

GRACE
CATHEDRAL

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



2020 Annual Report to the Congregation

*at the 84th Annual Meeting
of the Grace Cathedral Congregation*

Sunday, 26 January 2020 • 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.





From the Bishop

Dear congregants, trustees, clergy and staff of Grace Cathedral,

This year, 2020 will take me far away from our home here in the Diocese of California and our cathedral, first to the Lambeth Conference, convened and hosted by the Archbishop of Canterbury in the latter part of July, and then to “Paris+S,” the 26th Conference of Parties to the United Nations Framework Convention on Climate Change, this year being held in Glasgow, in November.

For the Lambeth Conference, I’ve been busily engaged since August with an international Anglican ad hoc group tasked by the Archbishop of South Africa, the Most Reverend Thabo Makgoba with planning environmental action initiatives to take place at the conference. In Glasgow I will again be representing our Presiding Bishop, as I have done since the Paris Agreement conference in 2015.

I am grateful to be part of this international climate change work, and I have heard from many, many Episcopalians and other people of faith about how much they value the work of the international climate action community. Yet doesn’t all that global work seem rather remote and abstract? In order to be meaningful, I think climate action needs to be global and local.

As many of you know, we here in the Diocese of California have been leading an Episcopal Church-wide effort to shift our lives towards sustainability through use of a web-based carbon tracker. Grace Cathedral is part of this historic push towards a sustainable life. Over 1,000 households have already enrolled in use of the tracker, and the majority of those households are in our diocese. Sheila Andrus, Stephanie Martin Taylor and Lisa Altieri (the developer of the tracker) have led this effort. I’m enormously grateful for everyone who has taken part in SustainIslandHome, the name of the Episcopal branch of the sustainable life movement.

SustainIslandHome is an effort that starts local and builds to regional, national and international engagement. In this way it is the “global and local” kind of effort I wrote of earlier in this letter. There is yet another hopeful horizon to which I’d like to draw your attention for 2020, and that is the formation of what I call Beloved Community Circles, a next step after getting yourself and your household on the path to sustainability.

What if you met with others who have signed on and gotten started in using the tracker? A shared meal with locally grown ingredients, cooked by yourselves and eaten prayerfully and mindfully; opportunities to talk with each other, listen to each other about climate grief, climate hope and climate action, sharing opportunities for advocacy and action (a little letter writing done within the meeting would be a impactful and easy way to do some advocacy) are some activities such a group could undertake.

Another great way to gather as a Beloved Community Circle around climate action and the shift to sustainability would be to undertake some study together. From early September through St. Francis Day, October 4 is the “Season of Creation.” There is a very good set of environmental curricular materials with that name, “Season of Creation.” Please take a look at their rich curricular and activity offerings and see if you and some other people in the Episcopal Church sustainability movement could take part, building community while so doing, together.

Peace and all good,

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

From the Dean

Dear Friends,

2019 was the first full year we focused on our new mission to reimagine church with courage, joy and wonder. This year we also approved and began work on our next three year strategic plan called *Dreams and Priorities*. Among other important initiatives it focuses on discerning our social justice mission, examining café, hospitality and retail on campus and an upcoming capital campaign, all as we continue to grow our various congregations.

No one could have anticipated all that we would go through together when we chose our 2019 cathedral theme “The Year of the Body.” We heard from experts on bodies. Many of us resolved to take better care of our bodies and sought out medical advice and help. We talked about how to better protect the most vulnerable bodies in our society. A #MeToo concert taught us more about issues of sexual abuse. We spoke out on behalf of children and others detained at the border. We hosted ODC Dance Company’s “Path of Miracles” and many other dance performances.

Our 2019 Artist in Residence, the dance choreographer Alonzo King taught hip hop dance classes and workshops for people with Parkinson’s Disease. His powerful voice inspired us at two Forums. He preached here and will unveil a new original work for Grace Cathedral this spring.

After a fire almost obliterated our sister cathedral Notre Dame in Paris, our mayor asked us to host a solidarity concert here at Grace Cathedral. With only two weeks of preparation, the San Francisco Symphony, SF Opera and the American Bach Soloists along with our own musicians and Choir of Men and Boys, created an extraordinary program. We provided two closed circuit television broadcasts of the event along with an audio link to Huntington Park. We think that seven thousand people experienced this concert.

