



Community of Christ

CHRIST'S MISSION, OUR MISSION

Financial Update

June 2021

(All amounts reported in USD)

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THE UPDATE...

1. Strength in the Community

The year 2020 was difficult for many reasons, one being that the world church had to reduce staff in June. As previously explained, this reduction was to move to a new budget level that was projected to be sustainable for 2021-2023. This new level was estimated before the global pandemic. This time last year, the Presiding Bishopric was concerned that the economic difficulties created by the pandemic might negatively affect projections.

The good news is that world church leaders are grateful to report that the church has continued to respond generously, and the projections for the three-year plan for 2021 through 2023 are still accurate. The approved 2021 Worldwide Mission Budget, which represents year one of this plan, is at www.CofChrist.org/common/cms/resources/Documents/2021-Approved-Budget-EN.pdf. As a reminder, the plan is based on a \$1,000,000 surplus in the 2021 budget that can be used to support projected budget deficits in 2022 and 2023.

Reporting an amount for Mission Tithes as of a specific date is always an estimate because local jurisdictions report contribution information over a wide span of time. As an example, in 2020 over \$100,000 was reported that related to contributions in 2019 and earlier. Based on what has been reported through the first quarter of 2021, Local Mission Tithes were over \$16,000,000 in 2020. This was a decrease of about \$3,000,000 from the previous two years. Worldwide Mission Tithes were about \$3,400,000 less than Local Mission Tithes at just over \$12,600,000 in 2020. This is a decrease of about \$300,000 from 2019.

In January 2021, the Presiding Bishopric received notice that the world church's use of the USA Payroll Protection Program funds qualified for full loan forgiveness. The amount received for World Church USA staffing expenses was \$1,340,000. Local jurisdictions who partner with the World Church to support specific positions received about \$200,000. These funds were received in 2020 from the USA government to keep people employed during the shutdown caused by the pandemic. The full amount of \$1,540,000 will be reported as a note payable in the 2020 audit as loan forgiveness was not approved until January 2021. These funds helped offset lost income from closure of the Temple Complex and Historic Sites to the public in 2020.

Expenses for 2020 were about \$2,000,000 under budget due to:

- Staff reductions in June 2020
- Limited travel during the pandemic
- Delay in filling open positions
- Other non-staff reductions due to limitations caused by the pandemic.

What started out to be a scary year as world church leaders prepared for the worst turned into a living testimony to the strength of our community, working together during difficult times.

Fiscal Services is currently working with the independent auditor firm RSM (rsmus.com) to complete the 2020 audit report. It will be presented to the World Church Finance Board in September 2021 and then posted at www.CofChrist.org/financial-updates.

2. 2021 Update

Contribution entry and reporting of 2021 Mission Tithes by local jurisdictions is lagging so the Presiding Bishopric has hesitated to provide specific estimates on how we are doing with Local and Worldwide Mission Tithes. The goal range for 2021 Worldwide Mission Tithes is \$11,700,000 to \$12,700,000. Based on reporting completed through the first quarter of 2021, the Presiding Bishopric projects that Worldwide Mission Tithes are trending somewhere within this range or slightly below it.

In some areas, expenses are running under budget due to the continued effects of the pandemic. However, the Temple Complex was impacted by the extreme cold weather in early 2021 and the associated utility shortages that many have read about in Texas, USA. The church's natural gas broker is in Texas. The Presiding Bishopric has disputed the February utility bill. If unsuccessful in this process, the utility expenses for 2021 will be over budget despite reduced staff presence for over half the year.

As world church leaders recently reported to the World Church Finance Board, the Presiding Bishopric has strengthened the Operating Reserve Fund beyond the mandated amount required by World Conference Resolution 1264. This provides extra support if Worldwide Mission Tithes drop faster than anticipated in the three-year projection. The Operating Reserve Fund also provides support for income lost as the Temple Complex and Historic Sites remain closed to the public through 2021.

At this time, world church leaders are projecting that International Headquarter staff officed at the Temple Complex will return to working at the Temple on Tuesday, 7 September. Watch for announcements about this.

Some have asked why the Temple Complex and Historic Sites are remaining closed in 2021 given predictions are that the threat of COVID-19 is decreasing in these areas. World church leaders have taken advantage of the forced closure time to evaluate the most faithful ways to reopen these sites—ways that effectively and efficiently support the church's mission. Active planning is occurring about the best way to support mission using these sites in 2022 and beyond. Undoubtedly, the future use of these sites will be in-person gathering opportunities, online experiences, and hybrid events that include both. Stay tuned for more information in 2022.

3. Progress on Bridge of Hope

Funding the church's retirement responsibility is the first of two priorities for Bridge of Hope. Growing the endowments is the second.

