



Community of Christ

CHRIST'S MISSION, OUR MISSION

Financial Update December 2021 (All dollars reported in USD)

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THE UPDATE...

- 1. 2020 Audit Report**

Approval by the World Church Finance Board

On behalf of the World Conference, the World Church Finance Board approved the Community of Christ independent audit report for 1 January through 31 December 2020. The board approved the report at an online meeting held on Thursday, 23 September 2021 that included presentations from the Presiding Bishopric and RSM, the church's independent auditing firm. Information about RSM can be found at www.rsmus.com.

RSM issued a “clean/unmodified opinion” for Community of Christ and consolidated affiliates as of 31 December 2020. This audit report and the audit reports for fiscal years 2016 through 2020 are available in English only on the church's website at www.CofChrist.org/resources?tags=budget/Audit#. Starting with 2020, the Presiding Bishopric is also posting the RSM summary memo about the 2020 audit report, which is available in English, French, and Spanish.

At the December finance board each year, the board selects five people from the elected board members to serve with the Corporate Body which is the First Presidency, Presiding Bishopric, and President of the Council of Twelve Apostles. This group is the Audit Review Team, which oversees the audit process and meets at least three times with the independent auditor firm.

In addition to overseeing the 2020 audit process, the Audit Review Team also helped the Presiding Bishopric select the 2021 independent audit firm. The Presiding Bishopric partnered with Graceland University to release a Request for Proposal from potential audit firms for 2021. As a result of an extensive review of the proposals, interviews of the firms, and in consultation with the 2020 Audit Review Team, the church selected RubinBrown (<https://www.rubinbrown.com>) to perform the 2021 independent audit.

Summary of the Financial Statements

As previously announced, Worldwide Mission Tithes in 2020 exceeded the budget by over \$1 million. Thank you! The final amount recorded from all nations was just over \$13 million as compared to a budget of \$12 million. Other details about the budget to actual results for 2020 are available in the June 2021 Financial Update.

Net assets increased from 31 December 2019 to 31 December 2020 by approximately \$20.5 million. The increases were based on a variety of factors including contributions to Bridge of Hope, change in appraised value of Harmony investment real estate, and changes in actuary assumptions. Here is a summary of the change in net assets:

Change in Net Assets			
Rounded in millions			
	12/31/2019 (audited)	19b-20 Change	12/31/2020 (audited)
NET ASSETS			
Without Donor Restrictions	\$ 40.8	\$ 15.8	\$ 56.6
With Donor Restrictions	\$ 26.0	\$ 4.7	\$ 30.7
TOTAL NET ASSETS	\$ 66.8	\$ 20.5	\$ 87.3
CONTRIBUTOR TO CHANGE IN NET ASSETS			
Pension / Defined Benefit Plan		\$ 3.5	
Post-Retirement Plan		6.5	
Benefit Reserves		1.1	
Risk Reserve		2.0	
Operating Reserve		1.8	
Temple Endowment		4.5	
Other Net Asset Changes		1.1	
TOTAL		\$ 20.5	

2. Bridge of Hope—Retirement Responsibility

Below is a table that shows the funding level of the church’s retirement responsibilities. The table includes two sections. The first section indicates the funding level as identified in the 2020 actuary report also found in Note 7 of the 2020 Audit Report. As of 31 December 2020, the funding level based on the assets in the legally separate Defined Benefit Trust was 39% as reported by the actuaries.

In calculating funding levels, the actuaries do not consider assets the church is holding in designated funds to support the retirement obligations. The actuaries do not include these assets because they are not legally separate from the church’s assets like the Defined Benefit Trust. The church is holding assets in three funds to support the retirement responsibility:

1. Fund 23 – Post Retirement Fund
2. Fund 24 – Multi-Nation Fund
3. Fund 28 – Bridge of Hope Funds

Periodically, the Presiding Bishopric moves funds from Bridge of Hope to cover ongoing post retirement, multi-nation, and defined benefit obligations.

