

GRACE  
CATHEDRAL

**Our Vision:** A world where people experience God's love and are made whole.

**Our Mission:** To share the love of Jesus through compassion, inclusivity, creativity and learning.

# 2017 ANNUAL REPORT TO THE CONGREGATION

AT THE 81ST ANNUAL MEETING

Sunday, 12 February 2017

9:30 a.m.



## Our Prayer

*Almighty and ever-living God, source of all  
wisdom and understanding,*

*be present with us as we take counsel for the  
renewal and mission of your Church.*

*Teach us in all things to seek first your honor  
and glory.*

*Guide us to perceive what is right,  
and grant us both the courage to pursue it and  
the grace to accomplish it;  
through Jesus Christ our Lord.*

*Amen.*



# AGENDA

2017 Annual Meeting • Sunday, February 12, 2017  
9:30 a.m. • Gresham Hall

- |   |                     |
|---|---------------------|
| 1. Bishop's Welcome and Opening Prayer  | Bishop Marc         |
| 2. Election of Recording Secretary for the meeting<br>Approval of Minutes from previous meeting | Bishop Marc         |
| 3. Report from Chair of Board of Trustees   | David Walker        |
| 4. Financial Report from the Treasurer  | Anne Casscells      |
| 5. Report from the Chair of Congregation Council  | Heather Millar      |
| 6. Report from the<br>Convener of the Grace Cathedral Deanery Delegation                        | Karma Quick-Panwala |
| 7. Home Video   |                     |
| 8. Report from the Dean   | Malcolm Young       |
| 9. Elections  |                     |
| A. Introduction of Trustee candidates   | David Walker        |
| B. Introduction of Congregation Council candidates  | Heather Millar      |
| C. Introduction of Deanery Delegate candidates  | Karma Quick-Panwala |
| D. Ballot marking and collection  |                     |
| 10. Awards  | Malcolm Young       |
| A. Dean & Chapter   |                     |
| B. Congregation   |                     |
| 11. Closing Prayer  | Bishop Marc         |



## FROM THE BISHOP

Dear People of God at Grace Cathedral,

Many people have told me that in this time that is deeply unsettling to people of many different political commitments that they feel uncertain and, indeed, depressed. They ask me if I feel that way too. I understand the feelings, but I say to them as I say to you, I believe that this is the time of our greatest possibility. St. Irenaeus wrote that the glory of God is a human fully alive. What about a community, a people, a planet all fully alive, giving all that is within them to meet the challenge of the day? When Secretary John Kerry addressed the Conference of Parties 22 in Marrakech this past November, he ended his address with this quotation from Winston Churchill (which I quoted in my Christmas Eve sermon this past year): “Sometimes it is not enough to do our best, sometimes we must do what is required.”

Taking part in the Martin Luther King, Jr. Forums at the cathedral this year was deeply enriching, encouraging and pointed towards practical engagement. Basing the first panel discussion on Dr. King’s last book, *Where Do We Go From Here: Chaos or Community* was an inspired choice on the part of the organizers. Dr. King meditated on the Civil Rights Movement at a crucial moment, 1966, when the editor of Ramparts magazine had said that the Movement was in disarray. Dr. King concluded that it was time (it is still time) for us to organize through the “1,000 tedious meetings” to make real structural change addressing poverty and inequality, locally and globally.

Grace Cathedral is about to install our first-ever Canon for Social Justice, our Executive Pastor, the Rev. Dr. Ellen Clark King, after we were ably served by the Rev. Andy Lobban who had responsibility for outreach and social justice during his tenure. These staff commitments, first by Dean Shaw and now in an even more expanded and prominent way by Dean Malcolm, point out a place on a journey of transformation for the cathedral. Let me express how delighted I am by our growth together in social commitment and service.

Finally, let me thank you all for being a community to which I can look with pride—Malcolm and his family, whom I love and for whom I’m so grateful; our stupendous previous Board Chair, Dr. Jane Shaw Carpenter; her equally able and committed successor, Mr. David Walker; the governing body of Congregational Council and Board of Trustees; the tireless and expert staff; and the body of the faithful laity—all of you are tremendous. Thank you! I rely on you and the Diocese of California does as well.

With love,

The Rt. Rev. Marc Handley Andrus

## FROM THE DEAN

Dear Brothers and Sisters in Christ,

I have so many extraordinary memories from last year as we explored the theme of “home” at Grace Cathedral. The home prayer has become a deep part of my life.

You might remember the packed house for our *Forum* with Jeff Kositsky, the Director of San Francisco’s Department of Homelessness, and the *Chronicle’s* Editor in Chief, Audrey Cooper. That memorable morning concluded with a powerful statement from a few people who were still living on the streets.

