743.43	415.00	5,578.67
12/31/2015	3,465.39	380.50	743.43	415.00	5,004.32
12/31/2016	3,188.06	0.00	191.67	415.00	3,794.73
12/31/2017	2,957.26	0.00	0.00	415.00	3,372.26

<b>General Endowment</b>			<b>Burgess Educational Fund</b>			<b>Total Memorial</b>
<i>Interest only may be spent.</i>			<i>Interest only may be spent.</i>			<b>Foundation</b>
Date	Principal	Total	Date	Principal	Total	<b>Fund Balance</b>
12/31/2010	115,934.43	241,087.00				623,784.39
12/31/2011		229,175.85	<i>This fund was created in January 2017</i>			594,512.37
12/31/2012		254,605.62	<i>using funds from the General</i>			645,955.35
12/31/2013		292,591.70	<i>Endowment, with an opening principal</i>			730,047.73
12/31/2014		289,585.08	<i>balance of \$73,535.20.</i>			696,270.18
12/31/2015		277,929.58				597,292.26
12/31/2016		284,175.35				590,651.03
12/31/2017		241,845.12	12/31/2017		77,364.58	668,823.22

Board Designated Funds (first chart, above), General Endowment, Burgess Educational Fund, and Clergy International Travel (above) are combined to make the Total Memorial Foundation Fund Balance.

\* Indicates figures cumulative from Established Permanent Endowment Feb. 1993 to 2010.  
 \*\* From Feb. 2000 to 2010.  
 \*\*\*Per auditor instructions, \$47,000.00 Note Receivable SAP debited to Board Designated Funds.