

January 29, 2023



OUR SAVIOR'S
LUTHERAN CHURCH
FOUNDATION
Jubilee Society

Our Savior's Lutheran Church Foundation

2022 Annual Report
to the Congregation



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Pastoral Letter

“He is like a man building a house, who dug down deep and laid the foundation on rock.” —Luke 6:47

It seems like common sense: if you are going to build something that will withstand the test of time, you will need to build it on a solid foundation. Jesus uses this common-sense approach to talk about how important it is to shape our lives and lifestyles around his teachings. The more we seek to live according to his word, the stronger we will be in our faith and in our relationship with him, especially during times of challenge and uncertainty like we're living through right now.

The Our Savior's Lutheran Church Foundation exists for the purpose of shoring up Our Savior's ministry by providing a funding source beyond regular contributions. Through the years, the Foundation has been able to fund ministry initiatives outside of the annual ministry plan as well as contribute a lump sum as a budget supplement. As a result, those who have given to the Foundation through memorials, other current gifts, or through estate gifts have been instrumental in establishing a firm foundation for our shared mission of proclaiming Christ and nurturing faith that connects to everyday life well into the future.

As you review this annual report, reflect on all the people who have given over the years to the Foundation because they were passionate about building a solid foundation for OSL's mission and ministry, and give thanks to God for their powerful witness. Then find some time to reflect on and pray about where your passion for Our Savior's lies and consider whether giving a gift to the Our Savior's Lutheran Church Foundation is a fitting way for you to strengthen the footing of this ministry God has entrusted to us.

In Christ's love,

The Rev. Randall E. Gehring
Senior Pastor

Letter from the Board Chair

Greetings on behalf of the Board of Our Savior's Lutheran Church Foundation.

The purpose of the Foundation is to support the mission and ministries of Our Savior's Lutheran Church. We are pleased with all our church accomplished in 2022 and look forward to the great things that will happen in the future.



Foundation assets now total \$3 million, which is a decrease from the prior year-end value. The value decreased due to unfavorable market conditions during 2022, including rising interest rates and other factors impacting valuations. We are disappointed with the portfolio performance in 2022; however, we recognize investment values can fluctuate over time. Our investment advisor has been helpful as we work through challenging investment markets. The long-term performance of the investment portfolio has been positive since it was established in 1978.

The Foundation supported mission and ministry at Our Savior's during 2022. Grants totaling \$137,600 were provided for several items as outlined in this report. Each year the Foundation provides funds to support the work of our church. During the past six years, the Foundation has given \$712,475 to Our Savior's to support various ministry needs. This would not be possible without your help.

During 2022, the Foundation received contributions of \$118,933. This was a substantial increase over the previous year. Thank you for supporting the mission of the Foundation. There are several options available to make contributions. The types of contributions include memorial gifts to honor someone special to you, a financial contribution, or a gift as part of your estate plan. Gifts can also be made online at oslchurch.com.

The Jubilee Society was created to recognize individuals who have made gifts to the Foundation or have included a provision for a gift in their estate plan. I invite you to consider joining the Jubilee Society. A complete list can be found at oslchurch.com/oslc-foundation/. Please contact me, any of the other board members, or the Church Office if you have questions or need assistance. Your attorney, accountant, or financial planner can also help you.

I am grateful for all our board members and their commitment to the Foundation. I appreciate their leadership, guidance, and support. The terms of Susan Hauff and Jerry Franken ended in 2022. Conley Ruud and Joan Fink will also be leaving the board. I want to sincerely thank them for serving this important role for our church. My term also ended in 2022. I have agreed to serve another three-year term. Each of our board members care deeply about our church and work hard to help the Foundation in its mission.

Thank you for your support of the Foundation.

