



# Community of Christ

June 2018

## Financial Update: Frequently Asked Questions and Answers

**1. Did the World Church make the 2017 calendar-year goal for Worldwide Mission Tithes?**

YES! The goal was \$14.9 million (USD) and the church generously shared just over this amount. The goal was met by individual, family, and jurisdiction contributions. Thank you!

This is a change from the March 2018 Financial Update, where it was reported that we were still a bit short. However, as additional jurisdictions added their contribution data to Shelby, the final amount received increased.

The World Church was significantly under budget at the end of August 2017, so EXCEEDING the goal is wonderful news. It shows the capacity we have when we work as a community.

**2. Was there an increase in congregations contributing in response to President Steve Veazey's "A Time to Act!" challenge?**

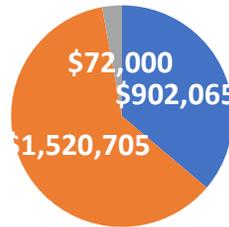
YES! Sixty-two congregations and mission centers made one-time contributions totaling more than \$694,865 (USD) to Worldwide Mission Tithes in 2017. Thirty-one congregations and mission centers contributed in 2017 to Worldwide Mission Tithes and pledged to contribute over \$224,700 (USD) in 2018.

Thank you to those jurisdictions that responded to the challenge and for their example of collective stewardship and generosity.

3. What was the total response to the “A Time to Act!” challenge?

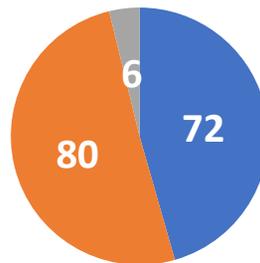
### Time To Act!—Total \$ Committed

Shown in USD



- Worldwide Mission Tithes
- Bridge of Hope
- Presiding Bishopric Designated

### Time to Act!—Total Jurisdictions



- Worldwide Mission Tithes
- Bridge of Hope
- Presiding Bishopric Designated

4. **How is the church doing in managing within the fiscal year 2018 Worldwide Mission Budget?**

The church is off to a good start for 2018. As of 1 May, the church’s contributions to Worldwide Mission Tithes are tracking on budget for the first four months. Thank you.

The third-quarter budget to actual report for fiscal year 2018 (1 June 2017–30 June 2018) Worldwide Mission Budget indicates:

- Total income received for this period was 80 percent of the approved annual budget.
- Total expenses for this period were 65 percent of the approved annual budget.

**5. Where do I find the fiscal year 2017 audit report and Worldwide Mission Budgets approved in June 2018 by the World Church Finance Board?**

[www.CofChrist.org/financial-updates](http://www.CofChrist.org/financial-updates)

At this location, you will find the currently approved budgets, the most recent audit report, and also several previous years of audit reports.

**6. What is the summary of the auditor's findings in the fiscal year 2017 audit report?**

The lead auditor from RSM presented a summary of the audit report orally and in writing. It stated:

- RSM issued a “clean/unmodified opinion” regarding the financial statements, which is the best category available.
- RSM acknowledged the statements provided a new way of reporting the Statement of Cash Flows that better represents the unrealized gain/loss specific to funds held on behalf of others (jurisdictionally held funds) and impact to net cash provided by operating activities of the World Church.
- In Note 1, RSM highlighted recently issued or implemented accounting pronouncements, specifically ASU No. 2016-04, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities and the impact these changes will have on future audit reports of the church.
- In Note 3, RSM highlighted the details of the write-down of contributions receivable in the future due to revising donor gift plans so the church is not required to report pledges until contributions are received.
- In Note 6, RSM noted a significant reduction in investments in international real estate.
- In Note 16, RSM provided the subsequent event footnote for changes that happened after the audit process began.
- RSM identified areas where significant accounting estimates were provided in the financial statements:
  - Depreciable life and salvage value of property and equipment.
  - Estimated discount rate and expected long-term rate of return used in actuarial determination of the post-retirement and pension obligations.
  - Market value adjustment of real estate investments.
  - Gift annuity and charitable remainder trust liabilities.

