

GRACE
CATHEDRAL

Our vision A spiritually alive world
Our mission Reimagining church with courage, joy and wonder



2019 Annual Report to the Congregation

*at the 83rd Annual Meeting
of the Grace Cathedral Congregation*

Sunday, January 27, 2019 • 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

1. Bishop's Welcome and Opening Prayer (Bishop Marc)
2. Election of Recording Secretary for the meeting and approval of minutes from previous meeting (Bishop Marc)
3. Report from Chair of the Board of Trustees (David Walker)
4. Financial report from the Treasurer (Scott Elaine Wright-Case)
5. Report from the Chair of Congregation Council (Christine Bensen)
6. Report from the Convener of the Grace Cathedral Deanery Delegation (Karma Quick-Panwala)
7. Year of Truth video (Communications team)
8. Report from the Dean (Malcolm Clemens Young)
9. Elections
 - a. Introduction of Trustee candidates (David Walker)
 - b. Introduction of Congregation Council candidates (Christine Bensen)
 - c. Introduction of Deanery Delegate candidates (Karma Quick-Panwala)
 - d. Ballot marking and collection
10. Awards (Malcolm Clemens Young and Ellen Clark-King)
 - a. Dean & Chapter (Helen Borgan and Regan Murphy)
 - b. Congregation (Marisa Hurtado)
11. Closing Prayer (Bishop Marc)



From the Bishop

Greetings in Christ, congregants of Grace Cathedral,

On the occasion of the 2019 Annual Meeting of the Grace Cathedral congregation, it gives me great pleasure to announce the inception of an honors program, the Bishop's Grace Cathedral Annual Awards. The origin of the awards was with former Secretary of State George Shultz, who wrote me with this idea over a year ago. I took the idea to the Dean and Executive Committee of the Board of Trustees, who were most enthusiastic about it.

Consulting with the cathedral and diocesan leadership, I will select a small group of people to receive these awards each year. These will be leaders who have made extraordinary contributions in several sectors of our community. The awards will be announced at a celebratory dinner around the feasts of St. Michael and All Angels, and that of St. Francis each year.

It is my hope that these awards will begin to form a community of support for our cathedral, drawing leaders into relationship with each other and with us. The awards will also signal our regard for the honorees, a kind of loving support in itself.

I am excited to share more as the honors program is realized, and I look with eagerness to the announcement of the first recipients this coming Fall!

Faithfully,

A handwritten signature in black ink that reads "+ Marc Handley Andrus". The signature is written in a cursive, flowing style.

The Rt. Rev. Marc Handley Andrus
Eighth Bishop of California

From the Dean

Dear Brothers and Sisters in Christ,

When the Cathedral decided that 2018 would be the Year of Truth virtually everyone understood why. Levels of dishonesty in public life reached levels that many of us thought we would never see in our lifetimes and so we dedicated the year to learning the truth about ourselves, each other, the world and God.

We attended church programs and heard sermons about truth. We had a truth prayer. Visitors wrote poignant notes in our beautifully bound truth books. Our hydrologist Forum guest told us that the greatest environmental danger is not global climate change, plastics, or species extinction but misinformation.

We will remember 2018 for how often and far we marched. We participated in the Women's March, the march against gun violence, the Climate March and on behalf of children separated from their parents at the border. The Global Climate Action Summit was a huge highlight with visitors from around the world. We raised money for our preschool at Yoga For Change. We hosted a gun buyback and created an altar memorializing those who have died by gun violence. We raised money for the victims of the Camp Fire.

We are continuing to increase and improve programs for children. More children participated in our annual Memorial Day Congregation Retreat. Our summer camp and children's choir are also becoming more popular. The Vine, our two-year-old Wednesday night service, received international attention for the Beyoncé Mass, the Pride Week Eucharist and the Bluegrass Mass. We had our first Rugby Evensong to celebrate the World Cup in San Francisco.

The Leonard Bernstein Centenary Evensong was spectacular as was our observance of the Armistice Centenary with the Fauré Requiem. Holcombe Waller brought his *Divine Queer Rite* to the cathedral in the fall. The Christmas concert season was especially beautiful as we heard Ben Bachmann's special composition.