Dennis Hanneman
OSLCF Board Chair, 2022

Agenda
Our Savior's Lutheran Church Foundation
January 29, 2023

1. Call to Order
2. Welcome
3. Approval of Agenda
4. Approval of Minutes from the Prior Annual Meeting
5. 2022 Grant Awards and Contributions
6. Growth of Foundation and Financial Statements
7. Nominations for New Board Members
8. Comments from Pr. Randy Gehring
9. Adjournment

OSLCF Board of Directors 2022

Dennis Hanneman (2020–22), Chair
Jerry Franken, (2017–19) (2020–22), Treasurer
Betsy Sittig (2022–24)
Joan Fink (2020–22)
Conley Ruud (2019–21) (2022)
Dean Mertz (2019–21) (2022–24), Vice-President
Susan Hauff (2016) (2017–19) (2020–22), Secretary
Jaysen Stevenson (2021-23)
Curt Olson (2022–24)
Pr. Randy Gehring, Sr. Pastor

Members serve a three-year renewable term. Terms begin following the annual meeting.

Previous Meeting Minutes
Annual Meeting of the OSLCF
January 30, 2022

1. Dennis Hanneman, Board Chair, called the annual meeting of Our Savior's Lutheran Church Foundation to order following the adjournment of the congregational annual meeting. Foundation annual reports were distributed to those attending. Reference was made to the Pastoral Letter from Reverend Randell E. Gehring, Senior Pastor, and the Letter from Dennis Hanneman, OSLCF Board Chair.
2. The agenda on page three of the annual report was approved. The minutes from the previous annual meeting held 1/31/2021 were also approved.
3. Dennis reviewed the grants made for 2021, as shown on page four, totaling \$129,600. During the past five years the Foundation has given \$575,475 to OSLC to support various ministry needs.
4. The value of the OSLCF portfolio as of 12/31/2021 was \$3,514,975. During the year the Foundation received contributions of \$14,506. A report from Lauer Capital Management Ltd. beginning on page five was reviewed. The portfolio had an investment return of 14.75% (net) and the total earnings (income plus capital appreciation) were \$475,228. The growth of the OSLCF is a great story.

A graph showing the growth of the Foundation is shown on page six of the report since its inception in 1978 to present. The financial records of the Foundation, as shown on pages seven and eight for the period ending 12/31/2020, were compiled by Thurman, Comes, Foley and Co., LLP, during 2020.

Dennis thanked the Jubilee Society members and explained the Jubilee Society was created to recognize individuals who have made gifts during their lifetime or included the OS�CF in their estate plan. Gifts to the Foundation help to support the mission at OS�C now and for years to come. If you would like more information, please reach out to any of our board members.

5. Dennis reviewed the changes made to The Bylaws of Our Savior’s Lutheran Church Foundation. These were approved and amended as of 1/30/2022.
6. Jan Haugen-Roger’s term as a board member ended in 2021. Dennis expressed his thanks for her involvement and leadership to OS�CF. Betsy Sittig (2022–2024) and Curt Olson (2022–2024) were nominated and approved by the members present to be new board members as of this meeting. The board opening(s) are filled in accordance with the board’s governance structure.
7. The meeting was adjourned.

Respectfully submitted,

Dean Mertz
Interim OS�CF Secretary

2022 Grant Awards and Contributions

Grant Awards

The Foundation distributed \$137,600 to Our Savior’s Lutheran Church in 2022 for the following items:

- ♦ Sidewalk repairs - \$11,100
- ♦ Tree removal and trimming - \$40,000
- ♦ TV cameras for Celebrate Center - \$20,000
- ♦ Gym floor refinish - \$5,000
- ♦ A/V system for lower-level Hub - \$12,250
- ♦ Paint office area - \$11,100
- ♦ Roof repairs - \$18,000
- ♦ Lighting repair in Sanctuary - \$9,550
- ♦ Missionary support Dr. Elisabeth Johnson - \$10,000
- ♦ Sponsor Easter TV service broadcast - \$600

The Foundation helps support the mission of our church in many ways.