- RSM provided a summary of the current year's changes in net assets as follows:

<b>ACTIVITY</b>	<b>Millions USD</b>
Recognition of multi-nations retirement plan obligation	\$ (4.00)
Write-off of pledges receivable	\$ (13.00)
Increase in appraised value of real estate	\$ 18.00
Decrease in retirement obligation	\$ 9.00
Write-down of international real estate	\$ (6.00)
<b>TOTAL</b>	<b>\$ 4.00</b>

7. What were the net assets of the World Church at the end of fiscal year 2017 as compared to fiscal year 2016?

<b>NET ASSETS</b> <b>(In millions USD)</b>	<b>6/30/2017</b>	<b>6/30/2016</b>	<b>CHANGE</b>
Unrestricted	\$ (6.1)	\$ (25.9)	\$ 19.8
Temporarily restricted	\$ 4.7	\$ 3.9	\$ 0.8
Permanently restricted	\$ 16.3	\$ 33.0	\$ (16.7)
<b>TOTAL (Rounded)</b>	<b>\$ 15.0</b>	<b>\$ 11.0</b>	<b>\$ 4.0</b>

8. Has progress been made in selling investment property in Harmony?

The most recent sale was in March 2018, when it was reported that the parcel known as Area 33 included 474 acres and sold for \$2.4 million (USD). This was the first major sale of the Harmony property, located in Independence, Missouri, since the deal was made with Homes by Whittaker in 2014.

From the Whittaker sale, the church continues to receive proceeds as houses sell in that development. Area 33 was a land sale, and the church's ownership interest in this area now has been sold.

As a reminder, the Presiding Bishopric is working to sell investment real estate at a rate that allows the church to receive market value for the properties sold. The goal is to move expeditiously while not flooding the market with properties in a particular area.

**9. How does the Area 33 sale help the World Church’s financial situation?**

The sale of Area 33 increases the financial assets of the church slightly because the final sale value was 1 percent over appraised value.

The Harmony property is part of the World Church’s investment portfolio. As has been reported previously, most of the World Church’s investments are held in Harmony, including the World Church’s endowments. When the Presiding Bishopric sells investment property for appraised value, the sale does not increase the assets of the church. However, it does convert the assets into marketable securities, which can provide investment income. When the Presiding Bishopric sells property for higher-than-appraised value, the increase grows the World Church’s net assets and endowments.

**10. How did the church’s generosity at the end of calendar year 2017 influence the Worldwide Mission Budget levels?**

The church’s generosity made a HUGE difference. In February 2018, the World Church Finance Board approved the assumption of \$14.7 million (USD) for annual Worldwide Mission Tithes for 2018 and 2019. In June 2018, the World Church Finance Board reviewed and approved a six-month and 12-month Worldwide Mission Budget based on the annual goal of \$14.7 million (USD) for Worldwide Mission Tithes in 2018 and 2019.

**11. Is the World Church’s fiscal year changing?**

Yes. The World Church Finance Board approved moving to a calendar year for our accounting cycle. The board approved a six-month Worldwide Mission Budget for 1 July 2018 through 31 December 2018 to facilitate the transition. The board also approved a full-year budget for 2019.

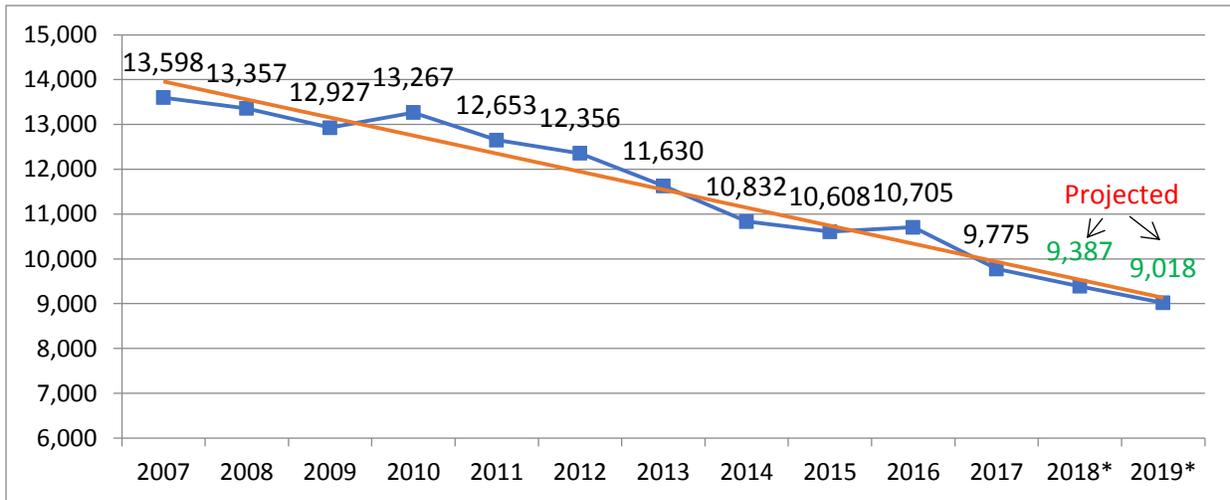
**12. What is the biggest risk in the newly approved Worldwide Mission Budgets?**

The biggest risk is the church’s ability to continue to support worldwide ministries with \$14.7 million (USD) in Worldwide Mission Tithes annually. Based on the generous response of the church at the end of 2017, the Presiding Bishopric and World Church Finance Board believe this is a reasonable level for 2018 and 2019.

