

FAIRMOUNT PRESBYTERIAN CHURCH

2022 ANNUAL REPORT

ANNUAL MEETING DATE: SUNDAY, APRIL 30, 2023

PASTORS' REPORT



When Ryan arrived in February, we had just experienced a setback from yet another COVID strain. With faithful caution, we tried to restore some core practices of our faith community. Session returned to in-person meetings.

We started serving real communion bread. More and more people began to fill the pews for in-person worship. These renewed connections and spiritual reinforcements were the catalyst for what unfolded in the months ahead.

In the fall, we launched a new theme—Now.Here.This.—embarking on a year of intentional presence. We practiced being present to each other—sharing our stories, breaking bread together, and bridging generations. We practiced being present to God—experimenting with new spiritual practices, expanding our ways of worshiping, and expecting to experience God in our daily lives. And we practiced being present to our community—reviving relationships with trusted community partners, initiating new connections in our neighborhood, and listening for what our neighbors need.

These simple acts of presence became the seeds from which new life started to spring up at Fairmount. And you noticed. On a weekly basis, we heard from people in our faith community, sharing about the beauty and the promise of what you're experiencing. We heard things like:

"This is the most connected I've ever felt in our congregation."

"There is an energy here I haven't seen in a long time."

"I don't know exactly how to explain it, but there's something special happening at Fairmount."

We feel the same way. We've seen the signs of this new life, too. We don't know exactly where it's leading us. Only God could say what this new spirit gradually forming within us will be. We can't wait to see what the Spirit will do next. And in the meantime, we'll do our best to trust in the slow work of God.

Blessings,

Pastor Ryan & Pastor Lindsay

Ryan J. Wallace

Rev. Lindsay Hauen-Lewis

**now.
here.
this.**

BE PRESENT
TO EACH OTHER • TO GOD • TO OUR COMMUNITY

SESSION REPORT



Fairmount started the year 2022 in anticipation of Reverend Ryan Wallace as the 10th Head of Staff and Senior Pastor in our 105 year history. We also gave a fond farewell to Reverend Jessie MacMillan, Interim Senior Pastor, after her two and a half years of guiding us through a global pandemic and offered thanks for our Associate Pastor, Reverend Lindsay Harren-Lewis, who cared for us through it all.

The pastors connected with members and delivered broad reaching programming. While Pastor Lindsay focused on congregational care and faith formation, assuming the role of children and family ministry with reduced staff and taking on a greater supervisory role. Ryan focused on establishing productive relationships with our region's other faith communities, delivering broad reaching programming, and shepherding the staff for a growing congregation.

Together, our pastors have ushered a new vitality into our congregation. Joy entered our halls with the sounds of young children. Our Session identified six areas of focus so that the congregation knew more precisely what to expect: preaching and worship; getting to know us; community and neighborhood engagement; small groups and member engagement; staff team building; and maintaining stability.



During our traditional Celebrate Sunday, the pastors drew us into their vision for presence to our church, God, and the community at large through the Now.Here.This. yearlong program.

We gathered together for an all church retreat in September at Shaker Lakes Nature Center. Breaking Bread Sundays became a part of our mission to be present to each other.

We are grateful for our church's Elders and servant-leaders who led our councils: Matt Hrubey, Treasurer, Peg Zitzner of the Administration Council, Keith Mills of Care Council, Megan Bennett of Faith Formation, and David Bosler of Serve Council. We are also grateful for the committee leaders: Peg Roberts of Stewardship, Vanessa Whiting of Personnel, Molly Brown of Finance, and Mark Eisele of Endowment.

Since Celebrate Sunday, the number of worshippers has grown back to pre-COVID levels. We communed in a packed Andersen Hall on Breaking Bread Sundays. We confirmed 11 of our young people, baptized four infants, and welcomed 33 new members into our congregation. Good news.



TREASURER'S REPORT

Fairmount ended 2022 in a sound financial position as we returned to our first full year of in-person worship and activity and welcomed Pastor Ryan as our new Senior Pastor. Due in large part to a pair of COVID-19 PPE grants received in 2020 and 2021, the church ended the year with \$986,935 cash on hand. While annual giving and cash on hand usually peaks at year end, our position at the end to 2022 allows Fairmount to invest in our future and growth.

