

PRESBYTERY OF MILWAUKEE FOUNDATION, INC.

2024 ANNUAL REPORT

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Transitional Executive Letter

January 2025

The Presbytery of Milwaukee Foundation is a blessing to the ministry of our churches and presbytery. Through the money held there, we have financial assets to add to our other resources, enabling us to do far more than we could otherwise.

The board continues its good stewardship of our investments with the aid of our advisor Matthew Parks from Morgan Stanley.

Here are some of the ways the assets of the Foundation support our ministries:

- Grants for Congregational Vitality;
- Support for Matthew 25 efforts throughout the presbytery;
- Pastoral Support through counseling, coaching, and spiritual direction;
- Towner Scholarships for women seminary students;
- Special Ministry Projects the San Jose Parroquia does to support the Hispanic community of Beloit;
- holding a loan to the Southminster church.

Every year we also receive funds from the Foundation to augment our budget. This allows us to maintain our current ministries and staffing. In the short term, the Foundation's added support means that we have the financial resources for the ministries we are called to do. For the long term, a goal of the Transition is to move to a more sustainable use of those finances.

We have been blessed by the gifts, grants, and revenue that started and have grown our investments through the Foundation. The Board's wise and generous stewardship is also a blessing to be celebrated. Thanks be to God for these abundant treasures.

Grace and Peace,

Lisa
Rev. Lisa S. Heckman

President Letter

January 2025

The Presbytery of Milwaukee Foundation is the steward of investable funds for the benefit of the Presbytery. The Foundation's principal goals are to maintain value and realize a stream of income, while observing the Presbyterian Church (U.S.A.)'s socially responsible investment standards. During 2024 the Foundation assumed additional investment responsibility. In the past, the Presbytery held scholarship, grant, and other special-purpose funds, some of which were substantial. The Presbytery concluded that transferring about \$45,000 of those special-purpose funds to the Foundation for intentional investment will better support Presbytery missions. The Foundation directors appreciate the Presbytery's confidence in the Foundation's ability to invest those funds wisely.

Understanding the Foundation's 2024 financial statements requires recognition of those new funds, of course. Although the value of Foundation assets decreased to less than \$12,000 during 2024, the decrease would have been larger without the funds received from the Presbytery. The 8% return on the Foundation investments was not enough to offset other transfers from the Foundation to the Presbytery, including net transfers of \$173,640 used to balance the Presbytery's budget and \$45,414 of special-purpose transfers. Our investment consultants tell us that the Foundation's annual transfers to the Presbytery, which for many years have been 10% of the Foundation's uncommitted assets, will be unsustainable unless they are reduced to an average of 5% over time. The Foundation's directors, as well as the Presbytery staff, committees, and commissions, are concerned about and are hoping to address this issue.

The Foundation Board is saying goodbye to Fe Petterson, who helped and guided us for the last three years, and is welcoming Tom Taylor, the newest director. We are thankful that David Holle, who spends uncounted hours to translate financial information into understandable spreadsheets, has agreed to continue to serve.

Gratefully,

Kevin J. Sjostrom
President

Secretary/Treasurer Letter

January 2025

The Foundation is a church-affiliated organization of the Presbytery of Milwaukee Presbyterian Church (U.S.A). The principal office address of the Foundation and Presbytery are the same. As a non-profit affiliated organization, the Foundation does not need to file Federal Income taxes. The Foundation does not have any employees, so it does not have to file Federal and State payroll reports. As a separate corporation the Foundation does file an annual report with the Wisconsin Department of Financial Institutions. The Foundation has separate Bylaws and Secretary/Treasurer Financial Procedures. The Board of Directors including my position is voluntary. We are elected by Presbytery and if re-elected we can serve up to two three-year terms. The Director elected by the Board to serve as the Secretary/Treasurer is not subject to term limits. I am currently serving my third three-year term as Secretary/Treasurer.

The Foundation currently deals with The Parks Group at Graystone Consulting, an institutional consulting business of Morgan Stanley. Our Institutional Consultant is Mathew R. Parks, CFA who has helped the Foundation rewrite the Foundation Investment Guidelines, comply with Presbytery (U.S.A) social responsibility guidelines, and provides performance reviews and investment advice. As an Authorized Person, I give written and oral instructions to Morgan Stanley. Any transfers from the Morgan Stanley account also requires the Board President approval. I am also able to review and make online withdrawal and disbursements between the Morgan Stanley account and the Presbytery TriCity National Bank account. I have prepared instructions for depositing securities into the Morgan Stanley Account. The Foundation financial reports are currently being prepared with a single-entry bookkeeping system using Microsoft Excel software.

During 2024, the Foundation Board of Directors met four times, via video conference. The minutes of these meetings are available for review. Rev. Lisa S. Heckman, Transitional Executive Presbyter of the Presbytery of Milwaukee also attends these meetings.

The 2024 Annual Report contains a line graph showing the total value of the Morgan Stanley account balances and the Presbytery contributions less withdrawals. The difference between these two lines is the change in value of the investments, The difference between these two lines represents the value the Foundation has produced for the needs of the Presbytery.

All worked hard to achieve a well-managed Foundation that produced great returns. Thank you for your continued support.