Last year we talked a great deal about the changing neighborhoods that make San Francisco unique and the cost of living here. In 2016 there were 65 million refugees who had no home. We heard from doctors who rescued them out of the Mediterranean Sea. Together we prayed for our planet and learned about our unique estuary system.

We participated in book studies and discussions in order to hear about what African-Americans and Asian-Americans are experiencing in our culture. Malcolm Margolin brought us news from Native America. Gary Kamiya, and David Talbot taught us more about the history of this amazing city. The President of the University of California, Janet Napolitano, gave us a report on the state of education here in our home. Isabel Allende told us what it felt like to move here as an immigrant.

Through our social events and the elegant liturgies of the church’s calendar, we came to know each other better. We worked actively to make this a home not only for ourselves, but for everyone who feels drawn here to this beautiful sanctuary.

We designed and approved a strategic plan that gives us direction for the future. Our “Home is Where the Heart is” stewardship campaign far exceeded my expectations. We welcomed Mark Stanger back home from the Holy Land, and we helped Ellen Clark-King and Mary Carter Greene to find a new home here, too.

Most of all we traveled together as pilgrims seeking our home in God. This was one of the best years of my life, and I’m deeply grateful for this shared project. We have entered a much more tumultuous time. But I know that Jesus is present in this home that we share.

God is blessing us with each other every day.

Love,



The Very Rev. Dr. Malcolm Clemens Young



# FINANCIAL REPORT

Grace Cathedral was blessed with much generosity in 2016. Church Giving (\$1.0 million) combined with support from the community and visitors (\$2.6 million) contributed 62% of the operating revenue in 2016. Income from bequests, weddings, funerals, space use and the investment portfolio draws provided the remaining sources of revenue needed to fund operating expenses. Due primarily to personnel changes during the year in the Office of the Congregation that helped to align our strong and often specialized staff with the Dean's strategic plan, operating expenses exceeded budget, resulting in a net operating deficit of approximately \$92,000, or 1.6% of total operating revenue. This deficit is funded by reserves from unrestricted bequests received in prior years.

We experimented with a year-round Stewardship Campaign in 2016, which was less successful than we had hoped. We returned to a traditional fall campaign for 2017, which resulted in a strong response from the Congregation. As of February 1, 2017, 406 Congregation members have pledged \$842,000 for the 2017 Stewardship Campaign. These pledge commitments exceed total pledge payments received in all of 2016. Generous Stewardship commitments are critical to support our congregational and worship life. Thank you to all who volunteered and all who pledged.

Other highlights in 2016 fundraising include 17 new legacy giving commitments from our trustees, a financially successful Carnivale gala that exceeded the budget goal, our fourth successful Yoga for Change to support The Community Preschool, a major gift to the preschool for special needs and one of the most successful Christmas concert seasons of the last ten years. These accomplishments represent a diverse base of support from our congregation and wider community.

Capital spending in 2016 amounted to \$1.2 million, which was funded by investment funds stipulated for fabric-related projects (our fabric reserves). 2016 saw the completion of the restoration and repair of the South Transept stained glass windows and the beginning of the restoration work on the North Transept stained glass, to be completed in 2017. Also improved was the lighting and illumination of the Rose Window overlooking Huntington Park, which has been well-received by the Cathedral community and our neighbors. Great strides were made in preservation work on our fine arts collection; our Madonna and Child painting in the Chapel of Grace was restored as well as cleaning and repairs made to our collection of tapestries. Also, we are in the process of an acoustical study of the cathedral, which was generously funded by the Carnivale 2016 Fund-A-Need program.

The combined investment portfolio at December 30, 2016 was \$29 million. Just over half of the investment portfolio is permanently restricted endowment, meaning we are restricted in what we can pay out from these funds. Current policy is to pay out 5% of the value each year, and this investment portfolio draw contributes approximately 19% of our annual budget. This support is very important to sustaining our life as a cathedral community and we are grateful to those who have donated these funds to create a lasting legacy of support for Grace. The other portion of the combined investment portfolio consists of temporarily restricted fabric and other reserves. We use the principal of the fabric reserves to support capital projects and repairs such as those carried out on the stained glass restoration mentioned above. While we are very fortunate to have the fabric reserves, it is worth noting that our estimates of our capital spending requirements for the building over the next 10-15 years far outstrip the amount of funds we have today for that purpose.

Last year, we tried an experiment of working from a calendar year for budgeting purposes while maintaining our legal fiscal year end of June 30. This experiment of maintaining two accounting cycles proved to be too unwieldy for reporting and audit purposes, as well as difficult to properly manage fundraising activities. As a result, the Dean and Chapter have decided to revert back to the fiscal year budget cycle and the Grace Cathedral Board of Trustees will be asked to approve a balanced operating budget for the first six months of 2017 later this month. In June, the Board of Trustees will approve a budget for the fiscal year ending June 30, 2018. We are optimistic that under the leadership of our Dean, we will continue to nurture support from the congregation and the community for the mission and program offerings of Grace Cathedral.



