

January 28, 2024



OUR SAVIOR'S
LUTHERAN CHURCH
FOUNDATION
Jubilee Society

Our Savior's Lutheran Church Foundation

**2023 Annual Report
to the Congregation**



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A Thought from Pastor Paul

As we give thought to the purpose and work of Our Savior's Lutheran Church Foundation, I am returned to the scriptural treasury of images stemming from the concept of a foundation related to God's Word: Jesus Christ.

In the Bible, the word "foundation" is used to describe a solid base on which a secure structure may be built. The Hebrew word for foundation is mostly derived from "to found," while in Greek, two words are used: *katabole* for "foundation of the world" and *themelios* for the "foundation of a building." *Themelios* is also used metaphorically in various connections, such as Christ being the foundation of the church.

And so as the church, we sing, "The church's one foundation is Jesus Christ her Lord, she is his new creation by water and the word, from heaven he came and sought her to be his holy bride, and with his love he bought her and for her life he died."

Here at Our Savior's, we celebrate the risen and living Christ Jesus, God's foundation for our daily life of faith, and service, and love shown to others who are fellow recipients of this divine favor. The Foundation aids us all in our congregation's willingness and ability to spread the Gospel in ways that supplement the overall ministry of this congregation. For this living ministry we are indeed grateful. Contributions come to the OSLC Foundation through memorials, current gifts, or estate gifts. In these days we celebrate these gifts, and the many gifts pledged and offered recently through Our Savior's Debt Reduction Giving Ministry.

Review this report and offer to God a word of prayerful thanksgiving to all those today and in years past who have supported the ongoing building upon the foundation of Jesus Christ. We are "built on a rock" and the Church of Jesus Christ shall surely stand and serve for years to come. Thank you, Our Savior's Lutheran Church Foundation board members, for your faithful service.

In the Service of the Master,
Interim Senior Pastor Paul N. Svingen

Letter from the Board Chair

This year we celebrate the 45th anniversary of the Foundation. The mission statement of the Foundation is:

Helping people turn their personal blessings into Christian significance.

During the past 45 years, the Foundation has made a significant difference by supporting various ministries at our church. The past year has been a time of change for our congregation. We look forward to the future and new opportunities for our church.

Foundation assets now total \$3.4 million, which is a significant increase from the prior year-end value. The portfolio return was 15.78% in 2023. Foundation assets will be reduced by \$142,000 due to pending grant requests that will be paid in 2024. We are pleased with the portfolio performance in 2023. The long-term performance of the investment portfolio has been positive since it was established in 1978.

Grants totaling \$142,600 were approved 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 \$765,700 to Our Savior's to support various ministry needs. This would not be possible without your help.

During 2023, the Foundation received contributions of \$10,130. This was a decrease from the previous year. We are grateful for your support 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: visit oslchurch.com, click on Giving via My OSL, and follow the prompts.

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 the church website, oslchurch.com/oslc-foundation/. Please contact me, any of the other board members, or the Church Office (605-336-2942) if you have questions or need assistance. Your attorney, accountant or financial planner can help you with this process. The South Dakota Synod office, on the campus of Augustana University, also offers estate-planning services through Lutheran Planned Generosity.

I am grateful for all our board members and their commitment to the Foundation. I appreciate their leadership, guidance and support. The term of Jaysen Stevenson ended in 2023. He has agreed to serve a second term through 2026. Each of our board members are committed to our church and firmly support the Foundation in its mission.

Thank you for your support of the Foundation.