Immediately after Easter, the city blocked off traffic on Taylor Street so that a massive construction crane could bring in a five thousand pound bronze sculpture of a tree trunk and roots called “Unearthed.” On that day, Jim Hodges, the artist who created it, told me that as we lived with this work it would begin to take on new meanings for us. The next four months proved him right. I became much more conscious of how human beings are unearthed, that in this time of environmental degradation we have become dangerously cut off from nature and each other.

Grace Cathedral made international news for another still ongoing artwork called “Grace Light” by George Zizias, Gabriel Gold and Illuminate. This experience consists of a projector in the rafters above the labyrinth shining light through a mist with a soundtrack composed by Gabriel. Because of its popularity, we will be slowly working our way through the sign up list in 2020.

Anne Lamott and Meredith Monk came for two powerful events here. It was a very successful year for The Forum with, among others, visits from Mary Roach, Nadia Bolz-Weber, Jackie Speier, Chip Conley, Larry Brilliant, Naomi Wolf and Jose Antonio Vargas.

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From the Dean

Our preschool celebrated its tenth anniversary this year. Certified outside observers gave our teachers extraordinary CLASS scores as we continued to learn new skills. For three years in a row, we have retained our entire teaching staff – a very rare accomplishment these days in a place like San Francisco.

It was a strong year in our department of Children, Youth and Families. The Harry Potter Day that we offered with the Diocese was wildly popular. We continue to collaborate more with Cathedral School. Our Sunday School is growing especially with younger students (requiring us to offer another preschool class). We are partnering with other churches and synagogues on social justice offerings like the Martin Luther King overnight. We are grateful for the surge of participation among volunteers in this area.

Our Music department added four new choristers and eight new probationary choristers. Their Unearthed concert, the Notre Dame event, the Duruflé Requiem and an Anniversary of the Tree of Life shooting Interfaith service were highlights, although we also set a record for the number of people who attended our Christmas Concert series. We have been focusing energy on our Sunday 6 p.m. service and have new musicians there. We also redesigned our Remembrance Day service and hosted several interfaith services.

Innovative Ministries continues to be an important way that we reach out to new people in San Francisco. Eight hundred people came to our annual Sister Act Mass which has become a recognized and important part of Pride Week. We continue to offer post-yoga programming including a Lavender Spirit meeting which offers gay men the chance to reach across generational differences to talk about their experiences.

The Vine on Wednesday has been experimenting with various preaching series and a new format that gives people the chance to reflect on the sermon during worship. Our labyrinth walks are continuing to grow in popularity. For the first time we offered our own sound healing event. We will be testing this new ministry out in 2020 and studying how it might be a way to engage new people in our ministry.

In April hundreds of people attended the Why Christian conference which we hosted in the nave. We also began offering a weekly Thursday night formation series in the fall.

We are continuing to grow stewardship together and can envision meeting or exceeding our goals to engage 500 households in this year's campaign – 100% GRACE – with pledges of \$1.1MM.

Behind the scenes we have been working on making the cathedral a safer place with new security cameras and updated emergency procedures. A new nave lighting system will be installed in the next few months. We also will be making more use of cameras that can record preaching in the nave.

Of course these notes only scratch the surface of an extraordinary and rich year. In difficult times, Grace Cathedral does so much to heal the world and we are blessed to be part of its mission and to have each other.

Love,



The Very Rev. Dr. Malcolm Clemens Young
Dean



Financial Report

Grace Cathedral continues to be blessed by the financial generosity of its congregation and the wider community. Church Giving (\$1.2MM) and support from the community and visitors (\$3.2MM), contributed 62% of the operating revenue in FY19. 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 FY19, we received an unrestricted foundation grant of \$750,000 for general operation purposes. Approximately \$200,000 of this grant was used to support FY19 operating costs, with the remainder saved to support additional costs budgeted in FY20 for the new strategic plan.

The Canon for Development, in partnership with the Dean, the Development Committee and the Board of Trustees, is working diligently on the 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 are now building on this momentum as we initiate a capital campaign planning phase - advancing one of the goals in the cathedral's *Dreams + Priorities* strategic plan.