However, the ability of the church to continue to support and grow this level depends on developing new generous disciples. The board discussed the possibility of further reductions required as early as 2020 because the church’s contributor base continues to decline from an aging membership and limited growth in new contributors.

The below graph shows contributor projections based on the trend.

**TOTAL CONTRIBUTORS to WORLDWIDE MISSION TITHES (Canada and USA only)**



Data trends do not create a predestined future. They show us what is likely if we don't work to create a different path. The Presiding Bishopric remains hopeful as the church responds to President Veazey's challenge that "Our chief purpose is to birth, nurture, and multiply communities of disciples and seekers engaged in spiritual formation and compassionate ministry and action. This basic blueprint—spiritual formation, community, compassionate ministry, and action—is true to the vision of Christ" ("A Time to Act!" September 2017). As we faithfully respond to the leadings of the Holy Spirit, we will become what God wants us to become, and together we will meet the financial needs of the worldwide church.

**13. What is happening with the new mission-funding model that President Veazey mentioned in "A Time to Act!" in September 2017?**

The church-wide conversation has evolved from a discussion about the mechanics of how to collect Worldwide Mission Tithes to a conversation about how to develop generous disciples. The conversation has led us to an exploration of The Generosity Cycle.

If you haven't done so yet, we invite you to watch *The Generosity Cycle* video and join the ongoing conversation through the survey at [www.CofChrist.org/generosity-cycle](http://www.CofChrist.org/generosity-cycle). We're grateful to the nearly 600 people who have responded so far. We've already received more than 1,800 comments that have begun helping us shape and refine the model.

**14. What is the Bridge of Hope Project?**

The Bridge of Hope Project is the effort to strengthen the financial health of the worldwide church into the future by funding the retirement responsibility and building the Temple, Worldwide Mission, and Canadian Mission endowments. Funds given to this project will be designated as Bridge of Hope Tithes. They will focus first on funding the retirement responsibility and then to strengthen the endowments. If contributions are received with a specific endowment designation, they will be counted as part of the Bridge of Hope Project, and the funds will be put in the appropriate endowment.

**15. What is the goal for the Bridge of Hope Tithes?**

\$25 million (CAD) and \$150 million (USD)

Bridge of Hope Tithes will be added to the net proceeds from the sale of assets to fund the retirement responsibility first. Once this need is met, the balance of Bridge of Hope Tithes plus all future Bridge of Hope Tithes will be used to grow the endowments so they can support mission into the future.

**16. How does the \$115 million (USD) goal for the retirement responsibility relate to the Bridge of Hope Tithes goal?**

The \$115 million (USD) goal is a subset of the Bridge of Hope Tithes goal. The plan is to raise:

- \$10 million (USD) or \$13.3 million (CAD) in Canada
- \$104 million (USD) in the USA including sale of historic assets
- \$1 million (USD) in other nations.

Once the \$115 million (USD) goal is met, the remaining contributions to Bridge of Hope Tithes will go into the endowments. When the Bridge of Hope goal of \$25 million (CAD) and \$150 million (USD) is met, the Canadian Mission Endowment will receive \$25 million (CAD), and the Worldwide Mission Endowment will receive \$35 million (USD).

**17. How was the goal set for \$115 million (USD) to support the retirement responsibility?**

The goal was estimated based on three factors:

1. Unfunded retirement obligation as of 30 June 2016
2. Estimated multi-nation retirement obligation
3. Loan from the Affiliate Investment Pool to support post-retirement benefit payments

