Financial Update: Frequently Asked Questions and Answers

1. **How did the church do at managing within the fiscal year 2018 Worldwide Mission Budget?**
   Very well! Income exceeded expenses, which allowed a contribution from the budget to the Bridge of Hope Project beyond the $2.9 million (USD) built into the expense budget. The church responded generously to President Steve Veazey’s “A Time to Act!” challenge. Budget managers were prudent in managing expenses while fulfilling ministries and services as planned.

2. **What’s the progress toward the 2018 goal of $14.7 million (USD) for Worldwide Mission Tithes?**
   Worldwide Mission Tithes for calendar year 2018 are behind budget. Contributions to Worldwide Mission Tithes for September were $975,000 (USD). As of 30 September 2018, overall contributions for calendar year 2018 were about $413,000 below budget.

   Projections for total contributions for calendar year 2018 indicate tithing could be $600,000 (USD) below the budget of $14.7 million (USD) without strong end-of-year support. However, based on historical trends, the church has the capacity to meet or exceed the $14.7 million (USD) goal, especially with a strong November and December.

   Giving Tuesday will be 27 November 2018. The Presiding Bishopric shared communication plans with the board for encouraging end-of-year giving. With Giving Tuesday and a little attention to the needs, the church is well within its capacity to meet the calendar-year goal. Together we can meet the $14.7 million (USD) budget.

3. **Where do I find the updated Worldwide Mission Budgets approved in November 2018 by the World Church Finance Board?**

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

4. **Has progress been made in selling investment property in Harmony?**
   Yes. The most recent sale was in March 2018, when it was reported that the 474-acre parcel known as Area 33 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 at least market value for the properties. The goal is to move expeditiously while not flooding the market with properties in a particular area.

5. **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 one percent over appraised value.

   The Harmony property is part of the World Church’s investment portfolio. As has been reported previously, most World Church investments, including its endowments, are held in Harmony. 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.

6. **Is the World Church’s fiscal year changing?**
   Yes. As approved by the World Church Finance Board, the World Church accounting cycle will be on a calendar year starting with 2020. In November 2018, the board approved a fiscal year 2019 budget for 1 July 2018 through 30 June 2019 and a six-month Worldwide Mission Budget for 1 July 2019 through 31 December 2019 to facilitate the transition. The December 2019 World Church Finance Board will consider the calendar year 2020 Worldwide Mission Budget.

7. **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 graph below shows contributor projections based on the trend.
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.

8. **What were the results of the Generosity Cycle survey accomplished in June through September 2018, and what will happen next?**

More than 700 people responded to the Generosity Cycle survey.

- Eighty-eight percent indicated tentative to full support for the new model.
- Twelve percent showed little to no support.
- Full survey results are included as an attachment to the November 2018 Financial Report. Because the survey was available only in English, the results are provided only in English.

More than 2,000 comments were shared. Among the most frequent:

- Develop resources suitable for smaller congregations.
- Create materials that are easy and straightforward to use.
- Focus on holistic generosity and not just financial tithing.

A selection of congregations across the USA and Canada has volunteered to test some initial materials that have been developed. These insights will be used to improve the materials before they are made available to more congregations. Meanwhile, it continues to become clear how...
the generosity cycle happens as part of our ongoing support of mission. The resources’ goal is to increase the church’s intentionality in moving through the generosity cycle together.

9. **What is the Bridge of Hope Project?**
   The Bridge of Hope Project is the effort to strengthen the financial health of the worldwide church by funding the retirement responsibility first then 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.

10. **What is the goal for the Bridge of Hope Tithes?**
    $25 million dollars (CAD) and $150 million (USD) for a total of $168.75 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.

11. **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).

12. **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 multinational retirement obligation
    3. Loan from the Affiliate Investment Pool to support post-retirement benefit payments
13. How are funds being raised for the Bridge of Hope Project?

The Presiding Bishopric is pursuing four sources:

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.

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

As of 30 June 2018, $53.1 million (USD) has been received toward the goal. That is an increase of $9.4 million (USD) since 30 March 2018.

This increase includes approximately $0.4 million (USD) received from pledges and one-time gifts, $0.5 million (USD) applied from undesignated bequests, and just over $1 million (USD) from net proceeds of program property sales.

As budgeted, the fiscal year 2018 Worldwide Mission Budget provided $2.9 million (USD) to the Bridge of Hope. Also, because of the generosity of the church, the fiscal year 2018 budget provided $4.6 million (USD) more to the Bridge of Hope Project.

