

2007 Forecast and 2008 Budget Presentation

December 11, 2007

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Post Vestry Meeting Update: Vestry Action

Overview of Process

- Vestry approval of income budget and target surplus (12/11)
- Dean provides draft expense budget to Vestry and Congregation. If staff reductions are included, a plan will be provided (12/30).
- Vestry approves final budget (1/10); Dean implements expense budget.

2007 Revenue Overview

- Annual Campaign income and major gifts and grants income comprise 75% of the Cathedral's income.
- 15% of income is more variable (plate, program and service fees, & St. Mark's Celebrates Seattle)
- 10% of income is semi-fixed (Diocesan & Foundation grants, investment spending & inter-fund transfers)

2007 Revenue Overview

<i>(000's)</i>	<i>2007</i>	<i>2007</i>	<i>2007</i>	<i>2007</i>
	<i>Approved Budget</i>	<i>Best Case</i>	<i>Worst Case*</i>	<i>Most Likely/ Forecast</i>
2007 Annual Campaign	1225	1225	1183	1200
Major Gifts & Grants	485	485	354	446
Variable Income	327	335	335	335
Semi-Fixed/Contracted Income	<u>263</u>	<u>275</u>	<u>275</u>	<u>275</u>
Total Revenue	2300	2320	2147	2256

*Assumes trend on pledge payments continues through December and no additional Major Gifts & Grants.

2007 Expense Overview

The Expense Budget is comprised of:

- Personnel Expense (64%)
- The Diocesan Assessment (15%)
- Ministry, Overhead and Other Expenses (21%)

2007 Expense Overview

	<i>Approved</i>	<i>2007</i>
<i>(000's)</i>	<i>Budget</i>	<i>Forecast</i>
Personnel Expense	1,433	1,435
Diocesan Assessment	339	339
Ministry, Overhead & Other	<u>508</u>	<u>505</u>
Total Expense	2280	2279

2007 Forecast

Based on the income and expense forecasts, we expect the following net surplus/(deficit):

- Best Case 41,000
- Worst Case (132,000)
- Most Likely (23,000)

Cathedral Cash Flow Overview

- The Cathedral essentially operates on a cash basis. If we have a break-even bottom line we will end the year with approximately the same amount of cash with which we started the year.
- Payroll and the Diocesan Assessment (80% of our expenses) are paid in 12 approximately equal monthly installments.
- Income fluctuates monthly with significant income in January, April, October and December. Many of the other months, income is less than monthly expenses.
- Therefore, we need cash or reserves to address the seasonality and “finance” the gaps.

2007 Cathedral Cash Flow

	November 2007	December 2007
Beginning Cash	7	190
Plus Revenue		
Temporary Inter-fund transfer	213	
Annual Campaign	113	169
Other, Approx.	40	185
Less Expense		
Payroll	113	113
Accounts Payable	70	128
Temporary Inter-fund transfer		213
Ending Cash, Worst Case	190	90
If most likely gifts & grants and pledge goals met		109
Ending Cash, Most Likely		199

Cathedral Cash Strategy

We must develop strategies to increase cash.

Three ways to raise cash are:

- Earn a surplus
- Sell an asset
- Obtain a loan

We must earn a surplus to plan for and fund the future.

2008 Income and Surplus Budget

<i>(000's)</i>	2005	2006	2007*	2008 A	2008 B	2008 C	2008 D
Annual Campaign	1191	1160	1200	1050	1115	1225	1363
Major Gifts & Grants	231	408	446	400	400	400	400
Variable Income	332	345	335	335	335	335	335
Semi-Fixed/Contracted Income	<u>277</u>	<u>269</u>	<u>275</u>	<u>280</u>	<u>280</u>	<u>280</u>	<u>280</u>
Total Revenue	2031	2182	2256	2065	2130	2240	2378
Surplus	-16	-15	-23	50	50	50	50

* Most Likely

Update: Vestry Action

- The Vestry approved a 2008 income budget for the Cathedral of \$2,165k, including net pledge income of \$1,150k and major gifts and grants of \$400k. Meeting the pledge income goal will require \$160k of additional pledges.
- To achieve a break-even position, expense reductions (from current staffing and activity levels) of \$273k are required.
- The Vestry also affirmed the process described on page 3.