We said goodbye to Mark Stanger who retired. We welcomed new staff members including Kristin Saylor who is our new Director of Formation. We celebrated with Anna Rossi who was ordained a deacon.

Sukey Bryan was a wonderful artist in residence. She worked so well with children and adults and created many memorable images this year including the waterfall on the steps, the panels of breaking waves in the north transept, our Pentecost flames, the water images on the plaza and the gallery of melting glaciers, everything from massive pillar banners to clay sculptures and chalk art depicting sea life.

Our Forums were very well attended. Among our guests were George Shultz, Rebecca Solnit, Robert Sapolsky, Naomi Tutu, Jeff Chang and Marion Nestle.

Throughout the fall we had dozens of meetings with congregants, trustees, yoga practitioners, staff, etc., to decide on a new vision and mission statement for the Cathedral. We agreed that it was more important for these to be memorable than comprehensive.

Our vision is of a spiritually alive world (this is the Realm of God in which every person's dignity is respected and creation is nurtured). Our mission is to reimagine church with courage, joy and wonder. At Grace Cathedral we have always loved tradition and been committed to learning how to serve a changing world. Grace Cathedral will make important contributions as Christians seek to understand what God is calling us to do in the future.

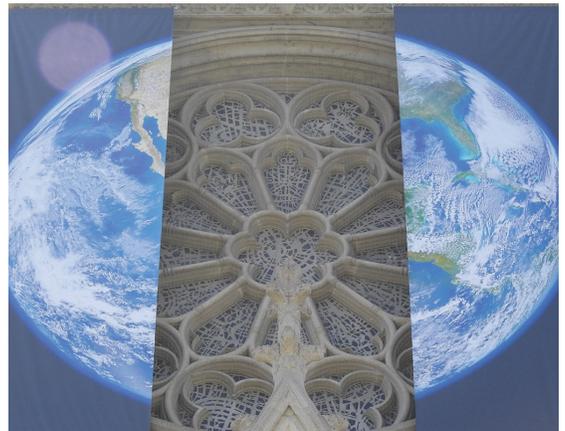
We learned new truths and above all we enjoyed each other at spectacular celebrations like Easter and in small ministry groups. God is blessing us with each other every day.

Love,



The Very Rev. Dr. Malcolm Clemens Young
Dean





From the Canon for Social Justice

Dear Friends,

I wanted to let you know how much work for social justice and outreach your participation at Grace has helped accomplish in 2018. Basically, it's a lot!

First of all some numbers around outreach:

- We have cooked and served 1920 dinners to street-attached folk living in SRO transitional housing.
- At Thanksgiving we fed 91 people at Grace and about 100 men in prison.
- We have given out 420 senior care bags and welcomed between 40 – 80 seniors every month, not to mention the 23 low income seniors who we help with rent and basic supplies.
- Our toiletry gift drive resulted in 176 bags for the homeless and our Christmas gift drives total 443 gifts for children and adults in need.
- Through Bayview Mission we have served 60-75 vulnerable families every month and given out 780 infant and toddler care bags.

Your cathedral has impacted so many individuals in ways that may seem small but make a huge difference to daily lives. Our work together has told them that they are seen, that they are respected, that they are valued and that they are cared for.

As you know, at Grace we are not only concerned with outreach but also with the need to change unjust systems. This social justice work has also been a large part of our lives this year:

- **Gun Control** – there have been few things as moving this year as praying together with families of gun violence victims at the altar created in their name. We continue to work to educate and campaign both for gun control and gun safety. There are 60 fewer guns at large in San Francisco as a result of our gun buyback in August and we were one of the founding sponsors of the #EndFamilyFire campaign.
- **Immigration** – all of us were outraged at the separation and incarceration of refugee children at our borders. We channeled this outrage into action in a letter writing campaign, an Interfaith Vigil and a trip of witness to the border. Hearing cries come back from the detention center in response to our shouts of “you are seen” and “you are loved” was another of the most moving occasions of 2018 for me.
- **Environment** – Grace’s involvement with the Global Climate Summit was an unforgettable service bringing together global faith leaders and politicians in a liturgy of commitment to our planet. This was reinforced by two days of workshops helping equip individuals and communities to act against climate change.
- **Civil Discourse** – In July we had a remarkably successful Sunday morning series on issues of civil discourse. Drawing together congregation and community participants across the political spectrum we discussed how to disagree civilly and mend some of the fractures in our political life. This led into Grace’s first-ever ventures in voter registration which focused particularly on the younger communities present at Yoga and The Vine.
- **LGBTQ Rights** – as well as a fabulous Sister Act Mass at the Vine for Pride we staged the incredibly powerful *Requiem: A Queer Divine Rite* by Holcombe Waller. Both these events spoke loudly to the non-church community that Grace is a safe place for queer folk and continues its championship of queer rights.
- **Race** – We began and ended 2018 with a focus on race which took us from our annual commitment to work against racism in our events around MLK day to the Dean’s book study on Robin Diangelo’s *White Fragility*.

There were other events scattered throughout the year from a Maundy Thursday washing of the feet of low wage workers as part of a demonstration at City Hall, to monthly articles on social justice for the online magazine Episcopal Café, to the Women’s March.

It is a delight to hear Grace Cathedral being spoken of in the city as a beacon for justice as well as a beacon for the arts. It was Irenaus who said in the second century BCE that the glory of God is a human being fully alive. Through all our work at Grace in social justice, social outreach, the arts and liturgy we are living out this part of God’s plan for the world. Thank you for being part of making that possible!

With love,



The Rev. Canon Dr. Ellen Clark-King

Executive Pastor and Canon for Social Justice

Financial Report

Grace Cathedral continues to be blessed by the financial generosity of its congregation and the wider community. Church Giving (\$1.2 million) and support from the community and visitors (\$2.3 million), contributed 55% of the operating revenue in FY18. Income from bequests, weddings, funerals and space use, and the investment portfolio draws provided the remaining sources of revenue needed to fund operating expenses. The congregational response to the stewardship campaign continues to be strong. Generous stewardship commitments are critical to support our congregational and worshiping life. Thank you to all who volunteered and all who pledged. During FY18, we received an unrestricted estate gift of \$3 million from a beloved major community donor. The Chapter, in consultation with the Board of Trustees, created a plan to allocate a portion of the gift to the operating fund over a three-year period and to save a portion of the gift for the future. The Development Committee of the Board of Trustees has been successfully working hard to replace the funding support from this donor on a sustainable basis. As a result, FY18 realized an operating surplus of \$24,066.

The Canon for Development, in partnership with the Dean, the Development Committee and the Board of Trustees is working diligently on a plan to diversify our donor base and increase revenue to support our mission of reimagining church. The plan includes increased fundraising from the congregation and the community, as well as increases in fee income from things like space rentals and concert ticket sales. We have great faith in and gratitude for our donors and friends at every level.

Four incredible volunteer committees – Stewardship, Development, Carnivale and Major Gifts – are focused on asking for greater participation in supporting the cathedral's vision and mission. In 2018, we broke all past fundraising records for Carnivale, raising about \$500,000 for the operating budget. Grace Cathedral is also fortunate to have donors to the Ghiberti Center for Culture and The Community Preschool, who support programs like the annual artist in residence, and the transformative scholarships for two-thirds of our preschool students. As of the end of the FY19 second quarter, we are tracking above our overall budgeted goals for donor support.

Our 2019 congregational stewardship pledge goal of \$1.1 million represents a 10% increase in the amount pledged in 2018. We have \$920,084 pledged by 394 donor households as of January 15, which is slightly behind our progress last year. The stewardship committee is implementing a robust outreach plan to encourage everyone in the congregation to participate in stewardship.

Capital spending in FY18 amounted to \$1.4 million, which was funded by investment funds stipulated for fabric-related projects (our fabric reserves). The remodel project of the AIDS Chapel and the restoration and repair of the stained glass windows in the Quire, were the primary capital expenditures during the year. Also, we are close to completing two important studies of the cathedral (acoustical and reserves), which will help us evaluate and design the best plan to allocate resources to our beautiful, but aging building.