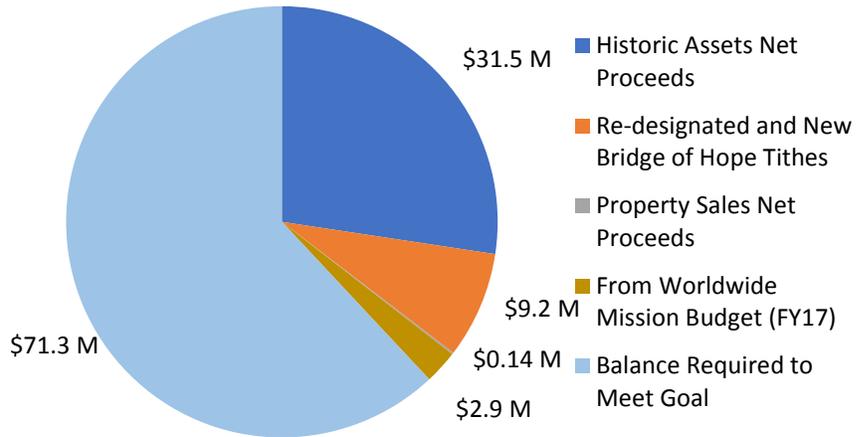
**18. How are funds being raised for the Bridge of Hope Project?**

The Presiding Bishopric is pursuing four sources of funding:

1. Contributions and pledges to Bridge of Hope Tithes from individuals, families, and jurisdictions, including bequests.
2. Net sale proceeds from program property sales around the world where program properties are defined as properties originally bought to support the mission of the church and not as investment real estate.
3. Proceeds from the sale of historic assets.
4. Support from the annual Worldwide Mission Budget, provided that Worldwide Mission Tithes meet or exceed the budget for that year.

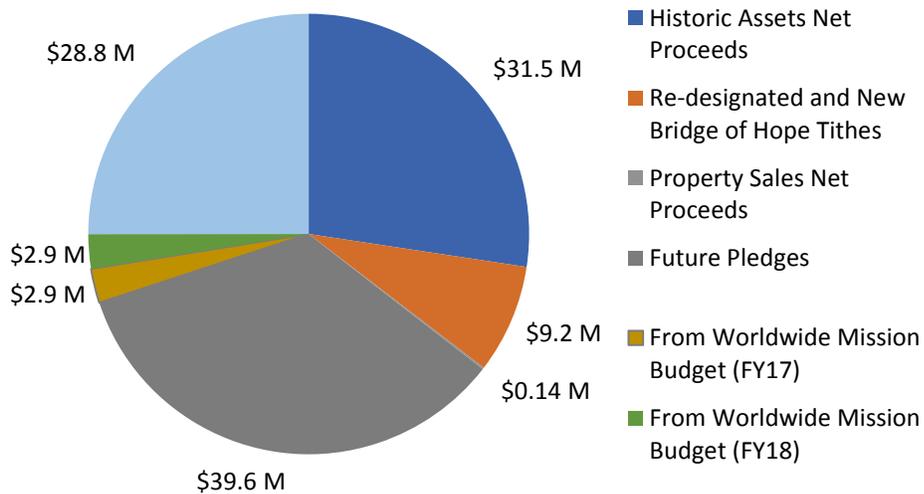
**19. What progress has been made toward the \$115 million (USD) goal?**

As the below pie chart shows, the current balance as of 31 March 2018 left to raise to meet the retirement responsibility goal is \$71.3 million (USD). This pie chart also shows how the four sources are contributing to meeting the goal.



**20. How much has been pledged to Bridge of Hope Tithes but not yet received?**

As of 31 March 2018, \$39.6 million (USD) pledges have been committed. These pledges are scheduled to be fulfilled over the next 20-plus years. The below pie chart shows there would be \$28.8 million (USD) left to raise if all of these pledges are fulfilled. The Presiding Bishopric is extremely grateful for the generosity expressed through these pledges and the ongoing commitment as they are fulfilled.



**21. What are program properties being considered for sale?**

Thoughtful evaluation is occurring on how to best use all our gifts and assets to address our missional challenges and opportunities locally and globally. This evaluation includes considering what program properties are critical to ongoing mission support and growth. Program properties originally were bought to support the mission of the church. They are held for the sake of mission, not as investment real estate. Where program properties do not help support mission, the Presiding Bishopric will support the field in selling them to provide funding for local mission and support of the Bridge of Hope Project. Also, the capital project pause will continue for the foreseeable future to ensure appropriate considerations are accomplished before capital projects proceed.

**22. What other historic assets might be sold?**

The Presiding Bishopric is continuing to explore several potential sales of historic assets and program (non-investment) properties that are less essential for church mission. The specifics related to historic-asset sales cannot be shared now. Details need to remain confidential to avoid adversely affecting potential negotiations. Information will be shared with the church when it is appropriate without impacting the process. Assets will be sold only if a satisfactory price can be negotiated.