The second section of the below table identifies that the church is 61% funded for all retirement responsibilities as of 31 December 2020 when the assets in Funds 23, 24, and 28 are included along with the assets of the Defined Benefit Trust already included by the actuary. This is about a 10% improvement from 31 December 2019. This is great news and is the result of the church working together to meet the Bridge of Hope – retirement responsibility goal.

From Actuary Report	FYE 12/31/19				19-20 CHANGE	FYE 12/31/20			
	PENSION	PRB	MN	TOTAL		PENSION	PRB	MN	TOTAL
Benefit obligation (liability)	\$ 85.8	\$ 16.0	\$ 4.3	\$ 106.1	\$ 5.1	\$ 88.3	\$ 17.6	\$ 5.3	\$ 111.2
Fair value of plan assets	37.9		-	37.9	6.0	43.9			43.9
Unfunded liability	47.9	16.0	4.3	68.2	(0.9)	44.4	17.6	5.3	67.3
Funded %	44%	0%	0%	36%	4%	50%	0%	0%	39%

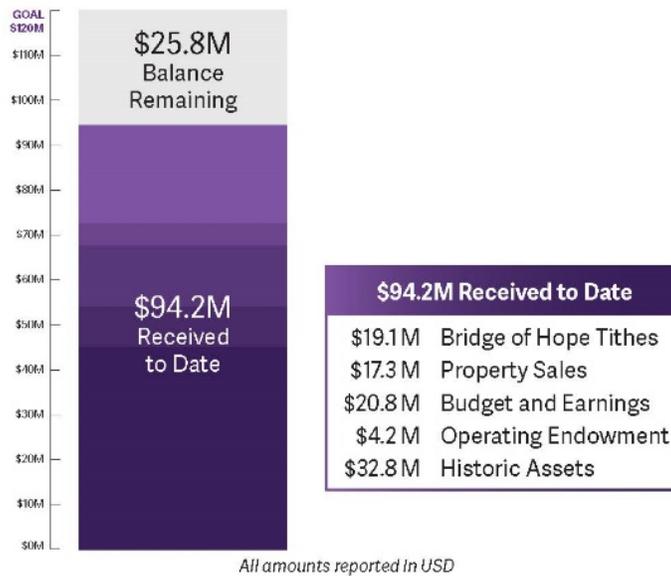
Including Funds 23, 24, and 28	BOH (28)	PRB (23)	MN (24)	TOTAL	CHANGE	BOH (28)	PRB (23)	MN (24)	TOTAL
Available assets	\$ 4.4	\$ 7.8	\$ 4.6	\$ 16.8	\$ 7.6	\$ 3.8	\$ 15.4	\$ 5.2	\$ 24.4
Remaining unfunded liability	43.5	8.2	(0.3)	51.4	(8.5)	40.6	2.2	0.1	42.9
Estimated Funded %	49%	49%	107%	52%	10%	54%	88%	98%	61%

As of 30 November 2021, the church had raised \$94.2 million toward the \$120 million Bridge of Hope retirement responsibility goal. World church leaders remain grateful for the continued progress being made. Based on the 31 December 2020 actuary report, the church will be over 90% funded on all retirement responsibilities when the goal is met.

BRIDGE OF HOPE RETIREMENT RESPONSIBILITY

As of 30 November 2021

GOAL: \$120M (USD) by 1 January 2024



We are grateful for the ongoing work being accomplished in the various fields of the church to meet field targets that are part of the \$120 million goal. Any additional funding required to fully fund the retirement responsibility once the goal is met will be through future pledges to Bridge of Hope. Thanks to everyone who is working together to fulfill the church’s retirement responsibility!

3. Update about 2021

Budget to Actual as of 30 September 2021

Contributions through 30 September 2021 were on track to achieve the minimum side of our 2021 goal range of \$11.7 million. We are grateful to everyone who supports mission locally through local mission tithes while also supporting mission around the world through Worldwide Mission Tithes. Your generosity makes a difference in small and large ways.