# FINANCIAL REPORT

## Grace Cathedral

January 1 - December 31, 2016

### Operating Budget

	<u>Actual</u>	<u>Budget</u>
<b>Revenue</b>		
Church Giving	\$1,033,775	\$1,140,000
Community Giving	1,624,886	1,626,400
Senior & Preschool Funding	789,703	760,000
Donation Boxes	176,763	200,000
Bequests	319,656	125,000
Weddings, Funerals & Space Use Income	853,195	913,100
Investment Portfolio Draw to Support Operations	1,099,756	1,099,756
	<u>5,897,734</u>	<u>5,864,256</u>
<b>Expenses</b>		
Worship, Music & Program	2,950,228	2,799,590
Facilities	1,160,568	1,156,713
Development & Communications	799,834	691,326
Management & General	954,093	1,041,930
Diocesan Assessment	124,561	124,482
	<u>5,989,284</u>	<u>5,814,041</u>
<b>Net Operating Income</b>	<u>(\$91,550)</u>	<u>\$50,215</u>

### Capital Budget

Stained Glass Window Restoration	\$984,053	\$1,100,000
Other Building Projects	145,350	400,000
Lights (Quire & Aisles)	0	30,000
Restoration (Objects, Textiles, and Paintings)	30,362	20,000
Operable Windows	49,533	50,000
<b>Total</b>	<u>\$1,209,299</u>	<u>\$1,600,000</u>

### Investment Portfolio

Permanently Restricted Endowment	\$16,459,135
Temporarily Restricted Fabric & Other Reserves	12,578,751
<b>Total Investment Portfolio Value - December 31, 2016</b>	<u>\$29,037,886</u>

# FINANCIAL REPORT

## Revenue

### I. Donor Support

- A. Church Giving, Stewardship & Offering Plate** – Comprised of stewardship (congregation and congregational trustees), pledge payments, specific program gifts and all donations received during liturgical services (i.e. offering plate).
- B. Community Giving** – Donations received from trustees and others that are not pledge payments and all other donor support to the Annual Fund, including Community Giving, *Carnivale* and grants from the Ghiberti Foundation.
- C. Seniors & Preschool Funding** – The Senior Program is fully-funded through a trust established in the 1930s. The Community Preschool, Grace Cathedral is self-supporting through tuition payments and grants and donations.
- D. Donation Boxes** - are placed at the entrances to the cathedral with a suggested amount (\$10 for adults, children free). There are also secure donation boxes near the candle lighting stations.
- E. Bequests - General** - Includes all unrestricted bequests.

### II. Weddings, Funerals & Space Use Income

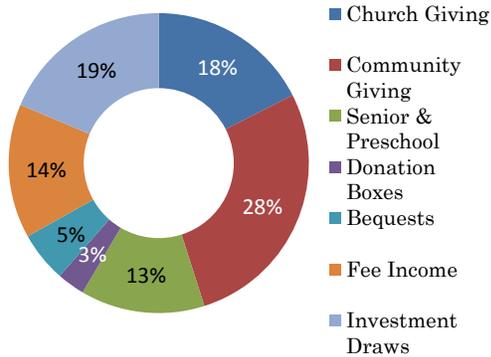
- A. Weddings, Funerals & Memorials, Net** – Comprised of gifts from weddings and funerals. The revenue is reduced by direct costs (e.g. clergy, musician, & verger fees).
- B. Columbarium** – Columbarium niches are offered to the congregation and to the community. Discount rates are given to pledging members.
- C. Space Rentals** – Various spaces at the cathedral are offered as rentals. Due to the space needs of the Diocese and the Cathedral, there is a limit of space availability to outside groups. We receive some income from group tours of the cathedral.
- D. Garage** – The parking garage is operated by AMPCO under a revised lease agreement, which expires in 2019.

## Operating Expenditures

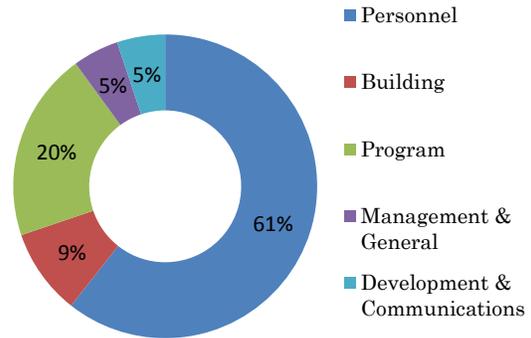
The budget expenditures are managed by department. Personnel costs in 2016 represented approximately 61% of total operating expenditures. The remaining expenses relate primarily to building maintenance and insurance, program expense and business related operating expenses.

