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January 29, 2012

The budget adopted by the Vestry for 2012 assumes a deficit of \$270,000. This includes pledges received through January 24<sup>th</sup> and is based upon current staffing, a three year average for operating expenses and a \$50,000 allowance for expenses related to the dean search. Aside from the search expenses, expenses are slightly below 2011 levels. Income, however, is down nearly \$200,000.

The vestry felt that it was important to present a fair and honest picture of where Saint Mark's stands financially. Though expenses have remained essentially flat for the past three years, income has declined steadily. This was compounded by the expiration of a multi-year, \$100,000 per year grant that ended in 2011. Further, pledges received have declined nearly \$100,000 from 2011.

The Finance Committee originally proposed a budget that had a deficit of \$108,000. This budget was actually very similar to what was ultimately adopted with two major differences. First was the removal of \$50,000 of revenue from a special fundraising initiative to fund the dean search expenses. Second was a major cut to non-personnel (operating) expenses. The vestry felt that it was important to not present a budget that included unproven "fixes" but instead chose to adopt the budget without them and to challenge the Saint Mark's community to try and achieve improvements, particularly to address the issue of declining revenue.

It was generally agreed that, because we are in a state of transition, further reductions to staffing would cut too deeply into our core program areas at a time when they are most needed. It was agreed that vestry and staff will begin to explore ways to increase revenues and to monitor operating expenses to try and minimize the deficit. Whatever the final deficit becomes, it will be funded with money borrowed from other vestry-designated funds. Future budgets will need to include a plan for rebuilding these reserves.

We remain hopeful that both income and expense improvements can be achieved in the months ahead, but it is almost certain that 2012 will be a deficit year. Longer term, the vestry and staff must implement a "right sizing" of Saint Mark's finances so that we may better align our spending with our resources. Given that our financial decline has unfolded over a number of years, it may take several years to achieve financial stability and a significant growth in reserves.

Phil Lloyd, *Cathedral Treasurer*#

**SAINT MARK'S 2004-2012 OPERATING BUDGETS**

Updated 1/25/12

<i>Revenue</i>	<b>Actual 2004</b>	<b>Actual 2005</b>	<b>Actual 2006</b>	<b>Actual 2007</b>	<b>Actual 2008</b>	<b>Actual 2009</b>	<b>Actual 2010</b>	<b>Prelim. 2011</b>	<b>Adopted 2012</b>
Annual Campaign	\$ 1,125	\$ 1,191	\$ 1,160	\$ 1,223	\$ 1,178	\$ 1,166	\$ 1,112	\$ 1,108	\$ 950
Plate	100	108	118	119	106	87	95	88	90
Gifts & Grants	256	231	408	487	371	283	197	93	60
Special Events	125	112	114	117	44	-	0		0
Program & Service Fees	96	112	113	111	104	77	92	98	105
Diocese of Olympia	100	100	100	100	120	123	85	94	103
St Mark's Foundation	47	50	51	62	60	54	52	43	43
Interfund Transf/Misc	120	127	117	117	125	157	73	165	159
<b>TOTAL REVENUE</b>	<b>\$ 1,969</b>	<b>\$ 2,031</b>	<b>\$ 2,182</b>	<b>\$ 2,336</b>	<b>\$ 2,108</b>	<b>\$ 1,947</b>	<b>\$ 1,706</b>	<b>\$ 1,689</b>	<b>\$ 1,510</b>
<b>Expense</b>									
Personnel	1,167	1,256	1,349	1,432	1,278	1,041	900	867	869
Fixed									
Diocesan assessment	323	314	359	339	345	395	351	306	284
Mission disbursemts, other	46	39	35	25	30	33	18	18	15
Dean search expenses									50
Total Fixed	369	353	394	364	375	428	369	324	349
Operating Expenses									
Professional Fees	76	105	83	73	152	169	102	95	122
Supplies & Minor Equipment	46	66	78	64	60	60	64	63	62
Communications	29	35	48	46	31	33	42	32	36
Repairs & Maintenance	23	20	29	68	70	88	136	105	110
Equipment Rent & Svc	28	26	35	37	38	54	43	84	60
Utilities	65	67	59	67	67	74	73	110	86
Travel	11	24	11	7	6	8	4	4	5
Hospitality	20	14	17	14	14	10	21	18	16
Conferences & Training	8	14	12	14	9	5	7	13	8
Insurance	34	34	34	32	29	19	21	22	21
Dues, Fees and Licenses	12	12	14	15	11	13	13	10	12
Interfund Transfer (Loan)	-	-	-			-	-	-	-
Other	28	21	34	16	26	33	16	22	24
Total Operating	380	438	454	453	513	566	542	578	562
<b>TOTAL EXPENSES</b>	<b>\$ 1,916</b>	<b>\$ 2,047</b>	<b>\$ 2,197</b>	<b>\$ 2,249</b>	<b>\$ 2,166</b>	<b>\$ 2,035</b>	<b>\$ 1,811</b>	<b>\$ 1,769</b>	<b>\$ 1,780</b>
<b>SURPLUS/(DEFICIT)</b>	<b>\$ 53</b>	<b>\$ (16)</b>	<b>\$ (15)</b>	<b>\$ 87</b>	<b>\$ (58)</b>	<b>\$ (88)</b>	<b>\$ (105)</b>	<b>\$ (80)</b>	<b>\$ (270)</b>

**2012 Budget Highlights**

- As adopted, the 2012 budget is out of balance by \$270,000.
- Pledge revenue significantly lower than previous years, based on actual pledges received through January 24.
- Five year, \$500,000 grant ended in 2011.
- Personnel reflects current staffing with three month vacancy in dean position. No cost of living increases, moderate be
- \$50,000 allowance for dean search and relocation expenses.

Saint Mark's Cathedral  
Revenue and Expense History