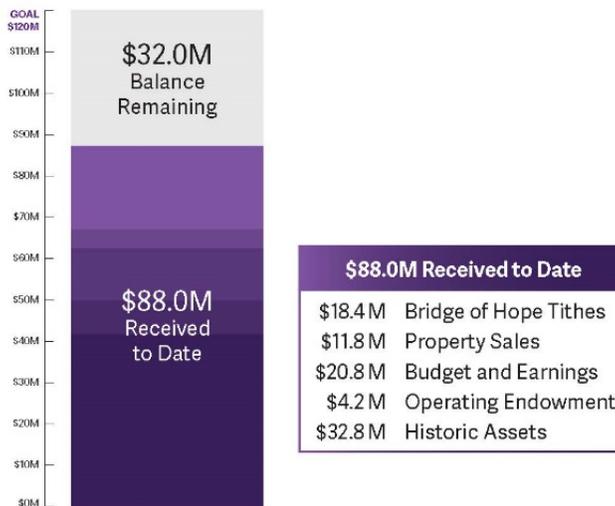
Progress continues to be made by the church in meeting the retirement responsibility goal of \$120,000,000 by 1 January 2024. As with Mission Tithes, reporting always lags because of the delay in receiving contribution information from the various fields of the church. The last update on the church’s website was as of 15 December 2020. In this report, the church had raised \$80,000,000 and had \$40,000,000 to go in meeting the goal. This amount was missing a lot of the 2020 progress due to the reporting lag.

As jurisdictions around the church closed their books for 2020, Fiscal Services received updated information. The chart shows, as of 31 December 2020, the church is within \$32,000,000 of reaching the \$120,000,000 goal. This is wonderful news! Together, we are making great progress. Thank you!

BRIDGE OF HOPE RETIREMENT RESPONSIBILITY

As of 31 December 2020

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



All amounts reported in USD

The next update on progress toward the retirement responsibility goal likely will be released in September 2021. This update will be based on the best information reported through 30 June 2021.

Based on the excellent progress made toward the \$120,000,000 goal, the Presiding Bishopric in consultation with the Council of Twelve Apostles has significantly decreased the minimum balances held in the investment accounts of the church. Account stewards of Affiliate Investment Pool (AIP) accounts in the USA will see the updated minimum balance on accounts through the AIP balance app by 30 June 2021.

In other countries, account stewards can contact Mission Center Financial Officers for updated minimum balances as needed. Again, world church leaders are grateful for the progress that has been made in funding the retirement responsibility. Thanks to all who have made this happen!

The church also continues to make progress on the second goal of Bridge of Hope—to grow the endowments. Through designated contributions, bequests, and earnings, church endowments continue to grow. When the retirement responsibility is fully funded, growing the endowments will be one of the top priorities of world church leaders.

The increase due to earnings for the endowments and other world church investments was a combination of market returns and a new appraisal on the investment properties known as Harmony. The last appraisal establishing the book value of Harmony was done as of 30 June 2017 and the amount was \$40,400,000. Based on best practices, the Harmony investment properties are appraised every three to four years. A new appraisal was done as of 31 December 2020. In the period between appraisals, the church sold several sections of Harmony for \$3,521,247 which was 8.34% above book value. Between the sales and the new appraised value, there was an increase in book value of \$8,852,656. This increase is reflected as earnings on the world church financial statements. As of 31 December 2020, the church still owned 2,958 acres held as Harmony investment properties at a book value of \$46,025,000.

4. Digital Security

Through the blessings of shared online experiences and increased social media presence, the world is more connected than it has ever been. This is great news for experiencing the blessings of community beyond our own geographical areas. This has also been a lifesaver for many as the church practiced physical separation to protect the most vulnerable during the global pandemic. As we navigate into the future, world church leaders continue to uphold the need to find the right balance between gathering safely for in-person events, online events, and hybrid events that combine in-person and online. The key is to choose the best method for each experience based on the purpose and desired outcome for the gathering and the people who need to be included.

This means that digital connection will continue to be part of our life going forward, and we need to practice good digital security. As the world is learning, having a presence online creates situations that make it easy for predators to take advantage of people's good will and generosity by dishonestly seeking direct contributions. Mission Center Officers and the Presiding Bishopric office have had a growing number of inquiries about the validity of certain people using social media and email to make impassioned pleas for financial support. These

people typically represent themselves as associated with Community of Christ and have just enough understanding of who Community of Christ is to sound legitimate.