# FINANCIAL REPORT

## 2016 Revenue

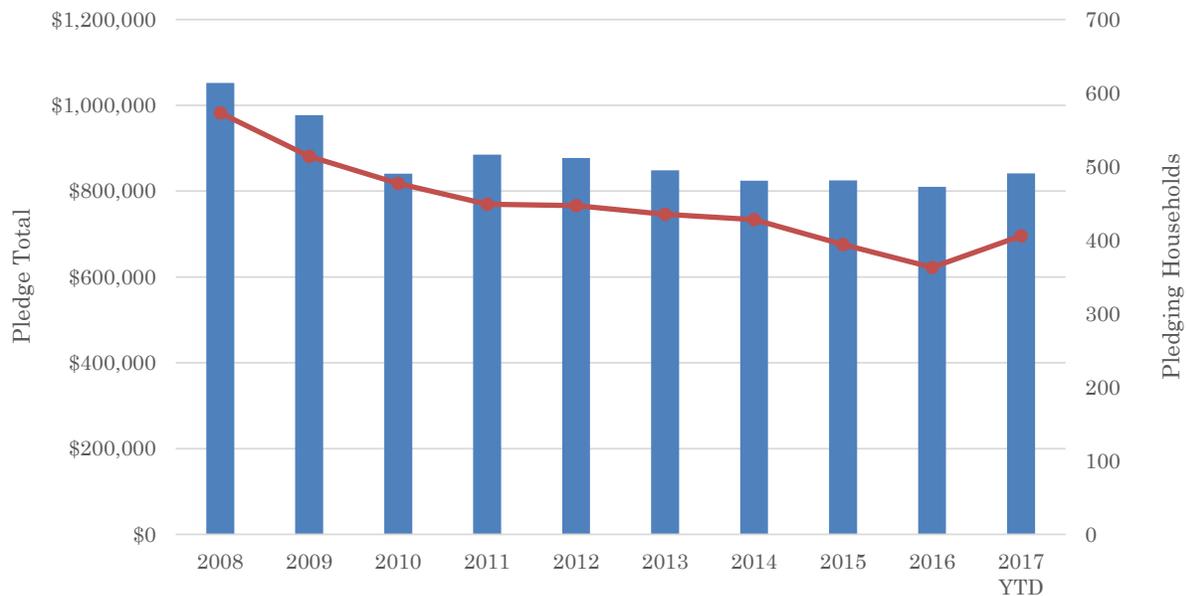


## 2016 Expenses



## Stewardship Campaign

10-year Comparison (as of Feb 1, 2017)



# Minutes of the Annual Meeting of the Congregation

## 20 September 2015

- 1. Opening:**
  - a. Opening hymn and collects: Nina
  - b. Bishop introduces new dean, Malcolm Young
  - c. Bishop introduces Melissa Kean, President of Congregation Council
- 2. First Business: Melissa**
  - a. Nominate recording secretary: Mansbridge—Approved by acclamation
  - b. Adopt Minutes from 2014: Approved
  - c. Approve by-laws for Congregation Council: approved
  - d. Quorum met
- 3. Elections**
  - a. Congregation Council
    - i. Presentation of council candidates. All approved
  - b. Deanery: Karma Quick
    - i. Presentation of candidates
    - ii. Marking of ballots
  - c. Congregational Trustees: Anne Casscells
    - i. Presentation of candidates; all approved by acclamation
- 4. Financial Reports: Anne Casscells, Treasurer**
  - a. Report begins on p. 12 in packet.
  - b. Thanksgiving for people who remembered Grace in their wills
- 5. Bishop thanks those who kept everything running during interim period**
  - a. Introduction of Jane Shaw Carpenter, with thanksgiving for keeping Cathedral together during interim period between deans
  - b. Thanks to Chapter, Minor Canons, housekeeping, vergers, Staff, Deacons, Deanery, Congregation Council, and finally search committee
- 6. 21st Century Grace: Dreams, hopes and challenges for Grace Cathedral**
  - a. Dean introduces film about life and history of Cathedral, narrated by Canon David Forbes: Golden Ages of Grace Cathedral
  - b. Conversation among the Bishop, Dean, and Headmaster of Cathedral School for Boys, Burns
- 7. Awards**
  - a. Office of the Congregation Award: Joanne Compean
  - b. Dean and Chapter Award: David Walker
- 8. Adjournment and Blessing**

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## **OUR MISSION:**

To share the love of Jesus through compassion, inclusivity, creativity and learning.