David L. Holle Secretary/Treasurer

Financial Reports and Statements

Presbytery of Milwaukee Foundation, Inc.
Secretary/Treasurer's Report
December 31, 2024

Balance Sheet

The December 31, 2024 Balance Sheet shows that the total assets in the Foundation during 2024 decreased by \$(11,796.81) from a December 31, 2023, balance of \$1,889,818.35 to a December 31, 2024, balance of \$1,878,021.54. The December 31, 2024, the cash balance of \$86,244.12 represents 4.65% of the total Morgan Stanley assets. The remaining Morgan Stanley assets consist of equity investments of 62.15% and fixed income and preferred investments of 33.20%. Presbytery has currently committed \$127,007.86 of the Foundation assets in addition to a Foundation approved cash draw of \$13,993 per month during 2025.

Statement of Activity

The Statement of Activity shows the Morgan Stanley Change in Value, Advisory Fees and transfers between the Foundation and Presbytery.

During December **2024**, the Morgan Stanley Change in Value, less Advisory Fees, decreased by \$(61,217.51) or (3.29%). The Year-to-Date December 31, 2024, Morgan Stanley Change in Value, less Advisory Fees was an increase of \$142,524.53 or 7.65% of the Morgan Stanley beginning of the year balance. The Year-to-date December 31, 2024, net decrease to the Foundation, other than Change in Value and Advisory Fees was (\$154,321.34). The total YTD decrease to the Foundation was \$(11,796.81). ,

During December **2023**, the Morgan Stanley Change in Value, less Advisory Fees, increased by \$78,698.68 or 5.03%. The Year-to-Date December 31, **2023**, Morgan Stanley Change in Value, less Advisory Fees was an increase of \$205,062.35 or 13.11%. The Year-to-Date December 31, 2023, net increase to the Foundation, other than Change in Value and Advisory Fees, was \$91,829.25. The total YTD net increase to the Foundation was \$296,891.60. This increase includes the proceeds from Veron Presbyterian Church of \$275,000.

During December 2024 \$14,840.80 was transferred from the Foundation to Presbytery. Within the Foundation account \$14,000.00 was transferred from Preferred Savings to available cash.

Sincerely,

David L. Holle
Secretary/Treasurer

PRESBYTERY OF MILWAUKEE FOUNDATION INC.
Balance Sheet

ASSETS	Dec. 31, 2023	Nov. 30, 2024	Dec. Change	Dec. 31, 2024
Morgan Stanley Account				
Cash and Savings	\$ 125,250.39	\$ 89,719.79	\$ (3,475.67)	\$ 86,244.12
Investments	\$ 1,738,038.35	\$ 1,840,246.01	\$ (71,443.99)	\$ 1,768,802.02
Total Morgan Stanley Acct.	\$ 1,863,288.74	\$ 1,929,965.80	\$ (74,919.66)	\$ 1,855,046.14
Loans Receivable				
- Southminster Church	\$ 26,529.61	\$ 24,114.05	\$ (1,138.65)	\$ 22,975.40
TOTAL ASSETS	\$ 1,889,818.35	\$ 1,954,079.85	\$ (76,058.31)	\$ 1,878,021.54
Funds				
Congregational Vitality	\$ 28,529.00	\$ 31,213.38	\$ (2,479.32)	28,734.06
San Jose Ministry Project Grants	26,495.00	16,797.32	(70.50)	16,726.82
Supporting Pastors - COM	41,139.49	26,984.49	-	26,984.49
Towner Scholarships	7,418.67	9,546.67	-	9,546.67
Vernon AC	-	15,646.09	-	15,646.09
Peacemaking/Walz	-	21,340.71	2,179.02	23,519.73
CCV Pby. Matthew 25 Fund	-	5,850.00	-	5,850.00
Total Committed Funds - Designated by Presbytery	\$ 103,582.16	\$ 127,378.66	\$ (370.80)	\$ 127,007.86
Uncommitted Funds	1,786,236.19	1,826,701.19	(75,687.51)	1,751,013.68
TOTAL FUNDS	\$ 1,889,818.35	\$ 1,954,079.85	\$ (76,058.31)	\$ 1,878,021.54

PRESBYTERY OF MILWAUKEE FOUNDATION INC.
Statement of Activity

	Year to Date Nov. 30, 2024	Dec. Change	Year to Date Dec. 31, 2024	
Morgan Stanley				
Morgan Stanley Change in Value	\$ 223,678.58	\$ (59,282.22)	\$ 164,396.36	8.82%
Morgan Stanley Advisory Fees	(19,936.54)	(1,935.29)	(21,871.83)	-1.17%
Morgan Stanley Change in Value and Fees as a percentage of beginning account total	\$ 203,742.04 10.93%	\$ (61,217.51) -3.29%	\$ 142,524.53 7.65%	
Cash Transfers, gifts and loan Adjustments				
Presbytery Support	\$ (159,170.00)	\$ (14,470.00)	\$ (173,640.00)	
Southminster loan payment received or adjusted	2,801.48	1,138.65	\$ 3,940.13	
Southminster loan balance reduced	(2,608.52)	(1,138.65)	\$ (3,747.17)	
Towner Scholarships grant from donor	4,700.00	-	\$ 4,700.00	
Towner Scholarships grant to Presbytery	(2,572.00)	-	\$ (2,572.00)	
Pastoral Support Grants	(14,155.00)	-	\$ (14,155.00)	
Camp Scholarships from Uncommitted Funds	(4,300.00)	-	\$ (4,300.00)	
San Jose Ministry Project Grants	(9,697.68)	(70.50)	\$ (9,768.18)	
Congregational Vitality Fund	2,684.38	(2,479.32)	\$ 205.06	
1009003 Vernon AC	15,646.09	-	\$ 15,646.09	
1009007 Peacemaking/Walz	21,340.71	2,179.02	\$ 23,519.73	
1009031 CCV Pby. Matthew 25 Fund	5,850.00	-	\$ 5,850.00	
Increase (Decrease)	\$ (139,480.54)	\$ (14,840.80)	\$ (154,321.34)	
Net Change in Total Assets	\$ 64,261.50	\$ (76,058.31)	\$ (11,796.81)	