Contributions Received

During 2022, the Foundation received contributions totaling \$118,933. This was a significant increase from the prior year. Your gifts are greatly appreciated and will help support ministry at Our Savior’s for many years to come. We are blessed. Thank you for your support.

Report from Lauer Capital Management Ltd.

Asset Allocation & Portfolio Characteristics

The Our Savior's Lutheran Church Foundation portfolio value as of December 31, 2022, was \$2,995,715. The portfolio's 2022 investment return was -13.81% (net) and the total earnings (income plus capital appreciation) were -\$483,999.

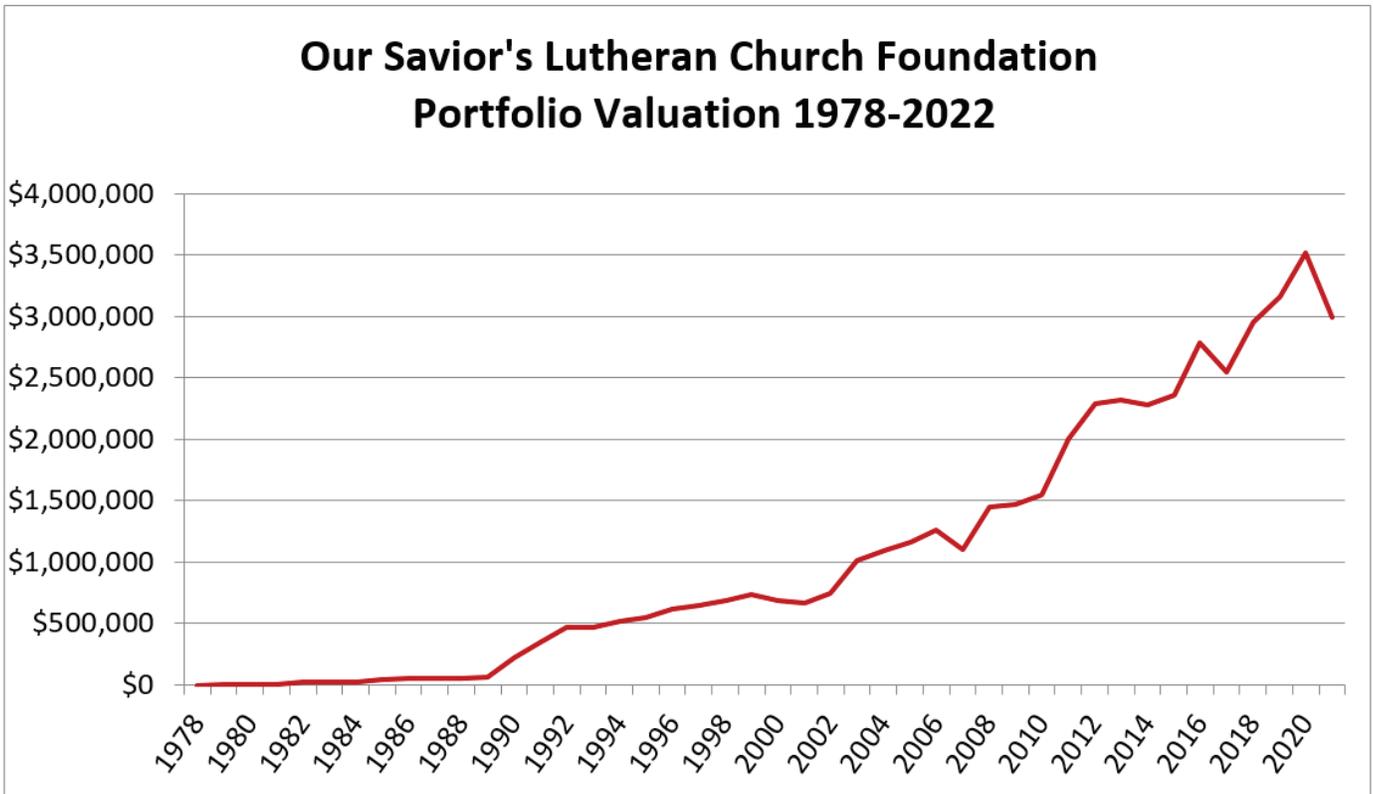
As of the end of December, the asset allocation of the portfolio was 61% in domestic and international equities, 35% in fixed income, 4% in preferred stock, and 1% cash. Within the portfolio's equity allocation, 93% is allocated to domestic equities and 7% to international equities. In 2022, the Foundation's overall (domestic and international) equity return was -16.94%, with the Foundation's domestic equity allocation returning -17.08% and the Foundation's international equity allocation returning -15.42%. Over that same period, the S&P 500 index returned -18.13% and the aggregate US stock market (inclusive of small and mid-sized stocks) returned -19.49%. The international equity market (FTSE Global ex US index) returned -16.1% in 2022. The Foundation's equity allocation (both domestic and international) is comprised of low-cost, diversified index funds with a tilt towards higher dividend income. The modest tilt towards higher dividend income equities helped temper the declines relative to the broad equity market. Indexing strategies continue to be an efficient method to invest in the equity markets and are the dominant approach used in the Foundation's portfolio.