Dennis Hanneman
OSLCF Board Chair, 2023



Agenda
Our Savior's Lutheran Church Foundation
January 28, 2024

1. Call to Order
2. Welcome
3. Approval of Agenda
4. Approval of Minutes from the Prior Annual Meeting
5. 2023 Grant Awards and Contributions
6. Growth of Foundation and Financial Statements
7. Nominations for New Board Members
8. Adjournment

OSLCF Board of Directors 2023

Dennis Hanneman (2020–22) (2023–25), Chair
Jaysen Stevenson (2021–23) (2024–26), Treasurer
Betsy Sittig (2022–24)
Debby Olson (2023–25)
Curt Olson (2022–24), Vice-President
Dean Mertz (2019–21) (2022–24), Secretary
Dean Buckneberg (2023–25)
Chris Fischer (2023–25)

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

Previous Meeting Minutes
Annual Meeting of the OSLCF
January 29, 2023

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. Dennis referenced his Letter from the Board Chair on page 2 of the annual report.
2. The agenda on page three of the annual report was approved. The minutes from the previous annual meeting held January 31, 2022, were also approved.
3. Dennis reviewed the grants made for 2022, as shown on page 4, totaling \$137,600. During the past six years, the Foundation has given \$712,475 to OSLC to support various ministry needs.
4. The value of the OSLCF portfolio as of 12/31/2022 was \$2,995,715. During the year the Foundation received contributions of \$118,933. A report from Lauer Capital Management Ltd. beginning on page 5 was reviewed. During 2022, the portfolio had an investment return of -13.81% (net) and the total earnings (income plus capital appreciation) were -\$483,999. Rising interest rates and inflation

increases were the key factors in driving losses across the global stock and bond markets. We are hoping to see a boost in the bond markets and interest income in 2023.

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 12/31/2021, were compiled by the Paceline Accounting firm during 2022.

Dennis thanked the OSLC members who have made gifts during their lifetime or included the OSCLCF in their estate plan. Gifts to the Foundation help to support the mission at OSLC now and for years to come. If you would like more information, please reach out to any of our board members.

5. Board Members Jerry Franken and Susan Hauff ended their terms in 2022. Conley Ruud will be leaving the board. Joan Fink completed her first three-year term and decided not to do a second term. Dennis expressed his gratitude and thanks for their involvement, service, and leadership to OSCLF. Chris Fischer (2023-2025) and Dean Buckneberg (2023-2025) were nominated and approved by the members present to be new board members as of this meeting. Dennis encouraged anyone who would like to serve on the Foundation Board to please let him know as there are still two remaining openings on the board. The board opening(s) are filled in accordance with the board's governance structure.

6. Reverend Randall E. Gehring, Senior Pastor, referenced the Pastoral Letter as found on page 1. In his comments he shared that the Foundation operates as a separate entity from OSLC, but exists to serve and support the needs of the church and the members of OSLC. He expressed his deep appreciation of Dennis as the Board Chair of the Foundation and the leadership he provides

7. The meeting was adjourned.

Respectfully submitted,

Dean Mertz
Interim OSCLCF Secretary

Our Savior's Lutheran Church Foundation 2023 Grant Awards and Contributions

Grant Awards

Grants totaling \$142,600 were approved for 2023. A sponsorship of \$600 for the Easter TV service broadcast was disbursed in 2023. The remaining \$142,000 will be disbursed in 2024. The changes at church during 2023 caused a delay in determining priorities to be addressed. The following areas of ministry will be addressed with the disbursements; however, the specific amounts have not been finalized for all items:

- ♦ Missionary support - \$10,000
- ♦ Foreign mission support - \$10,000
- ♦ Faith Community Nursing - \$5,000
- ♦ Lighting repair in Sanctuary
- ♦ Computer equipment and network
- ♦ Landscaping Improvements
- ♦ Lawn Care Service
- ♦ HVAC Preventative Maintenance
- ♦ Breaker Box Replacement
- ♦ Add doors to FOB system

Funds within the Foundation

The Foundation helps support the mission of our church in many ways. Several categories of funds are maintained within the Foundation. Funds can be used in a manner consistent with the purpose of the fund or intent of the donors in some cases. Following are the funds and balances as of 12/31/22:

- ♦ General Endowment - \$1,420,015
- ♦ Building Maintenance - \$294,351
- ♦ Choir - \$127,396
- ♦ Parish Nursing - \$66,018
- ♦ Senior Ministry - \$447,559
- ♦ Youth - \$19,058
- ♦ Foreign Mission - \$195,007
- ♦ Missionary Support - \$213,885
- ♦ Media Ministry - \$110,019
- ♦ Music/Arts for Kids - \$104,444

Contributions Received

During 2023, the Foundation received contributions totaling \$10,130. This was a decrease from the prior year. Foundation gifts can vary significantly from year to 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, 2023 was \$3,463,241. The 2023 investment return was +15.78% (net) and the total earnings (income plus capital appreciation) were \$486,722.

