

# St. John the Evangelist Episcopal Church

## 2024 Annual Parish Meeting

Sunday, January 26<sup>th</sup>, 2025

11:30 a.m. – 1:00 p.m.

Meeting called to order at 11:49 a.m.

### **Approval of 2024 Annual Meeting Minutes – *the Rev. Jered Weber-Johnson***

Motion to approve 2024 Annual Meeting minutes: moved, seconded; all in favor/0 objections/0 abstentions – Motion Carries

### **Financial Report – *Rick Rinkoff, Treasurer***

Good morning! 2024 was a great year... for the stock market. Fortunately, much of our endowment is invested in stocks which is why the value increased more than \$1 million last year of which we withdrew \$328,000 to support the overall St. John's budget. The stock market was driven by the excitement over artificial intelligence (AI). ChatGPT is the big name in AI; its parent company is worth \$157 billion. So I decided to see what all the fuss was about. I asked ChatGPT to write a treasurer's report. Here's an abbreviated version of what \$157 billion will get you:

Good morning, brothers and sisters in Christ,

It is both an honor and a privilege to stand before you today as the Treasurer of our church. My role is to ensure that every dollar given is used in accordance with the values and mission of our church.

The church experienced a challenging year, ending with a deficit of \$24,000. Despite the deficit we have been able to fund our ministries, support outreach efforts, maintain our facilities, and continue to care for those in need.

As we move forward into 2025, we are facing new opportunities and challenges. The budget for 2025 maintains balanced operations, supports our ministry & core activities, and continues to serve our congregation and community. We forecast the year to be breakeven. I want to end by expressing my deep gratitude for your continued faithfulness and generosity which supports our ministries, church operations and the countless ways we reach out to our community and share the love of Christ.

May God bless you all abundantly. Amen.

Here ends the ChatGPT lesson. Sounds just like me, doesn't it. By the way, it can write sermons too.

So why the deficit? Discretionary giving fell short of budget, most notably non-pledged revenue, people who contribute money without having made a pledge. They could be snowbirds, members who moved away, visitors – people who don't choose to make a formal commitment. Each year we make an educated guess as to how much to expect and for 2024 our assumption was much too high. We're budgeting a much lower amount for 2025. There was also a minor shortfall in pledge payments. Some people passed away, some encountered financial or pastoral challenges, some left the parish and I suspect, some just forgot to fulfill their commitment despite reminders.

Expenses were actually slightly under budget for the year so the deficit was entirely due to the revenue shortfall. While I'm not thrilled to report a deficit, I respect the wisdom of Warren Buffett who says "don't worry about the income, worry about the outcome." With that perspective, I expect Jered will tell us we did fine.

I want to put in a plug here for concentrating pledge payments early in the year. Our expenses are fairly uniform throughout the year and when people wait to make their payments late in the year it puts a big strain on our cash flow. Paying early also means you don't have to worry about reminders.

I'm going to talk about the 2025 budget – but in the context of something the Vestry and Finance Committee have been wrestling with.

This past summer St. John's did a Listening Survey as a prelude to a possible capital campaign. Many of you participated. There was good news and bad news. There was near unanimous agreement that there is a high level of trust in our financial leadership (organized, conservative, prudent, careful). That's the good news. But there was also the concern that, as our consultants put it, "financial leadership is disconnected from both clerical and Vestry leadership." Specific feedback included:

- Some people do not feel they understand the finances of St. John's.
- Some people don't like how the money is spent.
- Some people believe St. John's owns the money and property; others believe it belongs to God and the community.
- Responsibility for financial matters is held by a small few.
- There is a strong perception that the congregation is wealthy, coming from generations of class and race-based structural privilege.
- There is confusion (at best) and distrust (at worst) between the Cornerstone Trust representatives and those on the outside of it.

That's a lot to unpack so buckle up.

St. John's is a non-profit organization. We're not about the money. The Collect for St. John's says God has called us and as Barbara Mraz has preached, God works through us. We offer our time, talent and treasure and the Vestry uses that treasure to build a budget that fulfills God's mission. So is it our money or God's? Your call.

The Vestry approves all budgets and every month they and the Finance Committee receive a very detailed financial report which includes our income statement and balance sheet, where we are vs. budget, a financial dashboard showing long-term trends in the numbers, my explanation of what's behind the numbers, and my outlook.

These reports are available. Just ask. Every year we have an independent auditor, Olsen Thielen & Company, review our books and report to the Vestry and Finance Committee.

The Vestry approved the 2025 budget that's on your table. Spending breaks down like this:

- 67% for staff compensation
- 27% for non-discretionary expenses such as maintaining our building and grounds; administrative expenses; and our ECMN assessment
- The remaining 6% includes all ministry spending excluding staff compensation

These percentages are in line with previous years. We want to maintain our talented staff with competitive compensation and benefits so those costs will be higher in 2025.