**23. If the church achieves the \$115 million (USD) retirement-responsibility goal, will this take care of the retirement financial challenge forever?**

The retirement-responsibility goal is based on a calculation that *estimates* how much would need to be invested today to fulfill all benefits due in the future for about 1,000 people. The Presiding Bishopric is using professional actuaries and best industry standards to determine this amount. If the church achieves the \$115 million goal by 2022, the Presiding Bishopric hopes this will solve this financial challenge for future leaders. However, it remains possible that at some point additional funding would be required based on interest rates, life expectancies, and other variables that only can be estimated.

**24. Should I give to Worldwide Mission Tithes or to Bridge of Hope Tithes?**

Contributions to Local and Worldwide Mission Tithes are the heart of generous support of the church and should be the priority. Regular contributions to Worldwide Mission Tithes by individuals, congregations, and jurisdictions provide financial strength and stability, allowing vital ministries and services to be maintained.

We sometimes are blessed with financial gifts that exceed our needs or expectations. Such times may offer an opportunity to consider a gift to Bridge of Hope Tithes. As the retirement responsibility is funded and endowments begin to grow, income will flow to the budget to support and sustain ministries.

## 25. How can I give to Bridge of Hope Tithes?

You can give in the USA through eTithing, by writing Bridge of Hope Tithes on your envelope, or by sending a check to the Presiding Bishopric, payable to Community of Christ with a note designating the purpose. In eTithing, you'll find Bridge of Hope Tithes in the section for World Church.

In other countries, you can send a check to field bishops or ask them what electronic giving methods are available. In the USA and several other countries, you can put a check in your congregational offering and write Bridge of Hope Tithes on the worldwide side of your envelope and on the memo line of your check.

## 26. How is "The Way Forward" plan helping?

Here's a summary of the five key points of the 1931 plan and how these principles have been applied in the Presiding Bishopric's "Way Forward" plan:

- 1931:** Arrest expansion and provide for future growth on a "cash and carry" basis.  
**2016–2018:** Staff reductions were accomplished in December 2017 to support a reduced budget that is supportable annually with the cash available.
- 1931:** Stop the leaks from costly operations, diversions of liquid resources to fixed investments that increase maintenance costs.  
**2016–2018:** Adjusting priorities but not expanding mission. Deferring non-critical maintenance but nothing critical to long-term safety and operations. Moving to solar-supplemented electric bills at International Headquarters. Continuing to support outside events that provide rental income to aid the annual budget.
- 1931:** Liquidate assets as rapidly as possible by diverting to productive uses or converting into cash those not required in pursuit of our church objectives.  
**2016–2018:** Working to sell investment real estate at an appropriate pace that yields, on average, at least the current appraised value of the properties. We identified four sources to raise funds to meet the retirement-responsibility goal. They include the use of net proceeds from program properties and historic assets.
- 1931:** Work under a balanced budget.  
**2016–2018:** Continue to manage the annual budget by adjusting expenses to stay within available income.
- 1931:** Begin and continue discharging debts until the church stands free; carry on thereafter with building funds from income, with superannuation costs placed on a pension basis, and the needs of the church institutions properly provided for.  
**2016–2018:** Paid off the line of credit and lowered the available balance from \$17 million (USD) to \$10 million (USD) based on stable cash flow, lowering interest payments. Paid off the internal loan from the Affiliate Investment Pool used to cover post-retirement benefit payments. Continuing to raise funds through four major sources to meet the retirement-responsibility goal. Continuing to provide resources for developing generous disciples around the church.

**27. What is being developed in response to World Conference Resolution 1314, Mission and Tithing, asking “that the First Presidency and Presiding Bishopric provide resources to support priesthood and leaders in developing disciples who understand faithful tithing as part of the six principles of A Disciple’s Generous Response”?**

Information has been updated on the following webpages:

- [www.CofChrist.org/disciples-generous-response](http://www.CofChrist.org/disciples-generous-response)
- [www.CofChrist.org/ways-to-fund-mission](http://www.CofChrist.org/ways-to-fund-mission)
- [www.CofChrist.org/investments](http://www.CofChrist.org/investments)
- [www.CofChrist.org/endowments](http://www.CofChrist.org/endowments)
- [www.CofChrist.org/oblation](http://www.CofChrist.org/oblation)
- [www.CofChrist.org/legacy-giving](http://www.CofChrist.org/legacy-giving)

Also, new tracts are available at Herald House on *Tithing* and *Whole-life Stewardship*:

<https://www.HeraldHouse.org/collections/disciples-generous-response>

The Presiding Bishopric also is excited to announce that a replacement booklet for *Becoming a Generous Disciple* will be available before the 2019 World Conference. Watch for announcements about *CHOOSE GENEROSITY: Discovering Whole-life Stewardship*.