PRESBYTERY OF MILWAUKEE FOUNDATION INC.
Balance Sheet
2024

ASSETS	End of Month												
	Dec. 31, 2023	January	February	March	April	May	June	July	August	September	October	November	December
Morgan Stanley of Account	\$ 125,250.39	\$ 175,244.72	\$ 160,208.13	\$ 156,406.63	\$ 123,100.57	\$ 108,451.48	\$ 96,033.96	\$ 101,644.86	\$ 86,834.71	\$ 78,258.79	\$ 104,343.06	\$ 89,719.79	\$ 86,244.12
Cash, Money Market & C.D.s	\$ 1,738,038.85	\$ 1,684,873.02	\$ 1,700,998.28	\$ 1,739,437.09	\$ 1,682,668.43	\$ 1,733,178.24	\$ 1,747,664.93	\$ 1,763,831.54	\$ 1,795,514.50	\$ 1,810,074.13	\$ 1,776,912.45	\$ 1,840,246.01	\$ 1,768,802.02
Investments	\$ 1,863,288.74	\$ 1,839,617.74	\$ 1,861,207.41	\$ 1,889,833.72	\$ 1,805,569.00	\$ 1,840,629.72	\$ 1,843,498.89	\$ 1,865,376.40	\$ 1,882,339.21	\$ 1,888,132.92	\$ 1,881,253.51	\$ 1,928,965.80	\$ 1,855,046.14
Total Morgan Stanley Acct.	\$ 20,529.61	\$ 25,955.05	\$ 25,955.05	\$ 25,955.05	\$ 25,955.05	\$ 25,955.05	\$ 25,955.05	\$ 24,800.18	\$ 24,800.18	\$ 24,993.14	\$ 24,114.05	\$ 24,114.05	\$ 22,973.40
Loans Receivable	\$ 1,889,818.35	\$ 1,865,572.79	\$ 1,887,156.66	\$ 1,915,788.77	\$ 1,831,524.05	\$ 1,866,584.77	\$ 1,880,453.94	\$ 1,890,376.58	\$ 1,907,136.30	\$ 1,913,106.06	\$ 1,905,369.16	\$ 1,954,079.85	\$ 1,878,021.54
- Southern Church													
TOTAL ASSETS													
FUNDS													
Congregational Vitality	\$ 28,529.00	\$ 28,529.00	\$ 28,529.00	\$ 28,529.00	\$ 28,529.00	\$ 28,529.00	\$ 28,529.00	\$ 28,529.00	\$ 28,529.00	\$ 28,529.00	\$ 31,213.38	\$ 31,213.38	\$ 28,794.06
San Jose Ministry Grants	26,495.00	26,495.00	26,495.00	26,495.00	21,521.16	21,521.16	21,521.16	16,547.32	16,547.32	16,547.32	16,797.32	16,797.32	16,736.82
Supporting Pastors - COM	41,110.40	36,554.49	36,554.49	36,554.49	34,809.49	34,809.49	34,809.49	30,014.49	30,014.49	30,014.49	26,084.49	26,084.49	26,084.49
Townier Scholarship	7,418.67	7,418.67	7,418.67	12,118.67	10,807.67	10,807.67	10,807.67	9,406.67	9,406.67	9,406.67	9,546.67	9,546.67	9,546.67
Vernice AC	-	-	-	-	-	-	-	-	-	-	15,646.09	15,646.09	15,646.09
Peacekeeping/Walz	-	-	-	-	-	-	-	-	-	-	21,340.71	21,340.71	23,519.73
CCVPhy, Matthew 25 Fund	-	-	-	-	-	-	-	-	-	-	5,850.00	5,850.00	5,850.00
Designated by Presbytery	\$ 103,582.16	\$ 98,997.16	\$ 98,997.16	\$ 103,687.16	\$ 95,667.32	\$ 95,667.32	\$ 95,667.32	\$ 84,587.48	\$ 84,587.48	\$ 84,587.48	\$ 127,378.66	\$ 127,378.66	\$ 127,007.86
Uncommitted Funds	\$ 1,785,236.19	\$ 1,796,575.63	\$ 1,787,192.69	\$ 1,812,091.61	\$ 1,735,856.73	\$ 1,779,917.45	\$ 1,773,816.62	\$ 1,805,789.10	\$ 1,822,551.91	\$ 1,828,738.58	\$ 1,777,990.90	\$ 1,826,701.19	\$ 1,751,013.68
TOTAL FUNDS	\$ 1,889,818.85	\$ 1,865,572.79	\$ 1,886,189.85	\$ 1,915,788.77	\$ 1,831,524.05	\$ 1,866,584.77	\$ 1,880,453.94	\$ 1,890,376.58	\$ 1,907,136.30	\$ 1,913,106.06	\$ 1,905,369.16	\$ 1,954,079.85	\$ 1,878,021.54
Morgan Stanley													
- Change in Value	\$ 224,670.18	\$ 605.14	\$ 37,725.08	\$ 40,219.37	\$ (59,940.22)	\$ 51,322.13	\$ 10,159.10	\$ 48,280.91	\$ 33,081.35	\$ 22,786.96	\$ (14,069.75)	\$ 64,967.51	\$ (59,282.22)
- Other Credits	0.87												
- Activity Fee	(19,614.70)	(1,845.20)	(1,671.41)	(1,817.06)	(1,813.06)	(3,791.41)	(1,789.93)	(1,838.43)	(1,848.34)	(1,823.21)	(1,907.93)	(1,787.22)	(1,933.29)
Total Morgan Stanley	205,062.35	(1,190.56)	36,053.67	38,402.31	(61,764.88)	49,530.72	17,369.17	46,442.48	31,232.81	20,463.71	(35,977.68)	63,180.29	(61,217.51)
% of Beginning Balance	11.01%	-0.66%	1.93%	2.66%	-3.31%	2.66%	0.93%	2.49%	1.68%	1.10%	-1.93%	3.39%	-3.29%
Cash Transfers, gifts, and loan adjustments													
Presbytery Support	\$ (158,820.00)	\$ (14,470.00)	\$ (14,470.00)	\$ (14,470.00)	\$ (14,470.00)	\$ (14,470.00)	\$ (14,470.00)	\$ (14,470.00)	\$ (14,470.00)	\$ (14,470.00)	\$ (14,470.00)	\$ (14,470.00)	\$ (173,640.00)
Townier Scholarship Donor				4,700.00									
Townier Scholarship P	549.00				(1,311.00)			(1,311.00)			50.00		4,700.00
Pastor Support	(11,173.75)	(4,585.00)			(1,745.00)			(8,795.00)			(5,030.00)		(2,572.00)
Cam p Scholarships	(750.00)	(4,000.00)									(900.00)		(4,300.00)
San Jose Ministry Grants	(1,140.00)				(4,973.84)			(4,973.84)			250.00		(70.50)
Grant to Common Ground	(10,000.00)												(9,768.18)
Southminster Loan Ac													
Proceeds from Vernon	275,080.00									192.96			
Congregational Vitality	(1,836.00)												
Vernice AC											2,684.38		205.06
Peacekeeping/Walz											15,646.09		15,646.09
CCVPhy, Matthew 25 Fund											21,340.71		23,519.73
Increase (Decrease)	\$ 81,829.25	\$ (23,655.80)	\$ (14,470.00)	\$ (9,770.00)	\$ (22,499.84)	\$ (14,470.00)	\$ (14,470.00)	\$ (25,549.84)	\$ (14,470.00)	\$ (14,277.04)	\$ 28,021.18	\$ (14,470.00)	\$ (154,321.34)
Net Change in Assets	\$ 296,891.60	\$ (24,245.56)	\$ 21,583.67	\$ 28,632.31	\$ (84,264.72)	\$ 35,669.72	\$ 2,899.17	\$ 20,852.64	\$ 16,782.61	\$ 6,186.87	\$ (7,956.50)	\$ 48,710.29	\$ (76,058.31)

