



Community of Christ

CHRIST'S MISSION, OUR MISSION

Financial Update Questions & Answers

February 18, 2016

Q. Why did World Church leaders decide to share the church's financial situation with staff and members at this time?

A: The Presidency received this information from the Presiding Bishop and the Presiding Bishop designate early in February. Because of our commitment to organizational and financial transparency, leaders proceeded quickly to analyze the information, understand its implications, and inform the church.

We believe in the collective wisdom of our worldwide community of faithful disciples who have throughout history always united in mighty prayer and with stubborn hope to face challenging times. Leaders expect that by sharing the church's challenging financial situation, the faith community will respond in ways that will reflect God's grace and generosity in our midst.

Q: What is the church's current financial situation?

A: Leaders will propose moving to a \$16.5 million budget to the World Church Finance Board during a meeting February 29. The World Church Finance Board approves World Church budgets. It is composed of World Conference-elected representatives and appointed members from the Order of Bishops and the World Church Leadership Council. This budget, if approved, will start July 1, 2016, and will require a \$6.32 million reduction in expenses. It is based on income of \$13 million from world mission tithes and \$3.5 million from undesignated bequests and service/rental income. Seventy-five percent of World Church budget expenses are staff related. This means staff downsizing will be required.

Q: About a year ago the church experienced staff downsizing. Why are we facing downsizing of staff again so soon?

A: The last downsizing was heart-wrenching for leaders, staff members and their families, and the church. Decisions were made then based on available information and a five-year strategic financial plan presented by the Presiding Bishopric. Recently, new information was provided that necessitated altering significantly several income assumptions in the five-year strategic plan.

One major change is that income expected from the development of a tract of land (3,250 acres) in eastern Jackson County, Missouri, referred to as Harmony. Development has been delayed since the Great Recession of 2008. It is apparent that income from Harmony will not be available until much later than projected.

Another major change has to do with endowment-fund management. We have been using a 6-percent annual spending rate on five-year endowment balance averages. That spending

rate is too high. We need to stop spending from the endowments for a time to allow principal balances to recover.

These two changes with other expense adjustments due to higher costs of “doing business” necessitate a \$6.32 million reduction in the budget in fiscal year 2017.

Q: Is the delay in Harmony development the primary factor for the need to decrease the budget and reduce staff?

A: There is no single factor that results in the need to decrease the budget. While a major factor is the delayed Harmony development, other factors have contributed. As mentioned above, endowment-fund spending has been too high. Health-care costs are skyrocketing. Of course, on the income side, not increasing significantly the number of members and priesthood members who contribute to world and local mission tithes has an impact.

Q: When did the First Presidency learn about the church’s current financial situation?

A: February 4 the Presiding Bishopric and presiding bishop designate learned the appraised value for the Harmony development was probably too high and that development of this community probably would be delayed further. They immediately informed the First Presidency and soon after the World Church Leadership Council. At the same time, serious concerns were raised about the spending rate on endowments. As a result, a decision was made to propose a significantly reduced fiscal year 2017 budget to the World Church Finance Board. The proposed budget relies solely on world ministries tithing income, undesignated bequests, and service/rental income.

Q: Has the church ever experienced similar financial situations?

A: Yes. Following the 1930s Great Depression and during the building of the Auditorium in Independence, Missouri, the church faced many financial challenges, including the need to make significant budget reductions, primarily in staff. Priesthood and members responded by becoming more active witnesses of Jesus Christ and invited many to join the church. They sacrificially gave of their tithes and responded as generous stewards.

Also, in the late 1990s the church responded to the Transformation 2000 initiative to hire 200 new ministers to advance Christ’s mission throughout the world. Two hundred new ministers were hired. However, tithing did not increase to sustain the hired ministers once Transformation 2000 pledges ended. As a result, endowment income was used to slow the downsizing of staff over time, hoping tithing would increase. Eventually, though, budget reductions were required.

Q: Have decisions made at national conferences contributed to the decline in contributors?

A: National conference decisions have had a minimal impact on tithing and the contributor base. The Presiding Bishopric has closely monitored tithing following the USA National Conference in particular. Anecdotally, we are aware of families who stopped giving world ministries tithes as a result of the conference. Also, some increase in contributors and tithing has been attributed to members returning to the church or joining the church because of those decisions. Overall, world ministries tithing income has increased over the past two years.

Q: What actions are leaders taking to strengthen the church's financial situation and bridge to the future?