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 2019, we continued growing the Carnivale gala, raising \$550,000 for the operating budget with record attendance and a lot of joy! 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. Even though there is much more work to do in this fiscal year, as of the end of the FY20 second quarter, we are tracking above our overall budgeted goals for donor support.

We're deeply grateful for the way our congregation has come together generously around 100% GRACE - our 2020 stewardship campaign. The campaign goal is 500 participating households and \$1.1MM in pledges. As of January 17, 413 households are participating and together we have raised over \$1,007,000. Our ambitious goals are in sight, and we continue to reverse a trend of decreasing stewardship.

Capital spending in FY19 amounted to \$872,455, which was primarily funded by investment funds stipulated for fabric-related projects (our fabric reserves). The repair of the stained glass windows in the Quire, repair of the mechanical windows and acoustic upgrades in the cathedral were the primary capital expenditures during the year.

The combined investment portfolio at June 30, 2019 was \$33.4MM. The total draw to support operations for FY19 from the investment portfolio was \$1.7MM and contributed approximately 24% of our annual budget. Approximately 59%, or \$19.9MM, 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. We are truly a community where everybody counts.

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 and Memorials, Net** – Comprised of gifts from weddings and funerals. The revenue is reduced by direct costs (e.g. clergy, musician and 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 ABM under a lease agreement.

Operating Expenditures

The budget expenditures are managed by department. Personnel costs in FY19 represented approximately 70% of total operating expenditures. The remaining expenses relate primarily to building maintenance and insurance, program expense and business related operating expenses.