Please do not send money to anyone who contacts you online unless you personally know them, and you can independently confirm claims made in the request. In general, the best way to provide support to sisters and brothers in Community of Christ around the world is through Worldwide Mission Tithes. Oblation aid, education, and other support expenses are included in the Worldwide Mission Budget and your generous support of Worldwide Mission Tithes helps fund the priorities of leaders around the world.

5. 2022 Worldwide Mission Income and Expense Assumptions

The World Church Finance Board met 27 May 2021 to consider income and expense assumptions to support budget planning for the 2022 Worldwide Mission Budget. As stated, the current Worldwide Mission Tithes projections and global financial market indicators suggest that current 2021 levels of ministries and services are financially sustainable for 2022 and 2023. The three-year plan includes \$1,000,000 of surplus income from 2021 that will be used to offset any budget deficits in 2022 and 2023 as expenses increase and Worldwide Mission Tithes potentially decrease. The \$1,000,000 surplus is shown in the approved 2021 Worldwide Mission Budget available at the link listed earlier in this report.

Based on financial reports reviewed supporting these projections and indicators, the board approved income and expense assumptions for 2022 planning. The expectation is that the budget details will be developed based on the minimum range of Worldwide Mission Tithes for 2022 which is a conservative estimate. The expectation is also that the budget deficit for 2022 will be \$100,000 or less. Based on the action of the board, the Presiding Bishopric will work with various leaders to develop budget details. A final proposed budget for 2022 will be submitted to the World Church Finance Board in November 2021 for consideration and approval at the 4 December 2021 board meeting.

The financial circumstances of the World Church in the next few years are hopeful as we support current levels of ministries and services and meet the retirement responsibility portion of the Bridge of Hope goal. However, the longer-range financial situation presents some challenges. This is not new information, but these points are worth repeating:

1. Community of Christ contributors to Mission Tithes are very generous.
2. Regardless, contributions to Mission Tithes have been declining for more than 25 years.

3. The decline is based on the loss of contributors in some fields of the church and the reduction in contributions in other fields of the church.
 - From 2010 to 2020, contributors to Worldwide Mission Tithes in Canada and the USA declined from around 13,300 to 7,600.
 - From 2019 to 2020, there was a significant decline in contributions to Worldwide Mission Tithes in fields outside of Canada and the USA. This decline likely was the result of the global pandemic, but the data does not show an ongoing increase in nations where membership is growing.
4. For the past five years, over 80 percent of Worldwide Mission Tithes in Canada and the USA were given by those 60 and older and the percentage increases each year.
5. In 2020, contributors in Canada and the USA who were 59 and younger gave 13% or \$1,581,000 of the \$12,127,000 collected.

The trend is clear that funding worldwide mission through Worldwide Mission Tithes will become a less viable method in the coming years. Tracking Worldwide Mission Tithes to particular contributors is only possible in some fields of the church, namely Canada and the USA. In many fields the Presiding Bishopric is only able to track contributions by Mission Center.

Based on general research accomplished by Barna, Pew Research Center, and other religious research groups, world church leaders believe there is potential for disciples under the age of 60 to financially support ministries and services of the world church. The research and conversations indicate that there is unrealized capacity in all fields of the church.

However, collectively, we need to find new and innovative methods to financially support the church's worldwide mission that work in the various fields where the church is present. To support world church leaders in exploring what methods might be most effective, efforts are underway including surveys and focused conversations. More will be shared as progress is made. If you have ideas or suggestions on this topic, please send them to PresidingBishopric@CofChrist.org.

6. Journeying Toward Jesus, the Peaceful One

Since the 2019 World Conference, the church has been considering the guiding question of whether we are moving toward Jesus, the peaceful One. Over the past year, the World Church Leadership Council has been engaged in an intentional spiritual discernment process to discover where God is calling the church next as we embody the soul of Community of Christ.

The council is learning to live in a state of continual discernment that does not have an end but is a faithful way of being a community in service to God. This process is guiding both short- and long-term decision-making. As part of all this, the Presiding Bishopric continues to be aware of the importance whole-life stewardship plays in faithful discipleship. How we invest our tithing of time, talents, treasures, and testimonies either moves us toward Jesus, the peaceful One, or further away. Our tithing also indicates whether our heart is embodying the soul of Community of Christ.

Later this year, the church will once again be invited to begin anew the generosity cycle (www.CofChrist.org/generosity-cycle). The four phases of the Generosity Cycle—Invite, Discover, Respond and Reflect—give us the opportunity to be intentional about our whole-life stewardship and make sure that we are using our true capacity to move toward Jesus, the peaceful One. Watch for resources and suggestions on how you can participate in the Generosity Cycle this year. Don't miss this important opportunity.

Please email PresidingBishopric@CofChrist.org with any follow-up questions.

Watch for the Next Financial Update in December 2021.