Prepared By: David L. McLe
Secretary/Treasurer: Presbytery of Milwaukee Foundation Inc.
File: Foundation Financials Twelve Months 2024

Morgan Stanley Reconciliation **PRESBYTERY OF MILWAUKEE FOUNDATION INC.**
Balance Sheet

Morgan Stanley Account

	Dec. 31, 2023	Nov. 30, 2024	Dec. 31, 2024	Total YTD	%
ASSETS					
Morgan Stanley					
- Cash & Savings	\$ 125,250.39	\$ 89,719.79	\$ 86,244.12	\$ 164,396.36	8.82%
- Stocks and Bonds	1,738,038.35	1,840,246.01	1,768,802.02	(21,871.83)	-1.17%
Total Morgan Stanley Assets	<u>\$ 1,863,288.74</u>	<u>\$ 1,929,965.80</u>	<u>\$ 1,855,046.14</u>	<u>\$ 3,747.17</u>	
		Total YTD	Dec. 31, 2024		
Morgan Stanley Change in Value - All Accounts		\$ 223,678.58	\$ (59,282.22)	\$ 4,700.00	3.07%
Morgan Stanley Advisory Fees		(19,936.54)	(1,935.29)	(2,572.00)	-0.10%
Transfer to Presbytery for General Support		(159,170.00)	(14,470.00)	(14,155.00)	
Transfer from Presbytery for Southminster Loan		2,608.52	1,138.65	(4,300.00)	
Transfer from Donor for Townner Scholarships		4,700.00	-	(9,768.18)	
Transfer to Presbytery for Townner Scholarships		(2,572.00)	-	205.06	
Transfer to Presbytery for Pastor Support		(14,155.00)	-	15,646.09	
Tfr to Presbytery for Camp Scholarships from Uncom. Funds		(4,300.00)	-	23,549.73	
San Jose Ministry Project Grants		(9,697.68)	(70.50)	5,850.00	
Congregational Vitality Fund		2,684.38	(2,479.32)		
1009003 Vernon AC		15,646.09	-		
1009007 Peacemaking/Walz		21,370.71	2,179.02		
1009031 CCV Pby. Matthew 25 Fund		5,850.00	-		
Total Change to Morgan Stanley Accounts		<u>\$ 66,707.06</u>	<u>\$ (74,919.66)</u>	<u>\$ 8,212.60</u>	
Check figure		\$ 66,677.06	\$ (74,919.66)	\$ (8,242.60)	ok

