



Annual Report for the Year Ending  
December 31, 2022

# Annual Report to the Kirk

## From the Interim Senior Pastor, Rev. Dr. Andrew McDonald

I am grateful to be with you at Kirk in the Hills. I arrived in August, and it seems as if I haven't stopped moving since! There are so many things to celebrate in this congregation. I want to thank the Interim Search Committee – they were thoughtful, candid, and enthusiastic in their description of this church. I have felt an overwhelming sense of support from them and from the whole congregation.

You have a distinct church culture about which I am learning and appreciate greatly. Top of the list: the Kirk has leaders who lead! People take true responsibility when they are given a task and a role. It is exciting to work in partnership with such gifted leaders across the board.

The interim time is a season of some grief, healing, and transition. In your recent history, you said goodbye to your former pastor, associate pastor, Choirmaster/organist, and carillonneur. As Ecclesiastes 3 says, “for every time there is a season.” This was a season of farewells, and it is not easy. Some still feel hurt. It is important to have time to heal.

In this past year, you came back to in-person worship. We enjoyed the return of Pastor Emeritus Rev. Dr. Norman M. Pritchard as the keynote preacher for the 75th Anniversary. Many of our programs came back in person – with remote attendance still possible because of the addition of modern technology.

The replacement of the Refectory Terrace was a major job that took most of 2022 to complete, and, in fact, is not fully open yet as we await the final inspections. The result is an award-winning design and improvement to the terrace. It will be a wonderful place for us to use in the warmer months. The \$800,000 project was funded by the 75th Anniversary Capital Campaign and by Capital Reserve funds.

Regarding the search for a new Director of Music, it became obvious that hiring a new permanent Director of Music should be postponed until a new Senior Pastor can help in the choosing and hiring. We want those two to be a strong worship team. With that in mind, Dr. Marilyn Biery was hired as a Bridge Interim Director of Music. We are grateful as she brings a wealth of experience to this position.

Despite having a deficit budget approved for the 2022 Operating Year, the Kirk ended the year with a surplus without having to dip into the Operating Equity Fund. However, you will see that the surplus was due to two primary factors – one is an Employee Retention Credit (ERC) for \$144,585 and the other is the lack of staffing in two major positions, Senior Pastor and Director of Music. These two factors will not repeat in 2023. At this writing, pledges for 2023 have not yet reached our goal of \$1.5 million. We are close and we may still get there, but we need everyone's help. If you haven't pledged for 2023, please do so as soon as possible. And if you have pledged, thank you for your support!

We are moving forward with the Strategy Committee working in partnership with me to do the required Mission Study. What can we learn from our past? How has this church changed in the last decade (including being 10 years older)? What are thriving churches around us doing? What strengths can we build on? What vision is God giving us to work toward in the future? We survived a global pandemic – so surely God has great purposes for us in the future.

Please pray for the Kirk. Pray for your Session and all the leaders in the church. Pray for each other, in your joys and your sorrows. The heart of our faith is in love – love of God and love of neighbor. I thank God for you and for the gift of Kirk in the Hills and its exciting future!