Operating expenses keep escalating with inflation and are largely beyond our control.

Ministry spending appears relatively small in the budget but is significantly understated with over \$50,000 in restricted funds for various ministries.

The revenue side of the 2025 budget breaks down like this:

- 59% from pledges
- 3% from all other discretionary contributions (e.g. non-pledged, Easter, Christmas, plate offerings)
- 3% from use of the building (primarily Big Wonder preschool)
- 35% from distributions from the endowment and other funds

This is a shift from 2024. This year we're budgeting for no increase in pledges and lower discretionary contributions. With compensation and operating expenses increasing and overall contributions decreasing, we needed extra help to produce a balanced budget, hence a much higher reliance on distributions. This was achieved in two ways.

First, the Cornerstone Trustees agreed to boost the Cornerstone Trust's normal distribution by \$50,000; second, we have an advance capital campaign contribution meant to cover some of Building & Grounds' maintenance costs in 2025.

That's the 2025 budget in a nutshell, so let's address concerns over the Cornerstone Trust's role in supporting St. John's, one of the biggest findings highlighted in the Listening Survey. Our endowment includes the Cornerstone Trust with nearly \$8 million and the Paul Myers Trust with another \$1 million. Parishioners wanted to know who and what determines how much money St. John's receives every year from the endowment. Well, you've come to the right place.

There are five Cornerstone Trustees (Jim Johnson, Holly Weinkauff, Jay Debertin, Tom Baxter and myself). We are elected by all of you and serve staggered three-year terms. US Bank is the corporate trustee and manages the portfolio that's typically 60 – 70% invested in stock index funds and the rest in shorter-term bonds and cash. Does that mean responsibility for financial matters is held by a small few? No; the trustees set the amount of money that St. John's receives from the trust every year but don't determine how the money is spent. That's the Vestry's responsibility.

The trustees meet at least annually to set the draw rate on the Cornerstone Trust which is then multiplied by a 12-quarter moving average of the value of the accounts that contribute to the draw. That draw rate was 4.25% in 2024. The Paul Myers Trust has a fixed 5% draw rate mandated many years ago by an outside party. The Cornerstone Trust has been built through the decades by contributions ranging from a few thousand dollars to over \$3 million and of course, investment returns. Given that, it's hard to argue that St. John's is not wealthy or that generations of class and race-based structural privilege didn't play a role in why we're so fortunate.

The trustees have a fiduciary responsibility to the donors. The trust is not an IRA or 401K which only needs to last for a person's lifetime. According to Jim Frazier's history of St. John's, For All The Saints, published in 2014, the wish of the donors to the Cornerstone Trust was "to have the money last in perpetuity... In the opinion of the Finance Committee, a 3.5% draw is the prudent aim for the future."

A recent study by investment research firm Morningstar agreed, saying that a 3.7% rate offers a 90% probability of not running out of money. We've been using a 4.25% draw rate which is more like 5% when you include US Bank's annual fee.

In October the Vestry unanimously approved a motion to submit a proposal to the Cornerstone Trustees to increase the draw rate from 4.25% to 5%, if necessary, to balance the 2025 budget. Five days later the Trustees met and after considering the budget challenges I've just described, agreed to add \$50,000 to the annual draw on a one-time basis which effectively brings the rate to 5%.

Furthermore, the Cornerstone Trustees respect the findings of the Listening Survey and have already met with the Finance Committee and church leadership, and in March, Tom Baxter, the chair of the Cornerstone Trustees, will meet with the Vestry to explain our process and hopefully eliminate distrust between the groups.

The Trustees don't anticipate maintaining the 5% draw rate in 2026 as that would endanger the Trust's ability to provide a growing income stream to St. John's, money that supports roughly one-third of our annual budget. Some people have advocated that the 5% rate should become the norm since the trust is for the benefit of St. John's and the church could use the money. I think the issue is less about the draw rate and more about having an extra \$50,000 available each year. Here's a wonderful solution that would satisfy both groups. If \$1,000,000 in new money came into the Cornerstone Trust with

donors specifying a 5% draw rate, there's your extra \$50,000. If you'd like to be part of that, come see me.

Another way to help St. John's is our capital campaign. The genesis of the campaign was two-fold. First, the realization that every few years something goes horribly wrong with our building that costs a lot of money to repair. Water was leaking into the undercroft so we had to dig up the sidewalk on Kent Street to fix the problem. Then our roof leaked and had to be repaired. Tuckpointing, necessary painting – the list goes on and on. The only way to pay for these repairs was to borrow money.

Second, we had a study done in 2019 to assess how much it would cost to maintain our building for the next 30 years. The study recommended that we put aside – wait for it – \$128,000 the first year and increase it by the inflation rate every year after to cover the expected cost.