	Dec. 31, 2023	%	Nov. 30, 2024	Dec. 31, 2024	%
ASSET ALLOCATION Morgan Stanley					
Cash in all accounts	\$ 125,250.39	6.72%	\$ 89,719.79	\$ 86,244.12	4.65%
Equities	1,001,637.52	53.76%	1,206,312.39	1,144,433.82	61.69%
Fixed Income & Preferred	723,476.89	38.83%	624,625.65	615,934.81	33.20%
Alternatives	12,923.94	0.69%	9,307.97	8,433.39	0.45%
Total Morgan Stanley Assets	<u>\$ 1,863,288.74</u>	100.00%	<u>\$ 1,929,965.80</u>	<u>\$ 1,855,046.14</u>	100.00%

Definition of "Change in Value" is the sum of realized and unrealized capital gains or losses, plus dividends, plus interest and accrued interest. There are two accounts at Morgan Stanley - A Cash and Preferred Savings Account and a Cash and Investments Account. These two accounts are consolidated in these reports and the reported cash is from both accounts. Periodic cash transfers are made from Preferred Savings to Available Cash to fund cash transfers to Presbytery.

Dec. 2024, electronic transfer adjustment increased Peacemaking/Walz donation by one cent due to adding error on 12/20/2024 e-mail from Lisa. By David L. Hoile, January 2, 2025

Secretary/Treasurer

File name: Morgan Stanley Reconciliation December 31, 2024

Consolidated Summary

CHANGE IN VALUE OF YOUR ACCOUNTS (includes accrued interest)

	This Period (12/1/24-12/31/24)	This Year (1/1/24-12/31/24)
TOTAL BEGINNING VALUE	\$ 1,929,965.80	\$ 1,863,288.74
Credits	3,317.67	156,183.46
Debits	(18,955.11)	(333,522.42)
Security Transfers	—	4,700.00
Net Credits/Debits/Transfers	\$ (15,637.44)	\$ (172,638.96)
Change in Value	(59,282.22)	164,396.36
TOTAL ENDING VALUE	\$ 1,855,046.14	\$ 1,855,046.14

Net Credits / Debits include investment advisory fees as applicable. See Activity section for details.

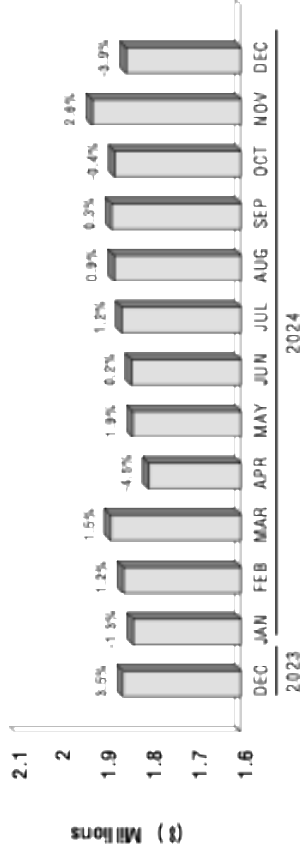
ASSET ALLOCATION (includes accrued interest)

	Market Value	Percentage
Cash	\$ 86,244.12	4.65
Equities	1,144,433.82	61.69
Fixed Income & Preferreds	615,934.81	33.20
Alternatives	8,433.39	0.45
TOTAL VALUE	\$ 1,855,046.14	100.00%

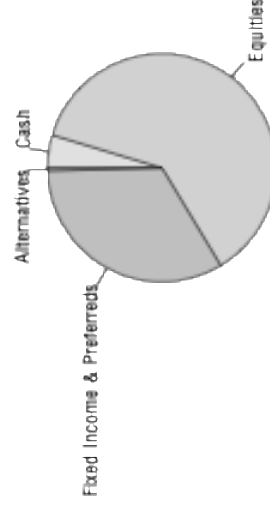
FDIC rules apply and Bank Deposits are eligible for FDIC insurance but are not covered by SIPC. Cash and securities (including MMFs) are eligible for SIPC coverage. See Expanded Disclosures. Values may include assets externally held, as a courtesy, and may not be covered by SIPC. Foreign Exchange (FX) is neither FDIC nor SIPC insured. For additional information, refer to the corresponding section of this statement.