Sincerely,

Rev. Dr. Andrew McDonald, Interim Pastor

# 2022 Statistical Information

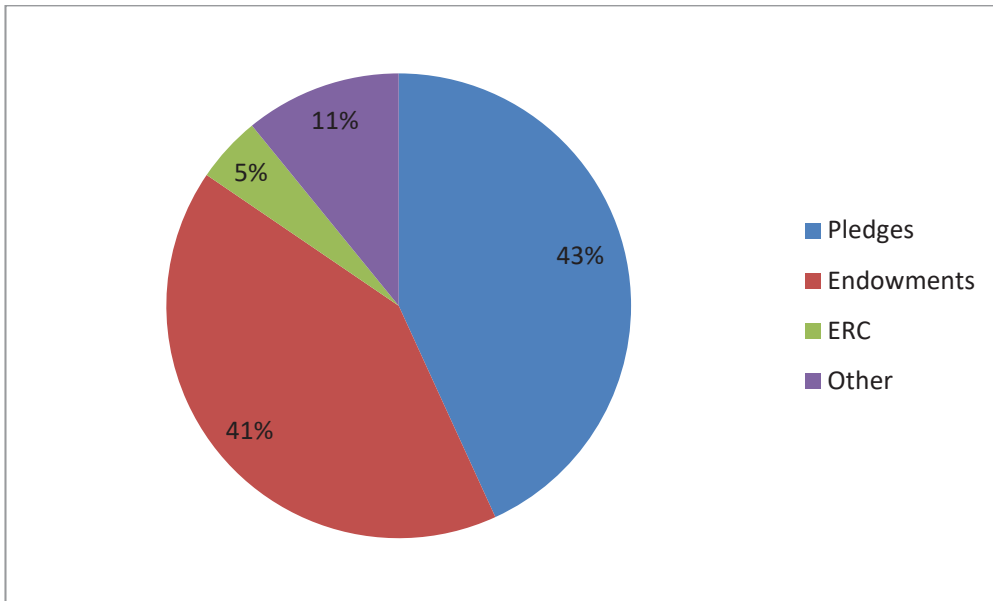
Membership as of January 1, 2022.....	1,605
Increases:	
By letter of transfer.....	6
By reaffirmation or profession of faith.....	53
Decreases:	
By letter of transfer.....	(10)
By death.....	(27)
By review or request .....	(8)
Net Change .....	+14
 Membership as of December 31, 2022.....	 1,619
Weddings.....	9
Memorials/Funerals.....	29
Infant Baptisms.....	14
Adult Baptisms.....	3
Average Sunday Morning Worship Attendance.....	290
(Includes both in-person and online viewing)	

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## Your Pledge Matters

The Kirk’s annual operating budget is funded from three sources: annual member pledges, certain endowment funds and other donations or earned income. We also received an Employee Retention Credit (ERC) of \$144,585 in 2022. The pie chart below shows the sources of funding in 2022. The 2023 annual budget assumes a similar distribution regarding our sources of income but will not include another ERC.

### 2022 Revenue by Source





# 2022 Operating Income Statement

(Preliminary, unaudited)