There's no way our budget could handle that or other unexpected costly projects, hence the desire for a capital campaign. Jered will talk about how this has evolved into our current capital campaign.

One more piece of business. Now in my 13<sup>th</sup> year of a three year term, it's about time to identify a successor. I am pleased to announce that David Bressoud has accepted the role of assistant treasurer and will take over as treasurer at some point. Dave is a retired professor of mathematics, most recently at Macalester. He's authored many books and articles, gave talks in five different countries last year, has his own website (check it out), and even has a theorem named after him! With a PhD in math and experience running non-profit organizations including profit and loss responsibility, our financials will be in good hands.

Before I turn it over to Jered, are there any questions?

Thank you.

## **State of the Church Address - the Rev. Jered Weber-Johnson**

*God of grace and God of glory, on thy people pour thy power...Grant us wisdom, grant us courage, for the facing of this hour.*

These were the words written in 1930 by the Rev'd Harry Emerson Fosdick– penned for the founding of the famous Riverside Church in Morningside Heights where he was pastor, a congregation that became, like him, a vocal champion of the social gospel, in many ways intersectional, and most notably for the time, interracial.

This “hour” the church was facing, fell smack between two World Wars, at the threshold of the Great Depression, and as Fascism was beginning to rear its ugly head around the globe. It was a bleak hour, to be sure, but Fosdick knew the church had within its deep reservoirs of wisdom and experience, the toolkit and the resources for just such a moment and believed that our God was always ready and willing to give God's very self to and for

the church, to accompany and bless it in the work of faithfulness in this and every hour of trial.

*From the fears that long have bound us, free our hearts to faith and praise. Grant us wisdom, grant us courage...for the living of these days.*

We sang this hymn at the closing of worship last Sunday, quite by happenstance. Richard picks our hymns well in advance and little did he anticipate just how prescient, how, like holy synchronicity, it might feel to sing these words on the eve of the inauguration last week. As when the hymn was written, today we desperately need God's grace and glory in the life of the church and our nation. In the last week alone we saw the rolling back of civil rights, the undoing of legal protections for so many vulnerable people, and the rhetoric of fear and hate being used to diminish the dignity of so many groups of people by our new president and his administration. This kind of destructive power is always possible from our elected leaders. That is why, back in the fall of 2024, St. John's vestry, stewardship committee, staff, and clergy helped to guide us all on a journey of discernment toward how we could be faithful on the first day after the election, for the living of *these* days. What we created was our Day 1 Plan for St. John's.

That plan helped shape our parish budget for 2025, approved by the vestry last week, and presented to you today. The 2025 budget enshrined our values articulated in the Day 1 planning process, values like love, inclusion, healing, & justice, and it reflects back our priorities of deep care for those who stand most ready to be hurt by the results of the 2024 election.

The Day 1 plan and the budget it shaped recognizes that the living of these days requires two interconnected responses from the church. First, we are called to direct support for and with vulnerable groups and individuals. Where possible this year's budget maintained our strong support for Faith-in-Action ministries of housing, healthcare, and hunger relief, bolstered our migrant support ministry, and anticipated the continuation of our robust women's spiritual life group, resuming of our LGBTQ+ spiritual life group, and underscored our historic support of children's and youth ministries, just to name a few. And, second, the budget also recognizes that the fundamental work of the church is the formation of people who are healed, courageous, faithful, and capable of radical care and resistance. In this way our budget continues to prioritize generous support for the ministry leaders who guide our essential programs of worship, faith formation, outreach, pastoral care, and member engagement, at its core. You will find that we are recommitting to another year of fourth Sunday Racial Reconciliation and Healing Eucharists and the work of our new Evangelist for Spiritual Healing. The year ahead, our resources of time, talent, and treasure, are being directed toward care for one another and the most vulnerable in our communities, and toward strengthening our life as disciples so that the whole church is equipped to stand up for justice, seek peace, and better able to respect the dignity of every human being.