The ongoing limitations of travel due to the pandemic have contributed to expenses being under budget as of 30 September 2021. Our projections indicate that the \$1 million surplus budgeted for 2021 should be achieved and possibly exceeded. This is great news and puts the church in a stable financial position as we enter 2022.

New Investment Managers

For those jurisdictions with investments in the USA Affiliate Investment Pool, the Presiding Bishopric, in consultation with the World Church Investment Committee, is in the process of selecting a new investment management firm starting in 2022. DeMarche has been managing the World Church pooled investments in the USA for over 20 years. The Investment Committee encouraged the Presiding Bishopric to explore what other investment managers might be able to provide related to several criteria including Environmental, Social, and Governance (ESG) emphases and Socially Responsible Investing (SRI). Jeff Naylor is leading the process and we will provide the selection results in the next Financial Update.

Minimum Balances

The minimum balances established in March 2019 were reduced in June 2021. These balances have been placed on reserve to make sure the church reaches the \$120 million Bridge of Hope retirement responsibility goal by 31 December 2023. If a minimum balance is creating a negative impact on mission support, please contact your Mission Center Financial Officer, Field Support Minister, or Field Bishop to explore with the Presiding Bishopric the possibility of removing the minimum balance. The commitment is to limit the negative mission impact of minimum balances as much as possible. For those with investments in the Affiliate Investment Pool, each account minimum balance can be viewed through the AIP Balances application in Remote Desktop.

The Generosity Cycle

Starting on 17 October, individuals, families, and congregations were invited to spend six weeks engaging in the Generosity Cycle. The Generosity Cycle is a communal spiritual practice of invitation, discovery, responding, and reflecting to help us be intentional about our whole-life response as generous disciples.

If you or your congregation did not participate in the Generosity Cycle in October and November, you do not have to wait another year. The start of 2022 is another opportunity to move through the six-week process together as a family or congregation. Resources to support your journey are available at <https://www.cofchrist.org/generosity-cycle>.

USA Surveys

This year two USA surveys were accomplished by the Presiding Bishopric. In April 2021, the first survey was accomplished to seek a better understanding of the attitudes and motivations of members and friends on a variety of topics related to funding local and worldwide mission and services. The second survey was accomplished in November 2021 as part of the Generosity Cycle. In the November survey, the Presiding Bishopric partnered with the Barna Group in

seeking feedback about what people feel and think about Generosity. Results from these surveys are available in English only here:

https://www.cofchrist.org/common/cms/resources/2021_USA_Surveys_edited_for_web.pdf

Giving Tuesday

The Generosity Cycle led us into Giving Tuesday on 30 November 2021. This year the church generously shared \$676,432 toward Worldwide Mission Tithes on this special day of giving including \$295,000 of contributions doubled with matching funds. Thanks to everyone who participated either by contributing on Giving Tuesday or providing the matching dollars. Every contribution is important and makes a difference!

Reminder about Oblation as part of Worldwide Mission Tithes

You will see an Abolish Poverty, End Suffering section in the 2022 budget approved. By giving to Worldwide Mission Tithes through eTithing, contributors are supporting this budget that includes Oblation or direct aid. Since eTithing is not connected to a particular worship experience that includes the Lord's Supper, that is why Oblation is not on eTithing. People can simply give to Worldwide Mission Tithes on eTithing, which supports the budget that includes Oblation. Oblation is on the weekly envelopes for the first Sunday of each month in the USA. This is based on the church's long-standing practice to collect Oblation whenever we participate in the sacrament of the Lord's Supper.