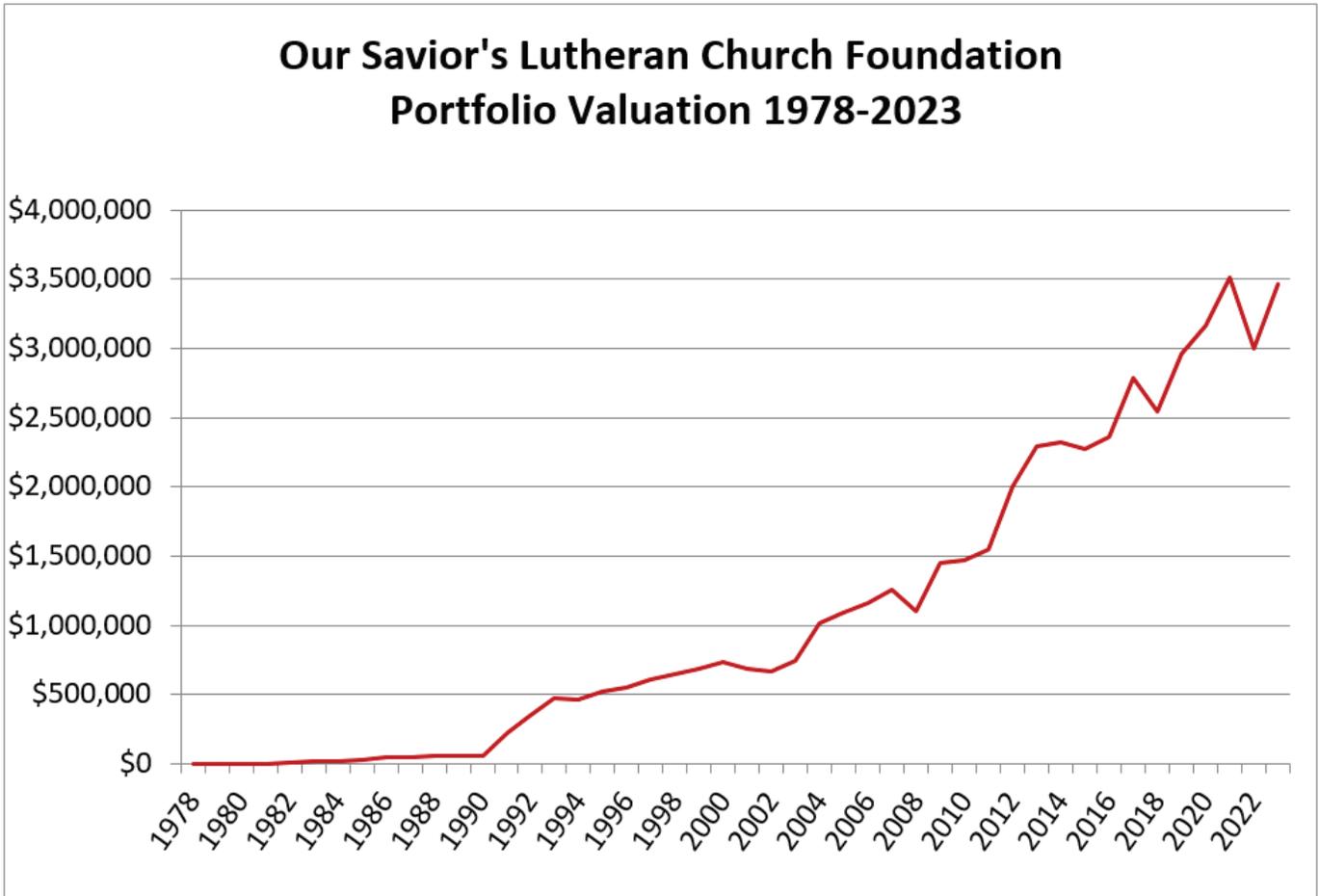
As of the end of December, the Foundation's asset allocation was 62% in domestic and international equities, 34% in fixed income, 3% in preferred stock, and 1% cash. Within the equity allocation, 93% is allocated to domestic equities and 7% to international equities. In 2023, the Foundation's overall equity return (domestic and international) was 22.89%. The domestic equity allocation returned 23.33% and the international allocation returned 16.83%. Over that same period, the S&P 500 index returned 26.26% and the aggregate US stock market (inclusive of small and mid-sized stocks) returned 25.98%. The international equity market (FTSE Global ex US Index) returned 15.79% in 2023. The Foundation's equity allocation is comprised of low-cost, diversified index funds with a tilt towards higher dividend income equities. Dividend-orientated equities modestly lagged the broad market in 2023, as equity market returns in 2023 were driven by a handful of large-cap technology orientated stocks. 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 Foundation's fixed income allocation earned 5.69% compared with 5.53% for the total US investment grade bond market (Bloomberg Barclays US Aggregate Bond Index) in 2023. Interest rates continued to be volatile in 2023. Ten-year maturity US Treasury yields started the year at 3.88%, dipped to a low of 3.30% in the spring, rose to a high of 4.98% in the fall, and ended the year exactly where they started at 3.88%. The yield on the broader bond market is near the highs last seen over the past 15 to 20 years, and we are moving to extend the maturity of the Foundation's bond portfolio to lock in these higher rates.