As if that weren't enough, St. Johns is also engaged in the work of exploring a possible capital campaign. That process too is being done with an eye toward the same values captured in the Day 1 plan and our annual budget. We began the process with a spirit of inclusion and listening, capturing all your voices to be sure that we heard what the heart and mind of our faith community was, when considering the valuable resource of our buildings and grounds. There is a lot that could be said about a possible capital campaign. Rick has already covered some. If you explore the projects described in our current feasibility study (Get your surveys turned in by the 30th), you'll see that in several components they prioritize how we can be better partners to our wider community, creating space where Big Wonder, Artaria, 12-step groups, arts and theater groups, and many more can do their vital work. You will notice there is care and consideration for how St. John's faces and engages the community through our building, and how we connect and grow together as people of faith inside it. It has consideration too for how we tend this valuable resource for generations to come. In the listening phase, as was already mentioned, our consultants helped us unearth not only our priorities and goals, but also recognize the ways our money narratives might stand between us and more fully embodying our deep faith. Money narratives here merely means how we've been shaped to think about money and talk about it. These stories, about money, individually and collectively, are a powerful force shaping our lives and witnesses as people of faith. Is our money ours, or the community's, or God's? How do we invest and spend it, on ourselves, on others? What does generosity look like when we consider the money we've been entrusted with? What does faithfulness look like? To be clear, St. John's is a generous community. Look at your stewardship report and you will see just how generous – many many gifts, both large and small, enabled us to pass a balanced budget for 2025. We are also a community of great wealth and privilege. And, like other communities of wealth, and privilege, we have at times behaved selfishly, fearfully, and without a spirit of courage and hopefulness when it comes to our money. This is ongoing work for us, and as we embark on a process of raising even more money, it is this work that I believe is most essential. There is no doubt that St. John's can raise the necessary resources to accomplish the mission God is calling us to in this moment as in the past – there is great generosity here. But, my prayer and my commitment as your rector is to do all in my power to ensure that we do this fundraising in ways that reflect our faith in the abundance of God and our memory of the provision of God in ages past so that we may not be, as Fosdick's hymn says, "rich in things and poor in soul."

Finally, you may be wondering, what is the state of the church? I commend the whole Annual Report to you, to see what abundant and generous acts of Christian discipleship and faithfulness we achieved together last year. Look at the stewardship report, the Faith-in-Action accomplishments, the New Member report, Pastoral Care, Formation, CYF, and so much more. We did a lot last year, faithfully, and with great joy. The church is thriving and growing and in the year ahead, it is our aim to grow some more, to share with and invite others into an encounter with a loving, liberating, and life-giving God in and through this community of faith. This past year several of you joined our church, and many sited the need to find a faith community especially attuned to the work of justice,

care for the vulnerable, healing creation, and connecting more deeply in community bound together in God's love. Many of our newest members named the Day 1 process as a big part of why they came to St. John's. So, the year ahead will keep us steady to that course. We will be embarking on a significant process of invitation – that will include you sharing with others what this church is up to and encouraging folks to join us in the vital work of justice, discipleship, and faithful innovation our bishop has called us to. We will strengthen our spiritual life communities, and deepen our pastoral care of one another, and find new ways to join in the work advocacy and activism. If you are interested in helping our church grow not only in faithfulness and spiritual vitality, but with new and diverse members, as we did in the year past, please speak to me or to Dr. Judy Stack. We have work to do, and to accomplish it, I imagine we'll want a growing community of new and longtime members working together for the glory of God. While there will be challenges to the church, both within and without in the year ahead, I am confident we will rise to meet them with God's help, so that we may sing out all the more,

*Save us from weak resignation, to the evils we deplore; let the gift of your salvation be our glory evermore. Grant us wisdom, grant us courage...serving you whom we adore.*

## **Elections**

### Wardens – Second 1-Year Term

Motion to approve Bette Ashcroft as Senior Warden – moved, seconded; all in favor/0 opposed/0 abstentions – Motion Carries

Motion to approve Bob Baumann as Junior Warden - moved, seconded, all in favor/0 opposed/0 abstentions – Motion Carries

### Vestry Members — 3-Year Term

Motion to approve the following members to a 3-year term to Vestry: moved, seconded; all in favor/0 objections/0 abstentions – Motion Carries

- Lynn Hertz – Welcome & Connection Liaison
- Edwin Schenk – Children, Youth, and Family Ministry Liaison
- Dan Vogel – At Large
- Tamara Zurakowski – Liturgy Liaison

### Cornerstone Trustees — 3-Year Term

Motion to approve the following member to a 3-year term for Cornerstone Trustees: moved, seconded; all in favor/0 objections/0 abstentions – Motion Carries

- Jim Johnson

## **Presentation of Gifts to Outgoing Vestry Members – *Bette Ashcroft, Warden***

## **Gratitude for Outgoing Leaders – *Bette Ashcroft, Warden***

- Chelsea Stanton - Deacon
- John Docherty - Vestry Member
- Paige Hagstrom - Vestry Member
- Eliza Lundberg - Vestry Member
- Rianna Matter - Vestry Member

## **In Memorium – *Bette Ashcroft, Warden***

We recall those whom we lost in the last year, their gifts, and the many ways they cared for this community: Janice Phelps, Beric Christiansen, Jim Anderly, Jim Linden, Phillip Baird, Fred Morrison, Rev. Dr. Karl Jacobson, Ronald Miller, Ben Johnston, Jr., Stuart Snyder, Pat Brynteson, Shirley Cooper, Virginia “Ginnie” Schauss.

## **Closing Prayer – Collect for St. John’s**

*Respectfully submitted by Carrie Keillor, Vestry Clerk*