MARKET VALUE OVER TIME

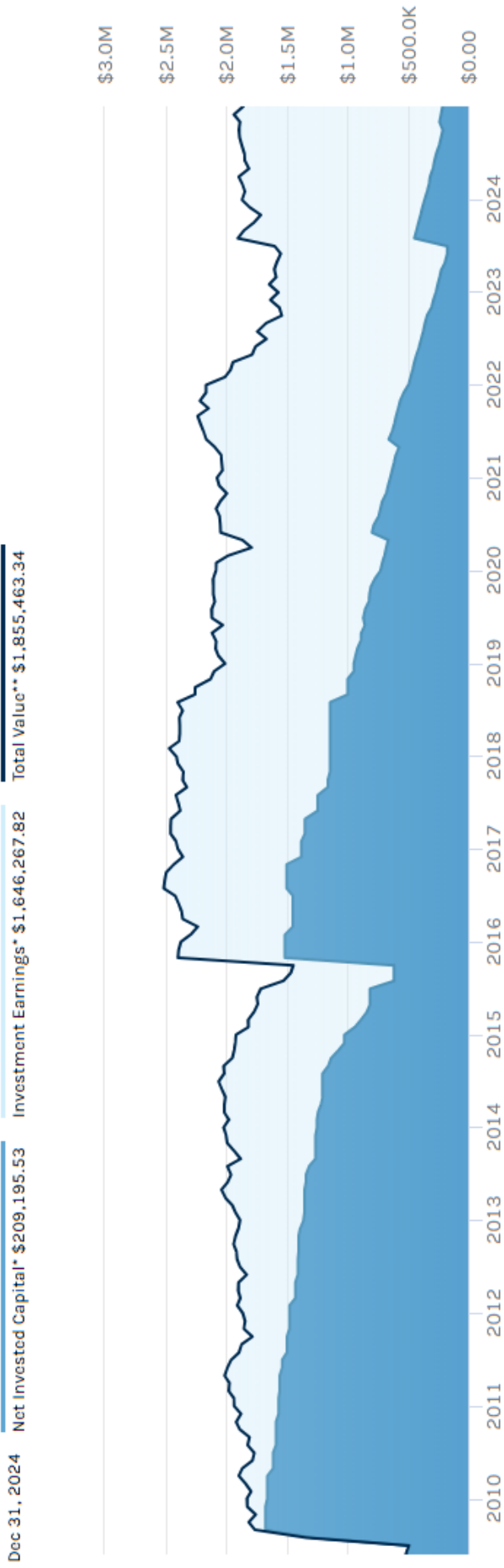
The below chart displays the most recent thirteen months of Market Value.



The percentages above represent the change in dollar value from the prior period. They do not represent account investment performance, as they do not consider the impact of contributions and withdrawals, nor other factors that may have affected performance calculations. No percentage will be displayed when the previous month reflected no value.



This asset allocation represents holdings on a trade date basis, and projected settled Cash/BDP and MMF balances. These classifications do not constitute a recommendation and may differ from the classification of instruments for regulatory or tax purposes.



Historical value of Morgan Stanley investments ending Dec. 31 2024.

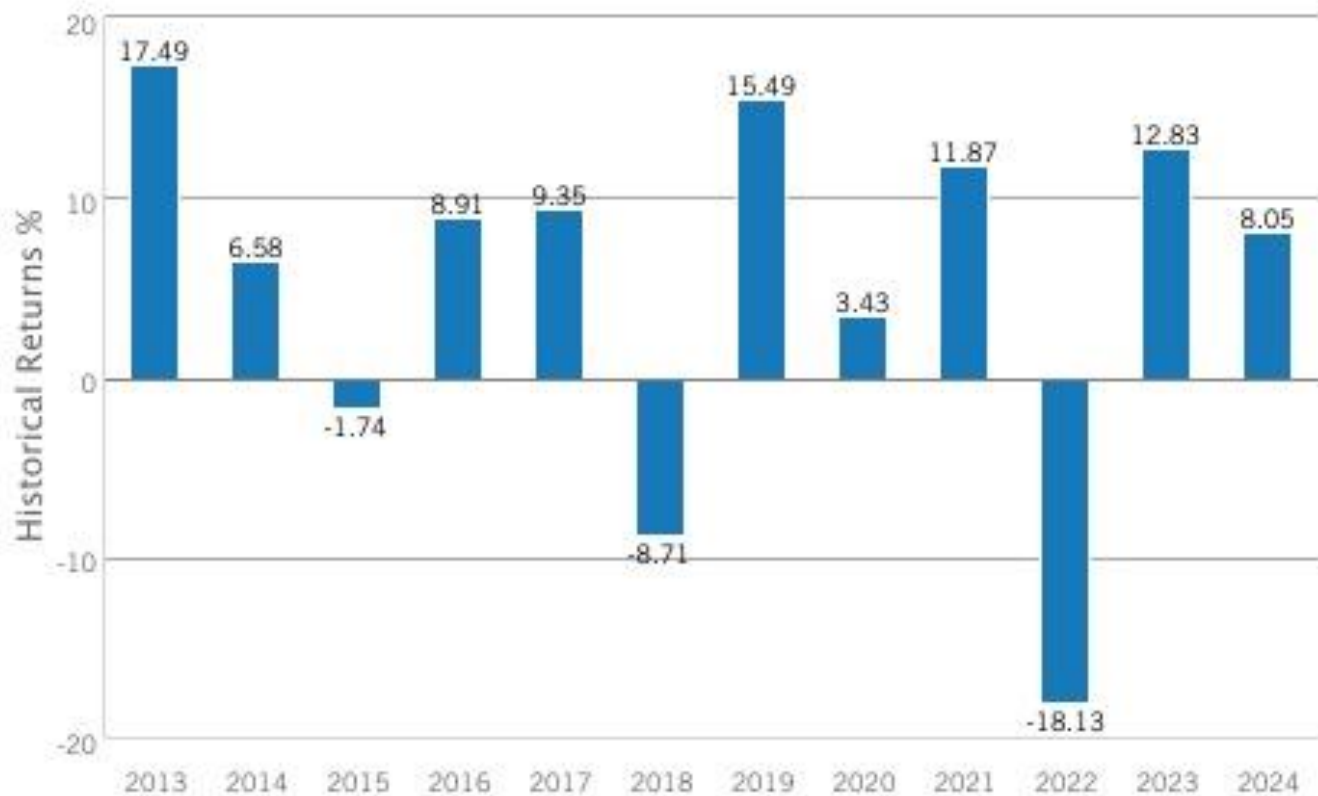
The solid blue area represents the net invested capital or deposits from the Milwaukee Presbytery less withdrawals by the Milwaukee Presbytery. The lightly shaded blue area represents investment earnings. The dark blue line represents the total value of the invested capital and the investment earnings. The larger the distance between the net invested capital (solid blue area) and the total value (dark blue line) the greater the value of the services provided by the Presbytery of Milwaukee Foundation and Morgan Stanley. Investment earnings as of Dec. 31, 2024, were \$1,646,246.82 since 2009 and \$287,378.17 over the last five years