	2022 Actual			2022 Budget			B/(W) than Budget
<b>Income</b>							
Pledges	\$ 1,355,421	\$ -	\$ 1,355,421	\$ 1,500,000	\$ -	\$ 1,500,000	\$ (144,579)
Other Donations	303,677	-	303,677	210,000	-	210,000	\$ 93,677
Other Income	37,889	-	37,889	29,884	-	29,884	\$ 8,005
Endowment Allocations	-	1,298,101	1,298,101	-	1,326,443	1,326,443	\$ (28,342)
Employee Retention Credit Income	144,585	-	144,585	-	-	-	\$ 144,585
<b>Total Income</b>	<b>\$ 1,841,572</b>	<b>\$ 1,298,101</b>	<b>\$ 3,139,673</b>	<b>\$ 1,739,884</b>	<b>\$ 1,326,443</b>	<b>\$ 3,066,327</b>	<b>\$ 73,346</b>
<b>Expenses</b>							
	Supported by	Endowment		Supported by	Endowment		
	Annual Giving	Allocations	Total	Annual Giving	Allocations	Total	Total
<b>Employment Costs:</b>							
Pastoral	\$ 135,982	\$ 176,197	\$ 312,179	\$ 235,057	\$ 176,197	\$ 411,254	\$ 99,075
Christian Formation	16,877	27,148	44,025	30,308	26,948	\$ 57,256	\$ 13,231
Music	189,430	41,018	230,448	265,719	15,732	\$ 281,451	\$ 51,003
Outreach Lay Staff	52,500	-	52,500	52,500	-	\$ 52,500	\$ -
Facilities	-	194,041	194,041	0	205,564	\$ 205,564	\$ 11,523
General & Administrative	396,519	-	396,519	404,449	-	\$ 404,449	\$ 7,930
Employee Benefits (Pastors and Lay Staff)	311,675	14,788	326,463	390,261	55,705	\$ 445,966	\$ 119,503
<b>Sub Total Employment</b>	<b>\$ 1,102,983</b>	<b>\$ 453,192</b>	<b>\$ 1,556,175</b>	<b>\$ 1,378,293</b>	<b>\$ 480,146</b>	<b>\$ 1,858,439</b>	<b>\$ 302,264</b>
<b>Program and Administrative Costs:</b>							
<b>Program</b>							
Worship	\$ 7,945	\$ 752	\$ 8,697	\$ 8,250	\$ 2,884	\$ 11,134	\$ 2,437
75th Anniversary Allocation	8,000	-	8,000	8,000	-	\$ 8,000	\$ -
Leadership Training & Materials	2,059	-	2,059	6,500	-	6,500	\$ 4,441
Hospitality	10,331	-	10,331	5,000	-	5,000	\$ (5,331)
Membership	10,957	-	10,957	16,500	-	16,500	\$ 5,543
Stewardship	1,837	-	1,837	5,500	-	5,500	\$ 3,663
Music	45,535	-	45,535	19,700	38,837	58,537	\$ 13,002
Christian Formation for Children & Families	3,714	5,000	8,714	9,400	5,000	14,400	\$ 5,686
Christian Formation for Youth	8,807	5,000	13,807	15,000	5,000	20,000	\$ 6,193
Christian Formation for Adults	8,176	7,000	15,176	10,100	14,350	24,450	\$ 9,274
Communications	7,337	10,204	17,541	14,500	10,204	24,704	\$ 7,163
PNC Committee	2,992	-	2,992	20,000	-	20,000	\$ 17,008
Deacons Fund Allocation	0	7,574	7,574	-	7,574	7,574	\$ (0)
Outreach (10% of Pledge Budget & Fund Allocation)	150,444	72,993	223,436	150,000	73,436	223,436	\$ -
Per Capita - Annual Dues Paid to Presbytery, Synod and General Assembly	55,346	-	55,346	49,888	-	49,888	\$ (5,458)
General & Administrative	\$ 252,559	53,300	305,859	279,560	59,707	339,267	\$ 33,408
<b>Sub Total Program and Administrative</b>	<b>\$ 576,040</b>	<b>\$ 161,822</b>	<b>\$ 737,862</b>	<b>\$ 617,898</b>	<b>\$ 216,991</b>	<b>\$ 834,889</b>	<b>\$ 97,028</b>
<b>Facilities Costs:</b>							
Facilities Operating Costs	\$ 1,945	660,705	662,650	-	606,924	606,924	(55,726)
Facilities "Rainy Day" Savings	-	22,382	22,382	-	22,382	22,382	(0)
<b>Sub Total Facilities</b>	<b>\$ 1,945</b>	<b>\$ 683,087</b>	<b>\$ 685,032</b>	<b>\$ -</b>	<b>\$ 629,305</b>	<b>\$ 629,305</b>	<b>(55,726)</b>
<b>Total Expenses</b>	<b>\$ 1,680,967</b>	<b>\$ 1,298,101</b>	<b>\$ 2,979,068</b>	<b>\$ 1,996,191</b>	<b>\$ 1,326,443</b>	<b>\$ 3,322,633</b>	<b>\$ 343,565</b>
<b>Surplus/(Deficit)</b>	<b>\$ 160,605</b>	<b>\$ 0</b>	<b>\$ 160,605</b>	<b>\$ (256,307)</b>	<b>\$ 0</b>	<b>\$ (256,307)</b>	<b>\$ 416,911</b>

# Balance Sheet

## At December 31

(Preliminary, Unaudited)