Interest rates look to have stabilized at attractive levels. Fixed income holdings should provide positive earnings and the diversification benefits they traditionally have provided. But against the backdrop of higher yields, equity risk premiums are low and suggest modest, but positive, near-term stock market returns. Resilient corporate earnings and declining inflation should limit any downside, but a higher-for-longer Fed interest rate policy will probably restrain equity market upside.

Growth of the OSLC Foundation 1978–2023

Value as of 12/31/23 - \$3,463,241



**OUR SAVIOR'S LUTHERAN CHURCH FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022**

ASSETS

		<u>2022</u>
ASSETS		
Cash in checking	\$	1,932
Investment portfolio		
Accrued interest & dividends		4,578
Cash and cash equivalents		29,578
Equities		2,679,532
Fixed Income		<u>282,633</u>
Total investment portfolio		<u>2,996,320</u>
TOTAL ASSETS	\$	<u><u>2,998,252</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES	\$	-
NET ASSETS		
Without Donor Restrictions		2,348,662
With Donor Restrictions		<u>649,590</u>
Total net assets		<u>2,998,252</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>2,998,252</u></u>

**OUR SAVIOR'S LUTHERAN CHURCH FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions - allocation	\$ 119,011	\$ -	\$ 119,011
Investment interest and dividend income	43,178	11,465	54,643
(Loss) on investments	(434,727)	(115,431)	(550,158)
Net assets released	600	(600)	-
Total support and revenue	<u>(271,938)</u>	<u>(104,566)</u>	<u>(376,504)</u>
Expenses			
Program services	127,000	10,000	137,000
General and administrative	5,185	-	5,185
Fundraising	600	-	600
Total expenses	<u>132,785</u>	<u>10,000</u>	<u>142,785</u>
Change in fund balance	(404,723)	(114,566)	(519,289)
Prior period adjustment	(80)	-	(80)
Net assets beginning of period	<u>2,753,465</u>	<u>764,156</u>	<u>3,517,621</u>
Net assets end of period	<u>\$ 2,348,662</u>	<u>\$ 649,590</u>	<u>\$ 2,998,252</u>



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