



Date: June 30, 2021
To: Community of Christ World Church
From: RSM
Subject: Financial Statement Matters

RSM US LLP

The following listing has been prepared as requested by Community of Christ management in order to summarize items to highlight in the December 31, 2020 audited financial statements. RSM has given Community of Christ permission to translate this letter.

- Clean/unmodified opinion
- Basis of accounting is noted as the basis of the financial reporting provisions of Section 5.14(a) of the contract between Community of Christ and Consolidated Affiliates and BOK Financial dated May 30, 2018, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The difference between this contractual basis and US GAAP is to present financial statements which do not include Graceland University.
- The World Church elected to change their fiscal year end from June 30 to December 31. This report is for the period from January 1, 2020 to December 31, 2020.
- The World Church recognized a positive change in net assets of approximately \$20,517,000 during the 2020 period as shown on the Consolidated Statement of Activities – Contractual Basis.
- Note 7. Employee Benefit Plans shows an actuarial loss of \$7,430,000 during the 2020 period, caused by actuarial assumption changes. This loss makes up 82% of the total retirement responsibility expenses on the Consolidated Statement of Activities – Contractual Basis.
- Note 8. The World Church received a Paycheck Protection Plan (PPP) loan of \$1,553,900 on April 9, 2020. This loan was fully forgiven in 2021. Affiliates also received (PPP) loans of \$12,100 and \$15,400. Forgiveness for these loans was not applied for before year-end. These loans are listed as debt in the statement of financial position. The loans are subject to repayment if the Small Business Administration (SBA) does not forgive the loans.
- Significant accounting estimates in the financial statements:
 - o Depreciable life and salvage value of property and equipment
 - o Estimated discount rate and expected long-term rate of return used in actuarial determination of the pension benefit and postretirement benefit obligation
 - o Market value adjustment of real estate investments
 - o Fair value of investments
 - o Gift annuity and charitable remainder trust liabilities
 - o Functional expense allocation

These are items of significance in both a quantitative and qualitative analysis of the consolidated financial statement report.

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