- A: The church's five-year strategic financial plan has been revised to reflect current realities. Leaders are committed to the following actions:
- 1.) Reduce staff and expenses to create a balanced and sustainable budget based on tithing and other cash sources.
 - 2.) Limit expansion and provide for future growth that is sustainable by increased tithing.
 - 3.) Liquidate World Church assets that do not directly support Community of Christ's mission.
 - 4.) Continue to build up endowments and wisely discharge debts and unfunded liabilities.
 - 5.) Preach and teach generosity and giving to true capacity through whole-life stewardship, including witness, invitation, sharing of ministries, and sacraments.

Q: What are the budget process and timeline for when decisions will be made?

- A: February 22 through March 12, a World Church Strategic Coordinated Planning Team will work on an integrated approach to determine how to best support Christ's mission while making difficult decisions about staffing levels. Team members are the First Presidency: Steve Veazey, Becky Savage, Scott Murphy; Acting Presiding Bishopric: Stassi Cramm, Michele McGrath, Steve Graffeo; Council of Twelve: Linda Booth, Barbara Carter, Ron Harmon, Richard James; Senior President of Seventy John Wight; and International Headquarters: Jane Gardner.

March 14 to 18, the whole Council of Twelve Apostles will meet in special session to give input to the Coordinated Planning Team's budget recommendations.

The budget will be finalized by March 30, 2016, and considered by the World Church Finance Board during its June 25–26 meetings.

Q: When will downsizing of staff occur?

- A: That decision has not yet been made. As soon as a decision is determined, staff members and the church will be notified.

Q: Do leaders think a tithing goal of \$13 million can be reached?

- A: Absolutely. Last year priesthood and members exceeded the tithing goal of \$12 million by more than \$1 million for a total of \$13 million. In fact, leaders believe the true capacity of priesthood and members far exceeds the \$13 million tithing goal.

Q: Have leaders considered how to increase the number of contributors and tithing to expand Christ's mission throughout the world?

- A: Yes. For several years the World Church Leadership Council has made increasing the number of members, contributor base, and tithing a priority.

On January 26, during a World Church Leadership Council session, the Council of Twelve Apostles presented three missional opportunities it has been pursuing with zeal for the last few years. These missional opportunities are in response to the desire to:

- Join God where God already is touching the lives of seekers.
- Help release greater generosity in the life of the church.

- Inspire and help seekers, members, priesthood, and leaders deepen their discipleship and commitment to Christ's mission throughout the world.

The three missional opportunities are:

- 1.) Provide tools and support to all nations to become financially self-sufficient.
- 2.) Reconnect people under the age of 50 who live in the USA with Christ's mission and the funding of Christ's mission.
- 3.) Respond to the worldwide, unprecedented opportunity with Latter-day seekers who are inquiring about, joining Community of Christ and bringing their whole-life discipleship to bless the church in many ways—probably more ways than leaders can imagine today.

Q: How can priesthood and members support these missional opportunities?

A: In a statement to staff members and the church, President Steve Veazey challenged priesthood and members to:

1. **Let us pray for one another!** This is going to get harder before it gets better. In the final analysis, prayer, faith, and loving support will see us through.
2. **Let our generosity flow!** We must sustain our current levels of giving. And, for those who have the means, increase your generosity through world and local mission tithes.
3. **Let us gather together as a worldwide faith community!** We need to be with each other to worship, testify, and fellowship. Be at World Conference to participate in important discussions and decision-making that will chart our way into the future. Even if you are not a delegate, your participation is vital.
4. **Let us invite others to Christ and discipleship!** Many people will respond readily to our invitation to become disciples in fellowship and mission with us. We must increase our efforts to make new disciples of all ages!

Q: Are leaders hopeful for the future?

A: Yes, of course. And the church should be hopeful, as well.

In difficult times, leaders and the church become more vulnerable to God's grace, receive God's generous grace, and respond generously. In difficult times leaders and the church unite in prayer and claim the promises in the Blessings of Community.

The Spirit of the One you follow is the spirit of love and peace. That Spirit seeks to abide in the hearts of those who would embrace its call and live its message. The path will not always be easy, the choices will not always be clear, but the cause is sure and the Spirit will bear witness to the truth, and those who live the truth will know the hope and the joy of discipleship in the community of Christ. Amen.

—Doctrine and Covenants 161:7

The church is poised to fulfill God's ultimate vision for the church. If leaders and members are committed to sharing their testimonies, witness, and invitation to those seeking a spiritual home, then many will join the church and help build the peaceable kingdom, even Zion. If leaders and members respond and share their time, talent, and treasures, Christ's mission, our mission, will be real.

Stubborn hope abounds!