The following chart shows the sources of funding. The $61.9 million in light blue shows the balance still to be raised to meet the $115 million (USD) retirement responsibility goal by January 2022.
15. How much has been pledged to Bridge of Hope Tithes that will be received to help meet the $115 million (USD) goal by January 2022?

At this point, World Church leaders estimate $28 million (USD) more in funding will be received by 31 December 2021.

As the below chart indicates, if these funds are received as projected, the $33.9 million (USD) shown in light blue would be the shortfall required to meet the $115 million (USD) retirement-responsibility goal by January 2022.

This chart indicates how important receiving projected income is in getting closer to the goal by January 2022. It also shows we need to identify other sources to cover the $33.9 million shortfall. If we are unable to achieve the $115 million goal by January 2022, the cost of meeting the retirement responsibility will increase because the goal was established based on having the funding invested in the market by January 2022. World Church leaders will continue to work with jurisdictions to increase pledges and commitments for additional funding in an attempt to reach the goal by January 2022.

16. How much has been pledged for Bridge of Hope Tithes beyond January 2022?

Pledges total $33.8 million (USD) and are expected to be received starting in January 2022 and continuing for about 20 years. Some commitments are in the form of bequests, so it is difficult to forecast the expected dates when contributions will be received.
17. How much has been given or pledged for specific endowments?

Worldwide Mission Endowment
- Received: $958,677 (USD) (as of 30 June 2018)
- Future Pledges: $10,993,597 (USD) (anticipated after 30 June 2018)

Canadian Mission Endowment
- Received: $2,921,158 (CAD) (as of 30 June 2018)
- Future Pledges: $1,145,841 (CAD) (anticipated after 30 June 2018)

18. 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 for 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.

19. What is the capital-pause process, and is it still being followed?

The worldwide church’s capital-pause process requires approval to accomplish any capital project over $5,000 (USD). This process applies to all fields. It was announced by President Veazey in his “A Time to Act!” address in September 2017.

This pause is not short term. It will take several years to have the necessary missional and fiscal conversations throughout the church. The status of this process will be reviewed at least annually at September World Church Leadership Council meetings. Any changes will be announced during the November financial update each year.

The September 2018 World Church Leadership Council discussed the ongoing pause, and no changes are being made to the process this year. The document describing the current process and how to request an exception is available at www.CofChrist.org/common/cms/resources/Documents/legal/Capital-Projects-Pause-Process.pdf.

20. 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.
21. 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 and families. 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.

22. 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.

23. How can I give to Bridge of Hope Tithes?
   In the USA, you can give to Bridge of Hope Tithes through eTithing from your mobile device, tablet, or computer via the Community of Christ app or by going to www.eTithing.org. After signing in, select World Church (the last item on the drop-down menu), click Next, and you will see the option for Bridge of Hope Tithes. You also can write Bridge of Hope on your offering envelope or on your check that you put in the offering plate.

   In other countries, you can send a check to your field bishop or ask 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 or on the memo line of your check.

24. What will be discussed at 2019 World Conference regarding the financial circumstances of the World Church?
   As part of the overall experience, the Conference will explore detailed information of what it means for the church to work together to meet the retirement responsibility goal. As indicated in the previous section, the current projections by World Church leaders indicate the church will be just under $34 million (USD) short of achieving the $115 million retirement responsibility by January 2022. If the projected income is not achieved, the shortfall will be even greater than $34 million (USD). If $115 million (USD) is not met by January 2022, then the cost to meet the retirement responsibility will continue to increase. With intentionality and by working together,
World Church leaders believe the church has the capacity to meet the retirement-responsibility goal of $115 million (USD). It will not be easy, and it will require making significant decisions together while remaining faithfully focused on living Christ’s mission.

Using the electronic polling system, the Conference delegates will have the opportunity to provide input to the strategic financial plan being developed by World Church leaders to take the church from where it is to where it needs to be in 2022 and beyond. The Presiding Bishopric also will offer a special lunch-and-learn session to answer questions or receive comments that are not covered as part of its Financial Report to the Conference.

25. 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:

1. **1931:** Arrest expansion and provide for growth on a “cash and carry” basis.  
   **2016–2018:** Staff reductions were accomplished in December 2017 to support a reduced budget supportable annually with available cash.

2. **1931:** Stop the leaks from costly operations and 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.

3. **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.

4. **1931:** Work under a balanced budget.  
   **2016–2018:** Continue to manage the annual budget by adjusting expenses to stay within income.

5. **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.