The combined investment portfolio at June 30, 2018 was \$33 million. The total draw for FY18 from the investment portfolio was \$1.8 million and contributed approximately 28% of our annual budget. Approximately 58%, or \$19.3 million, of the combined investment portfolio is permanently restricted endowment, meaning we are restricted in what we can pay out from these funds. The current policy is to pay out 5% of the value each year. This support is very important to sustaining our life as a cathedral community, and we are grateful to those who went before us who donated these funds to create a legacy of support for Grace Cathedral. 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 far outstrip the amount of funds we have today for that purpose.

The inclusive and compassionate mission of Grace Cathedral requires support from the congregation and the community, and we are grateful to all who are responding generously with their financial expertise and resources.

Revenue

- I. Donor Support
 - A. **Church Giving, Stewardship & Offering Plate** – Comprised of stewardship (congregation and congregational trustees), pledge payments and 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, 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 & vergers 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 ABM under a lease agreement.

Operating Expenditures

The budget expenditures are managed by department. Personnel costs in FY18 represented approximately 71% of total operating expenditures. The remaining expenses relate primarily to building maintenance and insurance, program expense and business-related operating expenses.

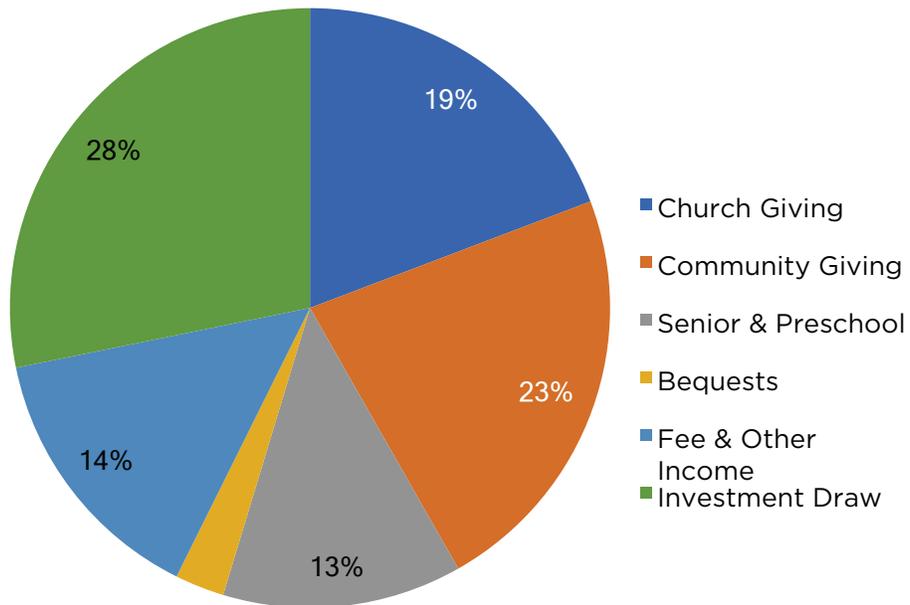
Financial Report

Grace Cathedral Corporation

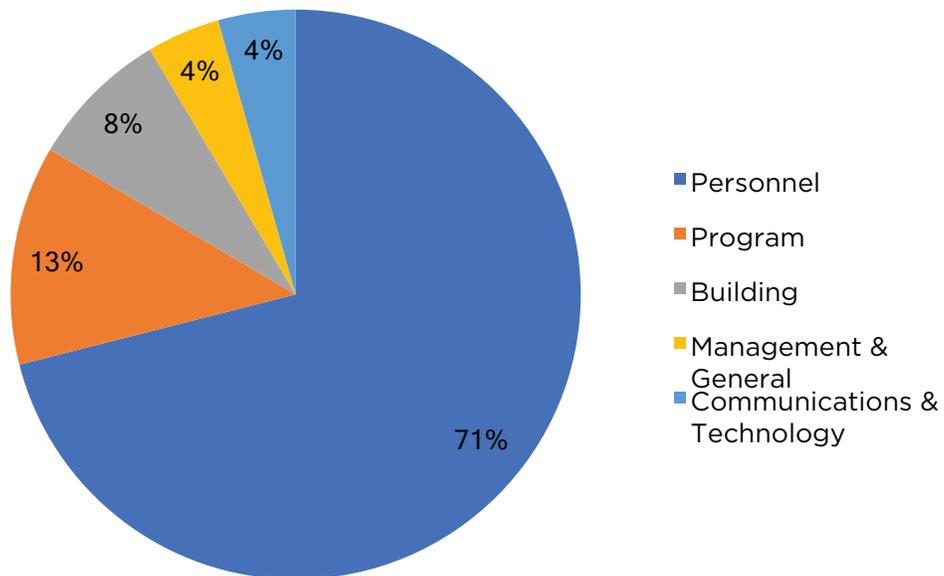
July 1, 2017- June 30, 2018

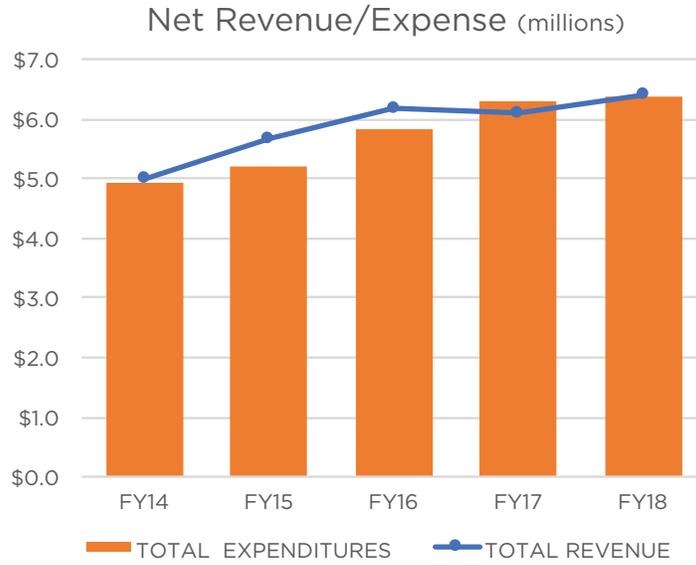
	FY18	
	<u>Actual</u>	<u>Budget</u>
Operating Results		
Revenue		
Church Giving	\$1,229,072	\$1,175,000
Community Giving	1,270,051	1,166,000
Senior & Preschool Funding	825,192	772,000
Donation Boxes	172,453	190,000
Bequests	170,249	125,000
Weddings, Funerals, Space Use, and Other Income	925,023	897,000
Investment Portfolio Draw to Support Operations	1,803,560	1,878,560
	<u>6,395,600</u>	<u>6,203,560</u>
Expenses		
Worship, Music & Program	3,188,811	3,070,950
Facilities	1,181,907	1,116,804
Development & Communications	833,111	845,129
Management & General	1,039,202	971,769
Diocesan Assessment	128,503	128,503
	<u>6,371,534</u>	<u>6,133,155</u>
Net Operating Revenue	<u>\$24,066</u>	<u>\$70,405</u>
Capital Budget		
Stained Glass Window Restoration	\$831,001	\$1,075,000
AIDS Interfaith Chapel	227,739	250,000
Lights (Quire & Aisles, Nave)	412,311	350,000
Operable Windows	3,151	200,000
Restoration & Repairs (Objects, Textiles, and Paintings)	122,922	100,000
Reserves Study and Use of Space Study	219,974	262,000
Total	<u>\$1,817,098</u>	<u>\$2,237,000</u>
Investment Portfolio		
Permanently Restricted Endowment	\$19,312,684	
Temporarily Restricted Fabric & Other Reserves	11,402,570	
Unrestricted - Board Designated Reserve	2,307,414	
Total Investment Portfolio Value - June 30, 2018	<u>\$33,022,668</u>	