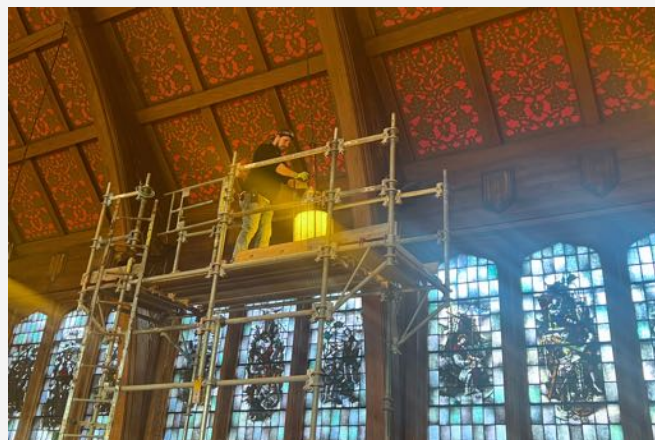
Process Improvement: As a benefit of the COVID PPE grants, the Finance Committee recommended, and the Session approved the creation of a \$300K operating reserve (rainy day) fund and a \$200K capital improvement reserve fund. The Administrative Council commissioned a building assessment audit to determine a prioritization of future capital projects. Also approved were new policies for credit card charges and accounts payable.

In addition, we contracted with accounting firm Barnes Wendling to conduct a full audit of the church's finances, the first outside audit since a partial audit in 2017. We expect Barnes Wendling to identify areas where Fairmount can further improve its controls and processes.

Revenue: Led by Peg Roberts, the chair of the Stewardship Committee, member pledge contributions improved in 2022, but were still somewhat below pre-COVID giving. The church received \$729K in member pledge contributions. Building use income was \$9.5K, outpacing projections by 61%. Management of the church's endowment allowed us to withdraw \$410K in distributions.

Expenses: The church ended the year with a deficit of (\$85K) against projected budget. This shortfall was more than made up for by donor restricted funds to specific projects. Building expenses of \$189K exceeded the expected budget by 15%. In 2022, the church hired Maintenance Manager Rich Andersen who fixed many jobs in-house, such as basement plumbing, roof repair, HVAC, and tree removal, which previously would have had been outsourced. Personnel expenses (the largest single line item) of \$766K exceeded the budgeted amount by \$68K as the church incurred transitional and severance costs as we welcomed new staff members and bade fond farewell to others.

Capital Improvement: With gratitude for the significant contribution of two anonymous donors, we were able to undertake two large capital improvement projects. Skilled contractors completed the restoration and painting of the church's exterior, including its woodwork. Our sanctuary was updated with modern and safe lighting, bringing an improved in-person and online worship experience. We kept the Garth beautiful by releveling and applying mortar to the stone steps, digging up old trees, and planting new ones.



Revenue

Tithes & Offerings	\$732,156	63.0%
Endowment Draw for Operations	\$306,241	26.4%
Endowment Draw for Property Maintenance	\$103,737	8.9%
Other Income	\$19,469	1.7%
Total Revenue	\$1,161,603	

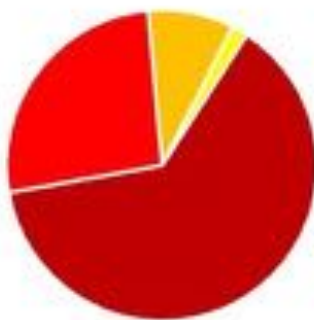
Notes:

1. Personnel expenses include salaries, benefits, and staff expenses.
2. Administrative expenses exclude personnel, building, music, faith, and care expenses.
3. Music expenses include music support wages and all music expenses.

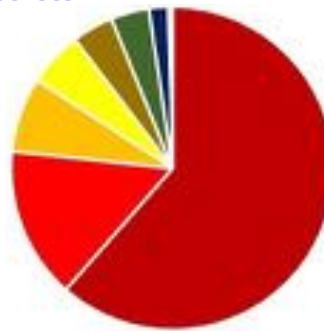
Expenses

Personnel Expenses	\$766,433	61.5%
Building Expenses	\$189,292	15.2%
Session Expenses	\$93,732	7.5%
Administrative Expenses	\$68,223	5.5%
Serve Expenses	\$51,671	4.1%
Music	\$47,792	3.8%
Faith	\$24,122	1.9%
Care	\$5,233	0.4%
Total Expenses	\$1,246,498	
Net Total (Surplus/Deficit)	(\$84,895)	

Revenue



Expenses



ADMINISTRATION COUNCIL

The Administrative Council had a productive year in 2022. We were glad to welcome Miesha Headen, the Director of Operations, to Fairmount and the Administrative Council. She has been a great addition, and we appreciate her willingness to join us for her first meeting even before she officially started her employment at Fairmount.

The Admin Council made a concerted effort to connect more with committees that are under Admin Council, with more regular reports from the Personnel Committee, Endowment Trustees, Finance Committee, Memorial Committee, Earth Stewards, and Energy Task Force.

During 2022, we saw several projects to improve Fairmount infrastructure. The individual committees under the Admin Council did a great job with the sanctuary relighting, outdoor stucco repair and painting work, and our first-floor bathroom remodeling.

