

Foundation Report

For many years, the Foundation has had a unique investment strategy. It invested only in stocks that paid high dividends and this income is paid to the Church. This strategy worked well for many years but it forced the investments into limited categories, mostly energy and commodities. When the value of these type of stocks fell in 2015 the foundation saw a significant reduction in its value. Knowing we needed to diversify and change our investments we added several new members last year to help discern these changes. At the beginning of the year we did some portfolio rebalancing, selling some of our energy holdings and made investments in the technology and health care sectors. As we searched options that met our criteria it became increasingly apparent that our investment strategy was not working as well and it may become impossible to keep the same level of income to the church.

Midway through the year we decided that the time had come to completely change how the portfolio was invested. This was precipitated by two occurrences. First our long time financial advisor left D.A. Davidson and was replaced with a new advisor who better understood our goals and how to achieve them. He has significant experience dealing with not for profit foundations both as their financial advisor and as a board member. And second our investments saw a significant return to value which opened up new possibilities.

We decided to switch from owning individual stocks to a diverse portfolio of managed and indexed funds. While we may not see as high of returns as we have experienced we also will be more stable and not exposed to the huge market losses we also experienced. Rather than paying the dividends earned to the church the foundation will determine a set percentage of the total investment and pay that to the church. This stabilizes the income to the church and makes it a known budgetable amount each year. It also means that extra income is invested back into the foundation to help it grow. This is how most foundations are set up and run, including the endowment of the Diocese. Up to this point that type of investment had been resisted because it would not provide as much income to the Church. However the value of the Foundation is now large enough that we can switch to this type of investments and still provide a similar income to the church.

We believe these changes will give the Foundation a stronger footing for a secure future. This also changes the role of the foundation board, rather than being responsible for deciding what stocks to buy and sell and when to do so, they are responsible for discerning the financial goals of the foundation and ensuring they are met. This reduces the market knowledge needed to effectively serve on the board and should open it to more people.

The foundation has been a remarkable benefit to Christ Church. It was started in 1989 with an initial investment of \$24,000. Over the years about \$180,000 has been contributed to it. The total value of the fund is now \$328,513. In 2016 it paid the church \$17,565. Since its inception it has paid the church \$185,000, quite the return on investment. The funding level for 2017 have been set at \$15,900. It is the single largest donor to the church.

Contributions to the Foundation continue to be a great way to ensure the long term financial stability of the Church. It is a gift that keeps on giving year after year. As part of the reorganizing of our account we now have a gift receiving account which allows the Foundation and the Church to receive gifts of stock and for donors to get all the tax benefits of such gifts.

We are grateful to those who came before us and the foresight to create the Foundation and the generosity to fund it. We are also grateful to all of the leaders of the board who have expertly guided the investments over the years and built it up to such a successful endowment. We look forward guiding it into the future.

John Bertram

Foundation President