Financial Report

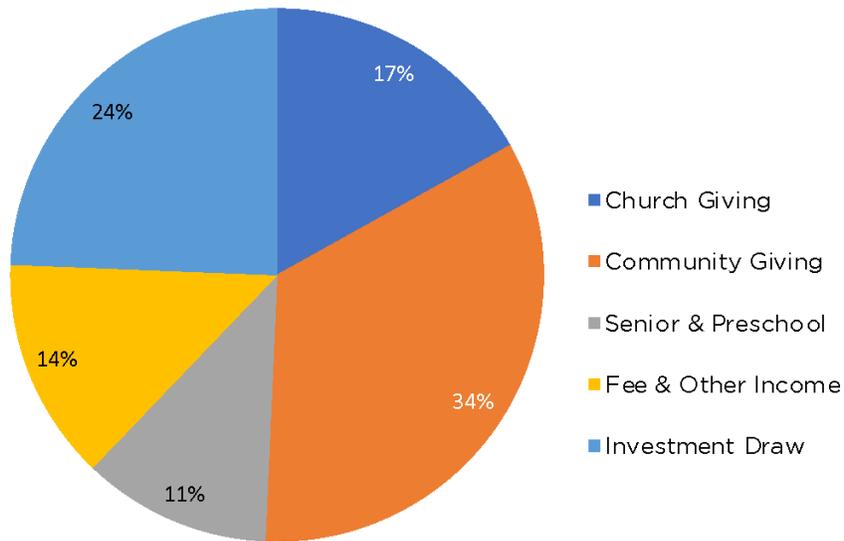
Grace Cathedral Corporation

July 1, 2018 - June 30, 2019

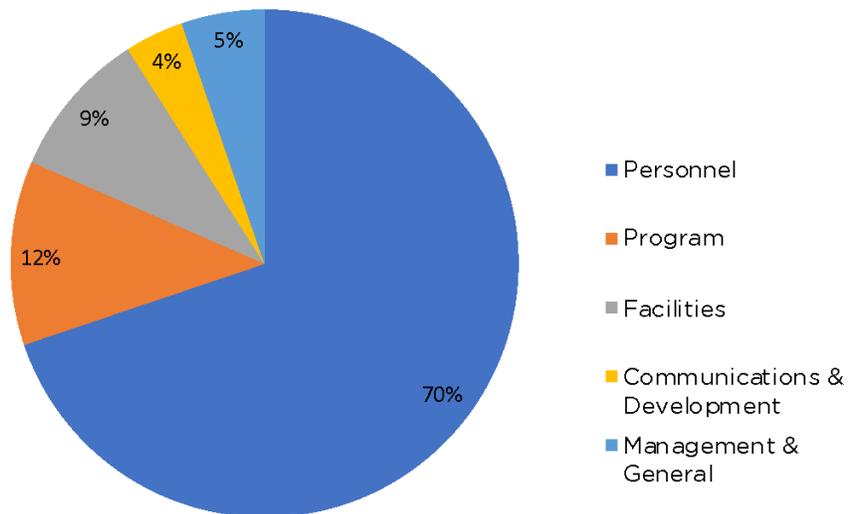
	FY19	
	Actual	Budget
Operating Results		
Revenue		
Church Giving	\$1,220,870	\$1,250,000
Community Giving	2,178,985	1,382,000
Senior & Preschool Funding	825,843	845,000
Donation Boxes	191,378	190,000
Bequests	67,058	125,000
Weddings, Funerals, Space Use, and Other Income	913,994	879,500
Investment Portfolio Draw to Support Operations	1,758,840	1,758,840
	7,156,968	6,430,340
Expenses		
Worship, Music & Program	3,331,008	3,260,956
Facilities	1,062,587	1,088,212
Development & Communications	942,037	863,221
Management & General	1,134,350	1,071,857
Diocesan Assessment	143,538	143,594
	6,613,520	6,427,840
Net Operating Revenue	\$543,448	\$2,500
Capital Budget		
Stained Glass Window Restoration	\$326,447	\$325,000
AIDS Interfaith Chapel	37,683	0
Lights (Nave)	0	250,000
Operable Windows	159,313	200,000
Remodel Shop Space	151,971	150,000
Restoration & Repairs (Objects, Textiles, and Paintings)	36,424	100,000
Acoustic Upgrades in the Cathedral	102,864	30,000
Other Equipment	57,753	0
Total	\$872,455	\$1,055,000
Investment Portfolio		
Permanently Restricted Endowment	\$19,881,552	
Temporarily Restricted Fabric & Other Reserves	10,949,620	
Unrestricted - Board Designated Reserve	2,601,940	
Total Investment Portfolio Value - June 30, 2019	\$33,433,112	