<u>Current Assets</u>	<b>Assets</b>	As of <u>Dec 31, 2022</u>	As of <u>Dec 31, 2021</u>
Cash and Cash Equivalents		\$ 1,728,392	\$ 1,542,792
Cash held in trust		221,066	161,651
Accounts Receivable		44,688	-
Property and Equipment, net of depreciation		12,123,922 *	12,143,779
Investment of Endowed Funds		29,551,163	35,111,839
Other Assets		<u>18,330</u>	<u>-</u>
	<b>Total Assets</b>	<b><u>\$ 43,687,560</u></b>	<b><u>\$ 48,960,061</u></b>
<b>Liabilities and Net Assets</b>			
<u>Current Liabilities</u>			
Unearned Revenue		\$ 160,970	\$ -
Cash In Trust		221,066	161,651
Other Liabilities		3,253	15,345
<u>Total Liabilities</u>		<u>385,289</u>	<u>176,996</u>
<u>Net Assets</u>			
Without donor restrictions			
General Operating		\$ 170,021	\$ 193,701
Designated - Other		1,992,915	2,356,781
Designated - Property and Equipment		<u>12,123,922</u>	<u>12,143,779</u>
Total net assets without donor restrictions		14,286,858 **	14,694,261
With donor restrictions		<u>29,015,413 ***</u>	<u>34,088,804</u>
Total Net Assets		<b><u>\$ 43,302,271</u></b>	<b><u>\$ 48,783,065</u></b>
	<b>Total Liabilities and Net Assets</b>	<b><u>\$ 43,687,560</u></b>	<b><u>\$ 48,960,061</u></b>

\*Current Estimated (Insured) Value of Property and Furnishings = \$75,272,000

\*\* Unrestricted assets may be designated for a particular use but are not restricted by the donor