4. 2022 Worldwide Mission Budget Approved

The Three-year Plan (2021–2023)

The 2021 Worldwide Mission Budget was part of a three-year plan for 2021–2023. To date, the global pandemic and other world events have not negatively impacted the projections in this plan. Therefore, the 2022 Worldwide Mission Budget was developed as a continuation of the ministries and services provided in 2021. At this point, the Presiding Bishopric remains hopeful that 2023 will also be a continuation of the 2021 level of ministries and services. As a reminder, the budget for 2021 included \$1 million of surplus funds that will be used to offset projected deficits in 2022 and 2023. In May 2021, the finance board approved income and expense assumptions for 2022 based on a deficit of no more than \$100,000.

2022 Worldwide Mission Budget Approved

On Saturday, 4 December 2021 at an online meeting, the World Church Finance Board approved the 2022 Worldwide Mission Budget which continues similar levels of ministries and services as provided in 2021. The budget is posted online at the same page as the audits:

www.CofChrist.org/resources?tags=budget/Audit#.

The approved 2022 income is \$14,284,000. The approved 2022 expense amount is \$14,383,000. The budget has a \$99,000 deficit, which will be covered by surplus planned in the 2021 budget.

In 2022, Worldwide Mission Tithes is planned to provide over 77% of the income. As projected, Worldwide Mission Tithes and Other Income were both reduced for 2022. The income includes using a spending rate on World Church endowments held in Canada. The World Church endowments held in the USA are not currently being used to provide income to the budget because most of the funds are held in the World Church's investment properties such as Harmony and 39th Street. Here's a summary of the income budget:

- \$11,060,000 in Worldwide Mission Tithes including Abolish Poverty, End Suffering
- \$350,000 in Designated Gifts
- \$2,874,000 Other Income such as rentals, fees, endowment spending rates, and Herald House

Operating Reserve Fund

World Conference Resolution (WCR) 1264 states that the goal is to maintain a minimum of three months of annual budgeted expenses as the Basic Reserve. Based on the 2022 budgeted expenses, the Basic Reserve must be around \$3.6 million. As of 30 September 2021, the balance of the Basic Reserve for WCR 1264 compliance was \$3.8 million.

As we are living in a time of significant economic uncertainty, the Presiding Bishopric felt it was prudent to increase the level of liquid funds available in the Operating Reserve Fund. The Operating Reserve funds have been increase through generous contributions beyond the minimum needed for compliance. As of 30 September 2021, the Operating Reserve total balance was just over \$8.1 million.

The increased amount in the Operative Reserve provides flexibility to World Church leaders to take time to make critical decisions if there were a sustained period of unanticipated lost income. As an example, if the church is unable to open the Temple Complex and historic sites to the public in 2022 due to the ongoing challenge of the pandemic, the extra assets in the Operating Reserve can cover the shortfall for a time. If these funds are not needed by 31 December 2023, the agreement with the contributors is that they will be moved to Bridge of Hope.

5. Metamorphosis and the Future

The pandemic continues to cause suffering and death around the world. And, just as we thought things were getting better in some areas, they got worse! With the ancient psalmist we lament, "How long, O Lord?" (Psalm 13:1 NRSV)

The book, *Praying the Psalms*, by Walter Brueggemann, puts our experience into perspective. Writing about the struggles of being human in an imperfect, suffering world, the author suggests that we understand our overall life of faith as ...moving with God in terms of being securely oriented; being painfully disoriented; and being surprisingly reoriented. He notes that the Psalms for the most part do not grow out of being “securely oriented” in life all the time. Rather many were forged during painful human experiences of feeling overwhelmed before discovering new possibilities for living hopefully.

We may be living in uncertain times as we experience the disorientation of metamorphosis, but we do not face the future alone. We are reminded that as “beloved children of the Restoration, our continuing faith adventure with God has been divinely led, eventful, challenging, and sometimes surprising to us. By the grace of God, we are poised to fulfill God’s ultimate vision for the church” (Doctrine and Covenants 164:9a adapted). Whatever we face, we can navigate it together, led by the Holy Spirit.

Watch for the next Financial Update Report in June 2022.