Financial Report

FY 2019 Revenue

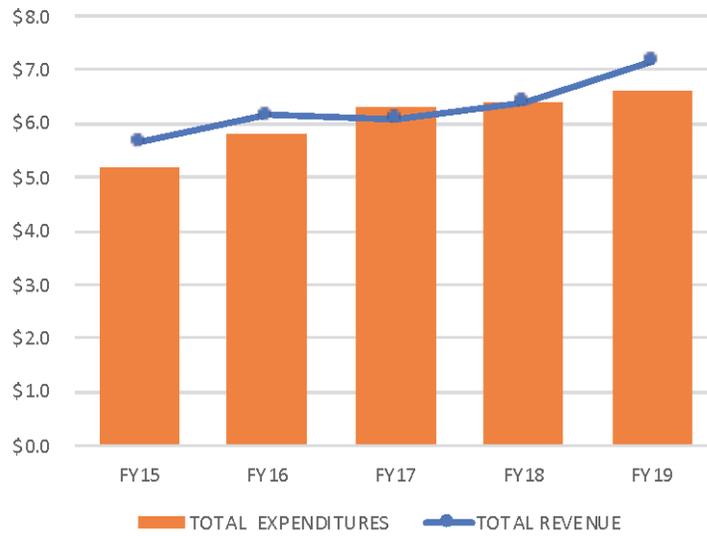


FY 2019 Expenses



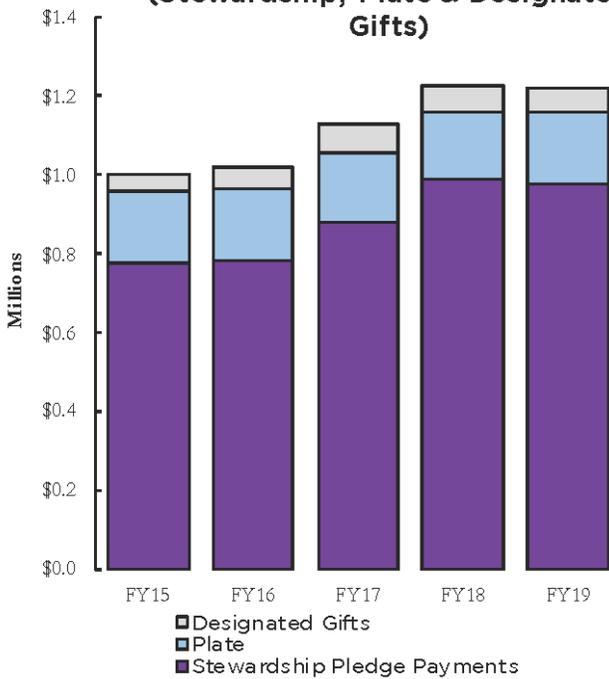
Financial Report

Net Revenue/Expense (millions)

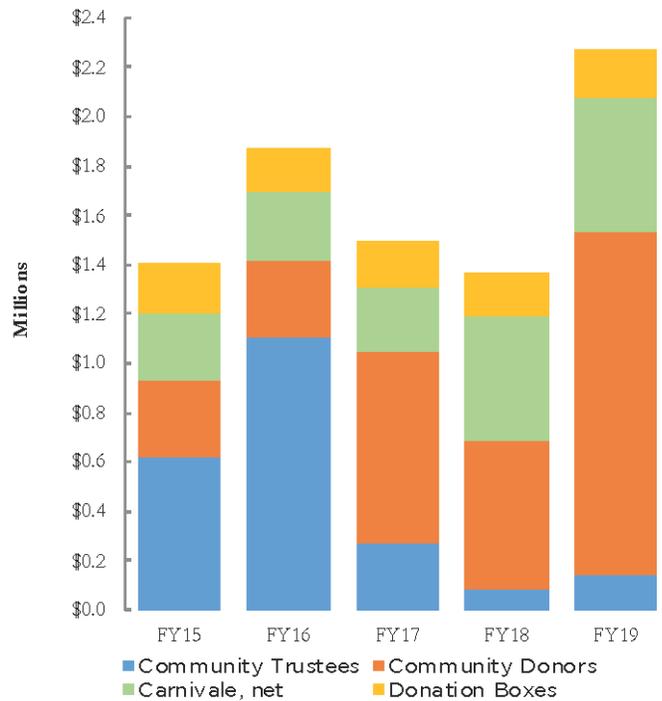


Church Giving

(Stewardship, Plate & Designated Gifts)



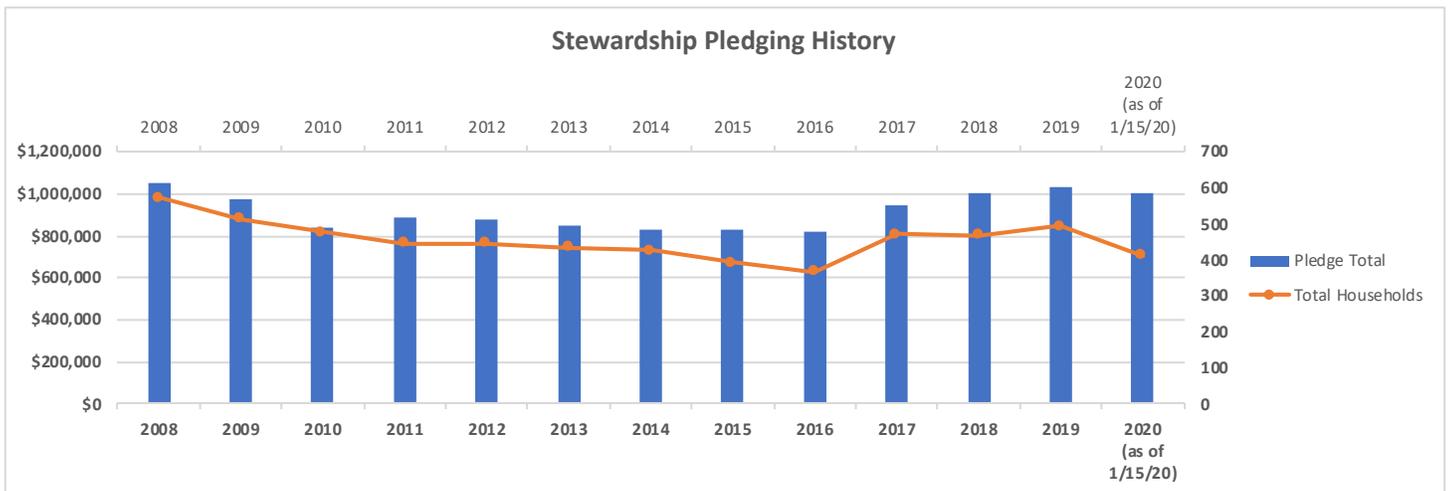
Community Giving



Stewardship Campaign

Campaign Totals 2010-2020 (YTD)