\*\*\*Restricted assets are donations restricted to a specific use by the donor

# Pooled Investments Year-Over-Year Market Value Change By Funds

	(Preliminary, unaudited)	Audited	Market Value Change	
	12/31/2022	12/31/2021	2022 B/(W) 2021	(A)
	Market Value	Market Value		
<b>FACILITIES</b>				
1	Kirk Facilities	\$ 18,578,965	\$ 21,738,733	\$ (3,159,767)
2	Technology Fund	1,327,423	1,523,053	\$ (195,630)
3	Kelly Memorial	113,775	133,219	\$ (19,444)
4	Bells of Blessing	214,704	239,593	\$ (24,889)
5	DeWindt Altar Garden	57,151	66,918	\$ (9,767)
6	Kirk Gardens	46,757	54,748	\$ (7,991)
7	Columbarium Maintenance	732,603	815,081	\$ (82,478)
	<b>Total</b>	<b>\$ 21,071,378</b>	<b>\$ 24,571,343</b>	<b>\$ (3,499,965)</b>
	<b>Percent of Total Investments</b>	<b>73.3%</b>	<b>73.3%</b>	
<b>CURRENT MINISTRIES</b>				
8	Kyes Lectures	\$ 181,092	\$ 206,257	\$ (25,165)
9	Stephen Ministries	57,249	64,962	\$ (7,713)
10	Miller Communication Fund	219,309	255,751	\$ (36,442)
11	Current Ministries	883,144	1,003,041	\$ (119,898)
12	Deacon's Fund	179,497	208,546	\$ (29,049)
13	Adult Education	137,056	157,108	\$ (20,052)
14	Pastoral Endowment Fund	2,900,818	3,396,042	\$ (495,224)
	<b>Total</b>	<b>\$ 4,558,165</b>	<b>\$ 5,291,707</b>	<b>\$ (733,543)</b>
	<b>Percent of Total Investments</b>	<b>15.9%</b>	<b>15.8%</b>	
<b>MUSIC</b>				
15	DeWindt Special	\$ 38,448	\$ 45,170	\$ (6,722)
16	Marriott Memorial	50,832	59,253	\$ (8,421)
17	Music	308,217	359,174	\$ (50,957)
18	Hofley Family Music	761,997	879,758	\$ (117,761)
	<b>Total</b>	<b>\$ 1,159,494</b>	<b>\$ 1,343,355</b>	<b>\$ (183,861)</b>
	<b>Percent of Total Investments</b>	<b>4.0%</b>	<b>4.0%</b>	
<b>YOUTH</b>				
19	Hall (Christian Education)	\$ 128,785	\$ 150,795	\$ (22,009)
20	Youth Ministries	666,848	780,811	(113,963)
	<b>Total</b>	<b>\$ 795,634</b>	<b>\$ 931,605</b>	<b>\$ (135,972)</b>
	<b>Percent of Total Investments</b>	<b>2.8%</b>	<b>2.8%</b>	
<b>OUTREACH &amp; MISSION</b>				
21	DeWindt/Harrington (Theo Ed.)	\$ 198,190	\$ 232,940	\$ (34,750)
22	Lay (New Church Development)	110,196	128,208	\$ (18,011)
23	Outreach & Mission	316,886	370,745	\$ (53,858)
24	O'Hara ( Mission)	521,901	655,195	\$ (133,294)
	<b>Total</b>	<b>\$ 1,147,173</b>	<b>\$ 1,387,088</b>	<b>\$ (239,914)</b>
	<b>Percent of Total Investments</b>	<b>4.0%</b>	<b>4.1%</b>	
	<b>SUB TOTAL ENDOWMENTS</b>	<b>\$ 28,731,844</b>	<b>\$ 33,525,099</b>	<b>\$ (4,793,255)</b>
<b>ADDITIONAL POOLED INVESTMENT FUNDS</b>				
	Undesignated Bequests or Gifts	\$ 25,418	\$ 28,459	\$ (3,041)
	Capital Reserve	463,712	551,547	\$ (87,835)
	Columbarium Expense	18,788	29,996	\$ (11,208)
	Operating Equity	534,088	597,984	\$ (63,896)
	Undesignated Memorials	104,078	116,529	\$ (12,451)
	Artifacts & Instruments	43,586	52,881	\$ (9,295)
	Bible Fund	57,656	64,740	\$ (7,084)
	Carillon	10,730	20,463	\$ (9,733)
	50th Anniversary - New Ministries	-	31,028	\$ (31,028)
	Capital Campaign - Balance of 2014	83,163	93,113	\$ (9,949)
	<b>Total</b>	<b>\$ 1,341,220</b>	<b>\$ 1,586,740</b>	<b>\$ (245,520)</b>
	<b>Percent of Total Investments</b>	<b>4.5%</b>	<b>4.5%</b>	
	<b>TOTAL VALUE OF INVESTMENTS</b>	<b>\$ 30,073,064</b>	<b>\$ 35,111,838</b>	<b>\$ (5,038,774)</b>

(A) This column reflects investment gains (losses) allocated pro rata; plus any additions, less any withdrawals.

## Investment and Endowment Information

- Our investments are managed by a professional management company, SEI Investments, selected by the Board of Trustees in 2011. The Investment Committee of the Board meets at least quarterly with the management company to review the performance of the portfolio.
- The use of the Endowments is governed by the Session of the Kirk, supported by recommendations of the Board of Trustees. Written policies govern both the Investments and the Endowments.
- The funds are invested in a mix of assets based upon the recommendation of SEI under the oversight of the Investment Committee. These investments generated income and dividends of \$2,110,816 in 2022 and ended the year with a net realized/unrealized loss of (\$6,079,910) which was slightly better than market returns for 2022. In the three years ended December 31, 2022, the funds returned an average of 3.29%.

### Withdrawals from the Endowments and Special Funds

- \$1,298,101 was withdrawn from 22 Endowments and Special Funds to support the annual operations of the Kirk.
- \$29,046 was withdrawn from the Capital Reserve fund for progress payment for the refectory terrace replacement project (approved in 2021).
- \$7,072 was withdrawn from the Carillon Special Fund for repairs to the Carillon.
- \$4,080 was withdrawn from the Artifacts and Instruments Special Fund for repairs to the chancel organ.
- \$1,842 was withdrawn from the Bells of Blessings Endowment for maintenance of the Bells on the west side of the building.
- \$156 was withdrawn from the Sunday School Bible Fund to purchase Bibles.