In 2022, the council started discussions on investigating solar panels, developing a large project map building process, debating a standard procedure for major projects, and commissioning a study to develop a plan to efficiently maintain our facility.

FPC ENDOWMENT EXECUTIVE SUMMARY

AS OF DECEMBER 31, 2022:

Quarterly Economic Commentary

Inflation slowed as the economy showed signs of weakness. Mixed economic data at the end of 2022 netted to modest-to-moderate economic growth during the closing months of the year. Purchasing power was buoyed by slowing inflation and aggressive hiring to fill pandemic-related shortages. COVID-19 has made its mark in less favorable ways for the economy, too. The manufacturing sector limped into the new year with back-to-back declines in business surveys to their lowest level in over two years as of December 31, 2022.

December inflation, as measured by the Consumer Price Index (CPI), slowed to a 12-month rate of 6.5% from June's peak reading of more than 9% and the lowest reading since October 2021. However, it is expected to slow noticeably in coming months as the slower moving shelter component of the CPI plays catch up with recent declines in more market-sensitive indicators of rents.

U.S. equities had strong fourth quarter performance after setting a new low in early October. The S&P 500 index rose 7.6% which brought its year-to-date (YTD) performance to -18.1%. Tighter Fed policy and the increasing likelihood of a recession weighed on equity prices throughout 2022, including December.

U.S. large-cap equities, mid-cap equities, and small-cap equities were all up in the fourth quarter, with quarterly returns of 7.6%, 9.2%, and 6.2%, respectively. Most S&P 500 Index sectors saw positive fourth quarter returns, with strong performance from Energy (22.8%) and Industrials (19.2%). The more growth-oriented Communication Services and Consumer Discretionary both had negative returns, -1.4% and -10.2%, respectively.

The U.S. Treasury yield curve remains inverted, with no signs of reversing soon, as the Fed has made it clear to the markets that its priority is to bring inflation under control with no pivot of monetary policy.

TOTAL ENDOWMENT INVESTMENT SUMMARY

	QTD	YTD
Endowment Beginning Balance: \$	8,866,298	\$ 11,645,686
Contributions: \$	-	\$ 74,022
Distributions: \$	(27,846)	\$ (485,452)
Fees: \$	(6,588)	\$ (32,059)
Investment Results: \$	620,227	\$ (1,750,106)
Endowment Ending Balance: \$	9,452,091	\$ 9,452,091

The Endowment closed at ~\$9.7 million on 1/20/23.

----NET TIME-WEIGHTED RETURNS----				
	QTD	Trailing 1-Year	Trailing 3-Year	Trailing 5-Year
	4Q22	4Q22	4Q22	4Q22
Fairmount Presbyterian Church	6.6%	-15.5%	3.4%	4.5%
Policy Benchmark	6.8%	-15.0%	3.6%	5.1%

Policy Benchmark 19% R1000V, 19% R1000G, 8% R MidCap, 9% R2000, 10% MSCI EAFE, 5% MSCI EM, 30% BBg Inter Gov't/Cr.

Good news. Most equity markets (except the NASDAQ) and fixed income markets posted positive returns during the 4th quarter, reversing mostly negative results the past 3 quarters.

Asset Allocation	Policy	12/31/22	9/30/22	6/30/22	3/31/22	12/31/21
Equities	70%	62.1%	60.3%	59.1%	64.1%	64.2%
Fixed Income	30%	28.8%	30.4%	28.8%	26.5%	26.6%
Multi-Class	0%	5.7%	5.7%	5.5%	5.5%	5.5%
Cash Alternatives	0%	3.5%	3.6%	6.6%	4.0%	3.6%
Total	100%	100%	100%	100%	100%	100%

Asset allocation reflects the cautious stance of the committee.

SERVE COUNCIL



Coming out of the pandemic, community needs were great throughout our local community and the world. Serve Council continued its call to be a Good Samaritan with the gifts given by the Fairmount Presbyterian congregation. We expanded to explore the theme of being present to God and the community.

Bridges to Batey Ministry: Batey 105 is a community in the Dominican Republic to which FPC made a 25-year commitment of support. This support included attending to the social and economic status of the residents. In 2022, through the Serve Council, the church contributed funds to repair homes after hurricanes Fiona and Lisa. We also funded medical and education costs for some of the residents.



Food Scarcity: Serve Council extended Fairmount's tradition of providing food for low-income and elderly residents of Greater Cleveland. In 2022, through hot meals, clothing, and monetary gifts, Serve Council reaffirmed its bond with North Presbyterian Church and Pastor Charlie Hurst who ministers to an unhoused congregation and proclaims the good news to the poor. We welcomed a new organization, Project Green Thumb, which distributes fresh fruits and vegetables to veterans near the VA Hospital. Serve continued funding the church's traditional hunger organizations, such as Meals on Wheels, Greater Cleveland Food Bank, and Little Free Pantry.