Graph from Morgan Stanley, narrative from Dave Holle as of 01/02/2025

Foundation Returns from Morgan Stanley Investments

Data as of December 31, 2024

DOLLAR-WEIGHTED PERIOD RETURN % (NET OF FEES)



Does not include Performance Ineligible Assets.

Presbytery of Milwaukee Foundation, Inc.
Calculation of General Support to Presbytery From the Foundation for Budget Year 2025

Total Unrestricted Assets	12/31/20	3/31/21	6/30/21	9/30/21	12/31/21	3/31/22	6/30/22	9/30/22	12/31/22	3/31/23	6/30/23	9/30/23	12/31/23	3/31/24	6/30/24
	1,966,357	1,931,286	2,083,710	2,047,355	2,026,826	1,804,841	1,529,563	1,401,633	1,447,202	1,479,478	1,482,578	1,636,103	1,759,706	1,786,137	1,747,862
Total Foundation Assets	2,107,575	2,070,930	2,214,980	2,173,608	2,192,927	1,969,522	1,693,959	1,566,028	1,592,926	1,625,202	1,621,658	1,770,059	1,889,818	1,915,789	1,869,484
Less:															
Loan - Southernstar Church	-36,010	-34,861	-34,576	-33,424	-31,785	-31,785	-30,552	-30,552	-28,541	-28,541	-27,679	-27,104	-26,530	-25,955	-25,955
Congregational Vitality	-30,000	-30,000	-30,000	-30,000	-30,000	-30,000	-30,000	-30,000	-30,000	-30,000	-28,529	-28,529	-28,529	-28,529	-28,529
San Jose Ministry Project Grants	-28,000	-28,000	-28,000	-28,000	-28,000	-28,000	-28,000	-28,000	-28,000	-28,000	-27,160	-26,860	-26,495	-26,495	-21,521
Supporting Pastors--COM	-35,976	-35,551	-27,862	-24,647	-66,134	-64,714	-64,714	-64,714	-52,313	-52,313	-48,482	-44,233	-41,139	-36,554	-34,809
Towner Scholarships	-11,232	-11,232	-11,232	-10,182	-10,182	-10,182	-11,130	-11,130	-8,870	-8,870	-7,230	-7,230	-7,412	-12,118	-10,808
Total Unrestricted Assets	1,966,357	1,931,286	2,083,710	2,047,355	2,026,826	1,804,841	1,529,563	1,401,632	1,447,202	1,479,478	1,482,578	1,636,103	1,759,706	1,786,137	1,747,862

Presbytery Manual of Operations

Chapter 11: (F 2) Foundation Funds
 Average of last 12 quarters
 Annual Support at 10%

2024
 \$ 1,736,411 as of 09/30/2023
 \$ 173,641 Monthly
 \$14,470

Chapter 20: Foundation (B) Loans

Total Foundation Assets
 15% Loans
 Less Loans outstanding
 Loan Balance Available

2024
 \$ 1,770,059 as of 09/30/2023
 \$ 265,509
 \$ (27,105)
 \$ 238,405

Presbytery Manual of Operations

Chapter 11: (F 2) Foundation Funds
 Average of last 12 quarters
 Annual Support at 10%

2025
 \$ 1,679,107 as of 06/30/2024
 \$ 167,911 Monthly
 \$13,993

Chapter 20: Foundation (B) Loans

Total Foundation Assets
 15% Loans
 Less Loans outstanding
 Loan Balance Available

2025
 \$ 1,869,484 as of 06/30/2024
 \$ 280,423
 \$ (25,965)
 \$ 234,457

Language from the Presbytery's Manual of Operation - Chapter 11 F (2) adopted May 21, 2024 says, "Use of Foundation Funds. Foundation Funds may be used to balance the budget but should not exceed 10% of the Foundation's unrestricted assets (as determined by the Foundation Secretary/Treasurer based on a 12-quarter revolving average as of June 30 of the year preceding the year for which the budget applies). Requests to spend Foundation funds in an amount exceeding the above require approval by the Presbytery Assembly."
 The Foundation Secretary/Treasurer has determined that 10% of the 12-quarter revolving average of the Foundation's unrestricted assets for the twelve quarters ending June 30, 2024, to be \$1,672,569 or \$13,993 per month for budget year 2025.

PRESBYTERY FOUNDATION OF MILWAUKEE, INC.
INVESTMENT PROCEDURES AND GUIDELINES

Amended, restated, and approved on April 13, 2022

I. Purpose of Investment Procedures and Guidelines.

A. The Presbytery Foundation of Milwaukee (the "Foundation") was created to manage assets held by the Foundation (the "Portfolio") to fulfill the mission of the Presbytery of Milwaukee, Presbyterian Church (U.S.A.).