FY 2018 Revenue



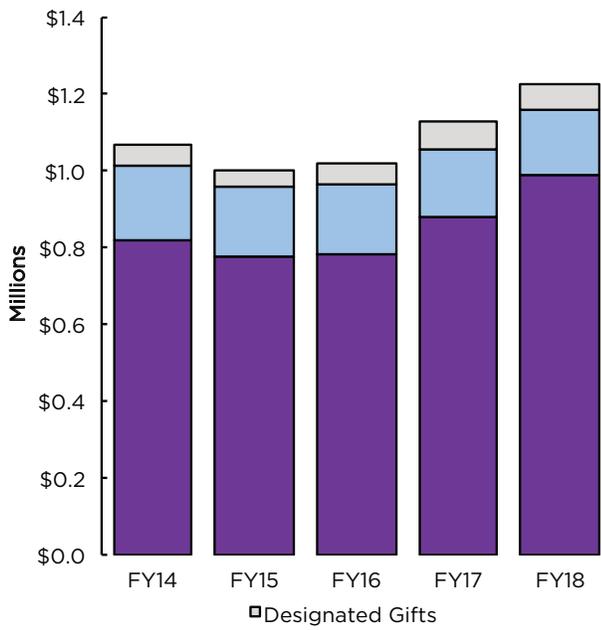
FY 2018 Expenses



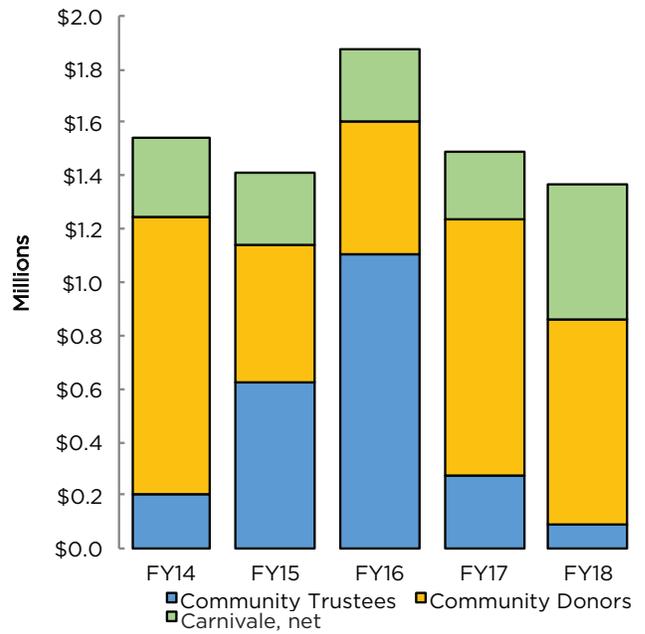


Church Giving

(Stewardship, Plate & Designated Gifts)



Community Giving

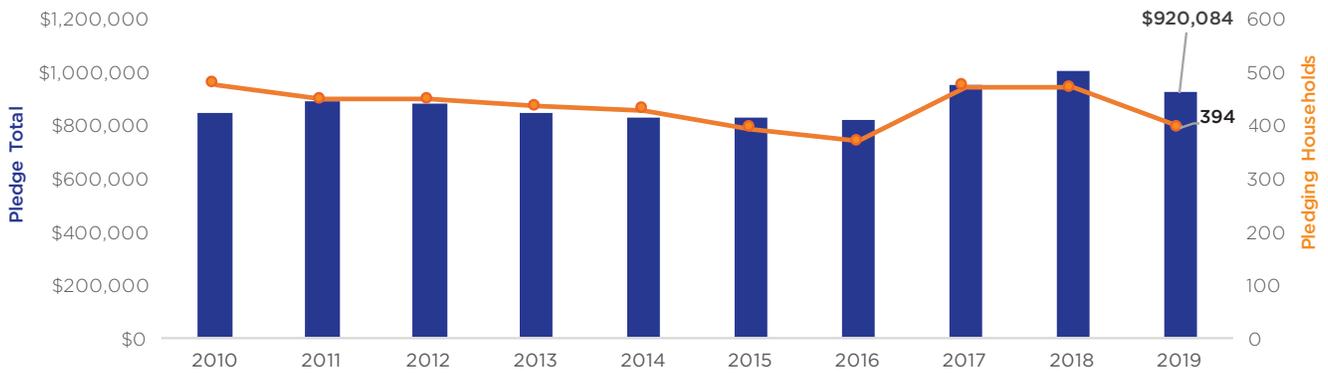


Stewardship Campaign

Campaign Totals 2010-2019 (YTD)