The fixed income allocation of the portfolio earned -7.35% versus -13.01% for the total US investment grade bond market (Bloomberg Barclays US Aggregate Bond index) in 2022. Last year, interest rates increased at the fastest rate in decades. For example, 2-year maturity Treasury bond yields ended 2022 at 4.42% versus 0.73% at the beginning of 2022. The sharp increase in bond yields (which reduces the market value of bonds) led to historic double-digit losses in the bond market. The Foundation's fixed income allocation has a relatively short average maturity, which was the primary reason the Foundation's bond portfolio experienced smaller losses than the overall bond market.

Rising interest rates were the key factor driving losses across the global stock and bond markets. Although the investment pain inflicted by rising rates in 2022 was severe, there is a silver lining to higher interest rates. With interest rates across the yield curve at the highest levels in nearly 15 years, the prospective return from the bond market is much improved compared to the past few years. Yields are now at a level where they can make a positive contribution to a portfolio. Against the backdrop of declining inflation and stable interest rates, bonds are looking as an increasingly attractive option. The equity market should also find support in a more stable interest rate environment.

Growth of the OSLC Foundation 1978–2022

Value as of 12/31/22 - \$2,995,715



**OUR SAVIOR'S LUTHERAN CHURCH FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021**

ASSETS		2021
ASSETS		
Cash in checking		\$ 2,945
Investment portfolio		
Accrued interest & dividends		4,722
Cash and cash equivalents		59,663
Equities		3,223,813
Fixed Income		226,478
Total investment portfolio		3,514,676
TOTAL ASSETS		\$ 3,517,621
LIABILITIES AND NET ASSETS		
LIABILITIES		\$ -
NET ASSETS		
Without Donor Restrictions		2,753,465
With Donor Restrictions		764,156
Total net assets		3,517,621
TOTAL LIABILITIES AND NET ASSETS		\$ 3,517,621

**OUR SAVIOR'S LUTHERAN CHURCH FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Contributions - allocation	\$ 14,506	\$ -	\$ 14,506
Investment interest and dividend income	40,031	10,199	50,230
Gain on investments	328,762	83,761	412,523
Net assets released	600	(600)	-
Total support and revenue	<u>383,899</u>	<u>93,360</u>	<u>477,259</u>
Expenses			
Program services	129,000	-	129,000
General and administrative	5,079	-	5,079
Fundraising	600	-	600
Total expenses	<u>134,679</u>	<u>-</u>	<u>134,679</u>
Change in fund balance	249,220	93,360	342,580
Prior period adjustment	(20,000)	20,000	-
Net assets beginning of period	<u>2,524,245</u>	<u>650,796</u>	<u>3,175,041</u>
Net assets end of period	<u>\$ 2,753,465</u>	<u>\$ 764,156</u>	<u>\$ 3,517,621</u>



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