Campaign Year	Pledge Total	Total Households	Average Gift
2008	\$1,051,884	573	\$1,836
2009	\$976,797	514	\$1,900
2010	\$840,834	477	\$1,763
2011	\$885,251	447	\$1,980
2012	\$877,467	447	\$1,963
2013	\$848,695	435	\$1,951
2014	\$824,535	427	\$1,931
2015	\$824,933	393	\$2,099
2016	\$819,771	368	\$2,228
2017	\$948,161	471	\$2,013
2018	\$1,006,108	469	\$2,145
2019	\$1,036,256	495	\$2,093
2020 (as of 1/15/20)	\$1,007,040	413	\$2,438



Minutes of the 83rd Annual Meeting of the Congregation - January 27, 2019

1. Bishop's Welcome and Opening Prayer
2. Election of Recording Secretary for 2018 Meeting
 - a. Nominate recording secretary Carlos Torres, approved by acclamation
 - b. Motion to approve 2018 minutes, approved by acclamation
3. Report from David Walker, Chair of the Board of Trustees
 - a. Focus: To ensure financial sustainability, new ways for funding
 - b. Build up: Pipeline of future trustees
4. Financial report from Treasurer Scott Elaine Wright-Case
 - a. Goals: broaden, deepen and increase fundraising
 - b. Met/exceeded part of 2018 goals
 - c. Revenue Highlights: \$1MM in stewardship, \$500K for Carnivale, increase in weddings and events (growing revenue, decreasing expenses)
 - d. Stained glass windows project/lighting system improved - \$30MM to \$33MM endowment increase
5. Report from the Chair of the Congregation Council, Christine Bensen
 - a. Council's Community, Social Justice, Communications Committees continue to support and represent Grace Cathedral through congregation-wide events (i.e. Congregation Sunday)
 - b. Development of new Ministry Committee - Goal of supporting ministry leadership, and ministries' outreach goals
6. Report from the Convener of the Grace Cathedral Deanery Delegation, Karma Quick-Panwala
 - a. Plans for accessible bathrooms and parking
 - b. Adoption of resolution and budget for Diocesan Convention
 - c. Continued commitment to building partnerships between local churches
7. The Year of Truth video
8. Report from the Dean, The Very Rev. Dr. Malcolm Young
 - a. Staff transitions: Rev. Marc Stanger's Retirement; Rev. Kristin Saylor's inboarding; Rev. Canon Nina Pickerall continues to lead Bayview Mission and will now support Diocesan-wide ministry. Discuss strategic plan for next three years
 - b. Review of 3-year strategic plan, attendance and donor cultivation goals
9. Elections
 - a. Trustee Candidates - Tricia Moss Weaver, Rosemary Turner, Art Yeap
 - b. Congregation Council Candidates - (3-year term) Steph McNally and Lisa S. Wong; (1-year term) Torrie Fields, Marc Priester, David Robinson
 - c. Deanery Delegate Candidates - Niall Battson, Joe Garity, Ron Hermanson, Ron Johnson, Jean Krasilnikoff, Karma Quick-Panwala, Barbra Ruffin-Boston, Tricia Moss Weaver
 - d. All candidates elected by acclamation

10. Awards Presented by Dean Malcolm Clemens Young and Vice Dean Ellen Clark-King
 - a. Dean & Chapter - Helen Borgan, Regan Murphy
 - b. Congregation - Marisa Hurtado
11. The Rev. Canon Nina Pickerrell is retiring but will continue to lead / be involved at Grace
12. Closing Prayer and Adjournment - Bishop Marc Handley Andrus

Our Vision

A spiritually alive world



Our Mission

Reimagining church



with
COURAGE
Joy and
wonder.