### Receipts to the Endowments

- \$41,779 was received into the Columbarium Endowment from the sales of niches (net of returns).
- \$17,000 was received into the McKeen Technology Fund from one donor.
- \$3,000 was received into the Bells of Blessing Endowment from one donor.
- \$2,435 was received into three Endowments from various small donations.

### New Endowments or Bequests

No new Endowments were created in 2022. New Endowments must be accepted by the Board of Trustees and the session of Kirk in the Hills with specific requirements for acceptance.

One bequest was received from the Estate of Bill Robinson which was designated for the Good Shepherd Orphanage in Haiti. The bequest of \$35,000 was remitted to the Good Shepherd Orphanage in December 2022.

If you would like to see a more detailed report, please contact the Business Manager of the Kirk at 248-973-8009 or [jzellers@kirkinthehills.org](mailto:jzellers@kirkinthehills.org).

# 2023 Approved Budget

<u>Income</u>	Mission & Ministry Budget (Supported by Annual Giving)	Endowment Allocations Support	Total
Pledges	\$ 1,500,000		\$ 1,500,000
Other Donations	210,000		210,000
Other Income	29,884		29,884
Endowment Allocations	-	1,329,432	1,329,432
<b>Total Income</b>	<b>\$ 1,739,884</b>	<b>\$ 1,329,432</b>	<b>\$ 3,069,316</b>
 <u>Expenses</u>			
<b>Employment Costs:</b>			
Pastoral	\$ 95,136	\$ 175,014	1 \$ 270,150
Christian Formation	46,723	2,557	2 49,280
Outreach	76,500	-	76,500
Music	234,870	-	234,870
Facilities Employment Costs	49,342	197,368	10 246,710
General & Administrative	398,548	-	398,548
Other Costs	311,492	58,303	369,795
<b>Sub Total Employment</b>	<b>\$ 1,212,611</b>	<b>\$ 433,242</b>	<b>\$ 1,645,853</b>
<b>Program and Administrative Costs:</b>			
Worship	\$ 7,500	\$ 1,500	3 \$ 9,000
Leadership Training & Materials	2,500	-	2,500
Hospitality	5,000	-	5,000
Stewardship	5,500	-	5,500
Membership including Homecoming	14,000	-	14,000
Music	5,522	53,215	4 58,737
Christian Formation			
•Children and Families	-	14,400	2 14,400
•Youth	-	20,000	2 20,000
•Adults	7,658	14,427	5 22,085
Communications	5,720	10,076	6 15,796
Deacons	-	7,986	7 7,986
Outreach - 10% of Pledges and Endowment			
Allocations	150,000	74,512	8 224,512
Per Capita - Annual Dues Paid to Presbytery, Synod and General Assembly	59,066	-	59,066
General & Administrative	264,808	60,239	9 325,047
<b>Sub Total Program and Administrative</b>	<b>\$ 527,274</b>	<b>\$ 256,354</b>	<b>\$ 783,628</b>
<b>Facilities Costs:</b>			
Facilities Operating Costs	(0)	639,835	10 639,835
<b>Sub Total Facilities</b>	<b>\$ (0)</b>	<b>\$ 639,835</b>	<b>\$ 639,835</b>
<b>Total Expenses</b>	<b>\$ 1,739,885</b>	<b>\$ 1,329,431</b>	<b>\$ 3,069,316</b>
<b>Surplus/(Deficit)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Fund Identification

1. Current Ministries and Clifford Fund
2. Youth and Hall Endowment Funds
3. Stephen Ministry Fund
4. Music, DeWindt Music, Marriott and Hofley Endowment Funds
5. Adult Education and Kyes Endowment Funds
6. Miller Communication Fund
7. Deacon's Fund
8. Outreach, New Church, Harrington DeWindt Education and O'Hara Endowment Funds
9. McKeen Technology Fund
10. Facilities, Kelly, DeWindt Garden and General Garden, and Columbarium Endowment Funds