Making the world a better place: Answering Pastor Ryan's charge for our congregation to be present to the community, Serve Council contributed funds to the Mass Poor People's Campaign in Washington, D.C. Many members participated in community organizing training and actions with Greater Cleveland Congregations. FPC is a founding congregation of this organization and renewed its membership. Lastly, Serve has been a faithful steward binding up the brokenhearted through the Jail Education Fund which purchased Christmas gifts for children with parents in the penitentiary.



CARE COUNCIL



As 2022 progressed, Care Council activities were less impacted by restrictions as the Covid-19 pandemic waned and Fairmount worship attendance steadily increased. While many at Fairmount returned to in-person worship and activities, the Care Council recognized the special needs of our seniors and shut-ins and made noted efforts to connect. Sunday flower deliveries resumed, and poinsettia plants with cards were delivered during Advent in collaboration with Peter Horth.

Care Council sponsored two in-person events in 2022, the Strawberry Festival in June and Celebrate Sunday in early September. The 2022 Strawberry Festival was held on Sunday, June 12, following worship. Attendees jumped aboard the Euclid Beach Rocket Car, Flower the Clown created whimsical balloon animals for our children, and everyone enjoyed strawberries and shortcake. Our Fairmount Deacons prepared the strawberries and shortcake and volunteered in many capacities at the Strawberry Festival.

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Care Council helped kick off Fairmount's new program year with a Celebrate Sunday community picnic following the September 11th worship services. The Deacons served fried chicken and Fairmount's famous lemonade! Celebrate Sunday also featured an ice cream truck. Both events were well attended, and our Fairmount Community celebrated with good food, music, and the joy of fellowship.

Care Council programs served and connected with church members throughout the year. The Lord's Supper is a sacrament of continuous growth, nourishment, and new life. The Care Council prepared the Communion elements and helped the pastors serve. The Prayer Shawl Ministry lovingly knitted and crocheted shawls for people needing the warm arms of concern wrapped around them. Elder Jeri Gype and the Care Council extended our connections beyond the four walls of Fairmount through the Ministry of Notes, and the Care Council conducted another round of Flock Tending outreach to our members. In 2022 several grants were dispensed from Care Council's Deacon's Fund. In March 2022, Care Council members attended a lecture by novelist and non-fiction writer, Anne Lamott, to renew their spirits.



FAITH FORMATION



Faith Formation had a year of discernment in 2022, as we sought to explore new possibilities in the ways Fairmount provides opportunities for spiritual growth to Fairmounters of all ages. As part of this discernment process, we met with Pastor Ryan to learn and discuss various approaches to faith formation, including intergenerational practices. We engaged in a congregational listening campaign to inform our discernment. In this interim season, Pastors Lindsay and Ryan oversaw faith formation for young children (preschool through third grade) in Worship Enrichment Time (WE Time), as well as programming and care for our children through 5th grade.

Kate Bouldin, Director of Youth & Young Adult Spiritual Formation, focused on adults in their twenties and thirties. New programs to foster fellowship among members in this age group were introduced, including an



occasional post-church brunch gathering and “Friendsgiving” dinner. In March of 2022, Fairmount hosted a concert and intimate audience conversation with Los Angeles based singer-songwriter “Semler”. Grace “Semler” Baldrige (all pronouns) is a content creator known for their pride as a queer person of faith. Most in attendance were in the millennial age demographic and were not members of Fairmount.

The Fairmount youth joined the church-wide effort to nurture their relationships by re-centering their focus on youth group and youth community formation programming. The bi-monthly gathering before worship created space to share in honest, meaningful, and exploratory theological discussion. Additionally, several overnight youth retreats allowed for deepening faith-rooted friendships, and junior and senior high students explored how to love and be present to themselves, one another, God, and our neighbors. Our 2021-2022 Confirmation Class was celebrated during worship on May 22nd and 11 youth were brought in as new members into the church.

The congregation continued its intellectual exploration through several adult formation activities. Pastor Ryan reinstituted a weekly Bible study, the Examen practice, and Thomas Merton’s 4th and Walnut meditation. Our pastors led a book study and a variety of spiritual practices during Advent, distributed through the Advent bags. The William Birkett Williams Lecture Series, led by Karen Dakin, helped the congregation connect with social issues facing the world.

Our congregational study of how we may consider “Becoming Like Creoles” was a provocative look into radical reconciliation to repair the damage of structural racism. Dr. Timothy Beal, professor of Theology at CWRU, discussed his book *When Time is Short*, which explores the intersection of Christianity and climate change.