Campaign Year	Total Household	Pledge Total	Average Gift
2010	477	\$840,834.00	\$1,763.00
2011	447	\$885,251.00	\$1,980.00
2012	447	\$877,467.00	\$1,963.00
2013	435	\$848,695.00	\$1,951.00
2014	427	\$824,535.00	\$1,931.00
2015	393	\$824,933.00	\$2,099.00
2016	368	\$819,771.00	\$2,228.00
2017	471	\$948,161.00	\$2,013.00
2018	469	\$1,006,108.00	\$2,145.00
2019 (YTD)	394	\$920,084.00	\$2,335.00

10-YEAR PLEDGING HISTORY STEWARDSHIP



Minutes of the 82nd Annual Meeting of the Congregation - January 21, 2018

1. Bishop's welcome and opening prayer
 - a. Opening prayer, Bishop Marc
2. Election of recording secretary for the 2018 meeting and Approval of Minutes from 2017 meeting
 - a. Nominate recording secretary Heather Millar, approved by acclamation
 - b. Motion to approve 2017 minutes, approved by acclamation
 - c. Quorum met
3. Report from David Walker, chair of the Board of Trustees
 - a. Appreciation of accomplishments during 2017
 - b. Will focus on new strategic plan for 2019 to 2021
 - c. Building and strengthening financial foundation of the cathedral
4. Financial report from Treasurer Anne Casscells
 - a. Report begins on page 9 of the annual report
 - b. Working toward a goal of 500 pledges
5. Report from the chair of the Congregation Council, Jean Krasilnikoff
 - a. Council is energized, incoming slate of incredible candidates
 - b. Congregation Sunday a big success
 - c. Looking to foster coalitions between the council and various ministries
6. Report from Convener of the Grace Cathedral Deanery Delegation, Karma Quick-Panwala
 - a. In spring 2017, represented the diocese at the United Nations Committee on the Status of Women
 - b. Represented the cathedral at the annual DioCal convention
 - c. In July, several members will form a delegation to the general convention in Austin, TX
7. Year of the Gift video
8. Report from Dean Malcolm Young
 - a. Lots of progress in the last year
 - i. 20 percent more attended on Sundays than the previous year; 7,700 attended Christmas services
 - ii. Lots of great events, Willie Brown at the Forum; Eco-Justice conference; 2,000 people at service commemorating 500th anniversary of the Reformation; World AIDS Day; the play *The Temple* and many more

- b. Discussion of three priorities
 - i. Increase people's sense of belonging
 - ii. Continue focus on social justice
 - iii. Innovative ministries, Yoga on the Labyrinth, The Vine
- c. Last year's theme was The Year of The Gift, this year's will be Truth

9. Elections

- a. Introduction of Board of Trustees candidates
 - i. Herb Jeong
 - ii. Mary Wood
 - iii. Patricia Calfee-Picache
- b. Introduction of Congregation Council candidates
 - i. Alexandra Fraser, 3-year term
 - ii. Carlos Enrique Torres, 2-year term
 - iii. Fred Tsai, 1-year term
 - iv. Sarah Benjamin, 3-year term
 - v. Anneliese Mauch, 1-year term
- c. Introduction of Deanery candidates
 - i. Connie Archea
 - ii. Regan Murphy
 - iii. Ron Hermanson
 - iv. Niall Battson
 - v. Joe Garrity
 - vi. Ron Johnson
 - vii. Karma Quick-Panwala
- d. All candidates elected by acclamation

10. Awards, presented by Dean Malcolm Young

- a. Dean and Chapter Award, Arthur Yeap
- b. Congregation Award, Roberta Sautter

11. Closing Prayer and Adjournment, Bishop Marc

Reimagining CHURCH



with
COURAGE
Joy and
wonder.