B. The board of directors of the Foundation (the "Board") adopts this statement of Investment Procedures and Guidelines to:

1. Define and assign the responsibilities of the Board.
2. Assist the Board and the Presbytery to understand the investment goals and objectives of the Foundation.
3. Establish a basis for evaluating investment results.
4. Establish the relevant investment time horizon for which the assets will be managed.
5. In general, to outline a philosophy and attitude to guide the investment management of the Portfolio toward the desired results in a manner that is sufficiently specific to be meaningful, yet flexible enough to be practical.

C. These Procedures and Guidelines may be amended by resolution of the Board.

II. Scope of Investment Procedures and Guidelines. These Investment Procedures and Guidelines and their objectives and constraints are to be applied to all assets in the Portfolio.

III. Board Responsibility. The responsibilities of the Board relating to the oversight of the Portfolio include:

A. Acting in accordance with the Foundation's bylaws and the Presbytery of Milwaukee's Manual of Administrative Operations.

B. Establishing, monitoring, and maintaining an appropriate asset allocation.

C. Selecting, monitoring, and, if necessary, replacing an individual or organization to provide investment advisory services, including advice on choosing investment objectives and/or asset allocation, choosing asset managers, and investment performance monitoring (an "Investment Consultant").

D. Controlling and accounting for investment, record keeping, and administrative expenses associated with the Portfolio.

E. Monitoring and supervising service vendors.

- F. Avoiding prohibited transactions and conflicts of interest.
- G. Disclosing conflicts of interest, at least annually.
- H. On a periodic basis, but no less than quarterly, reviewing Portfolio contents.
- I. On a periodic basis, but no less than annually, reviewing:
 - 1. Appropriateness of components of these Procedures and Guidelines.
 - 2. Achievement of objectives and adherence to these Procedures and Guidelines.

IV. Investment Consultant. The responsibilities of the Investment Consultant include:

- A. Assisting in the development and periodic review of these Investment Procedures and Guidelines.
- B. Portfolio management, asset allocation, rebalancing, and other day-to-day responsibilities within the guidelines of these Investment Procedures and Guidelines and in accordance with the of the Foundation's bylaws, particularly Article VI.
- C. Providing research on investment managers.
- D. Monitoring the performance of investment managers to provide the Board with the ability to determine the progress toward investment objectives and policies.
- E. Communicating matters of investment policy, manager research, and manager performance to the Board.
- F. Reviewing the Foundation's investment history, historical capital markets performance, and these Investment Procedures and Guidelines with new members of the Board.
- G. Recommending changes to the investment structure of the Portfolio, when appropriate.
- H. Providing to the Board a detailed Portfolio review upon request, and always if the Portfolio's value has decreased by 5% from the previous quarter's end.
- I. Compiling and providing to the Board at least quarterly:
 - 1. Reports of performance of total investments and asset class components, including comparisons to commonly accepted performance benchmarks.
 - 2. A review of compliance with these procedures and guidelines.
- J. Other responsibilities as the Board may assign to the Investment Consultant.

V. Investment objectives. The Portfolio shall be managed to:

- A. Maintain the inflation-adjusted value of the Portfolio.

- B. Emphasize a stream of investment returns along with capital appreciation.
- C. Achieve a real rate of return equal to or greater than 4% in excess of the rate of inflation.

VI. Asset Mix. The Board shall make reasonable efforts to maintain an asset mix within the Portfolio, as follows:

Asset Class Totals	Minimum	Target	Maximum
Cash	<i>0%</i>	<i>10%</i>	<i>20%</i>
Fixed Income	<i>16%</i>	<i>30%</i>	<i>46%</i>
Total Equity	<i>45%</i>	<i>60%</i>	<i>75%</i>

VII. Investment managers. The Board with the assistance of the Investment Consultant periodically shall evaluate investment managers to supervise portions of the Portfolio not under management by the Investment Consultant, and investment manager relationships may be continued or terminated for reasons determined by the Board, which may include:

- A. Investment performance, particularly performance significantly less than anticipated, given the discipline employed and the risk parameters established by the Board, or unacceptable justification of poor results.
- B. Significant qualitative changes to the investment manager's organization.
- C. Significant style drift from stated discipline.
- D. Consistency of investment results with these procedures and guidelines.

VIII. Foundation investments.

- A. The Foundation will make reasonably diligent efforts to observe and comply with investment policies promulgated by the General Assembly of the Presbyterian Church (U.S.A.)'s Mission Responsibility Through Investment (MRTI) Committee and in bylaws of the Presbytery of Milwaukee Foundation Inc.
- B. Investment vehicles of the Foundation may include the following, if they meet the other requirements of these guidelines and procedures:
 - 1. Money market & fixed income investments, including:
 - a. Securities of the U.S. Government and agencies.
 - b. Corporate notes and bonds.
 - c. Fixed income securities of foreign governments and corporations (dollar-denominated only).

- d. Non-investment grade (high yield) bonds.
 - e. Money market funds adhering to quality guidelines.
 - f. Shares of open-end investment companies which are consistent with the over-all objectives
- 2. Equities.
 - a. Common stocks.
 - b. American Depository Receipts ("ADR"s) of non-U.S. companies.
 - c. Stocks of non-U.S. companies (ordinary shares).
 - d. Real estate investment trusts ("REIT"s).
 - 3. Mutual funds and/or exchange traded funds ("ETF"s).

IX. Diversification. The Portfolio should contain a balance of domestic and global equity investments, as well as money market and fixed income investments.