



Community of Christ

CHRIST'S MISSION, OUR MISSION

Financial Update December 2020 (All dollars reported in USD)

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THE UPDATE...

- 1. Rallying Together through a Tough Year**

Thank you!

The year 2020 has been difficult. As explained in the June 2020 report, World Church leaders began the year anticipating budget cuts in June 2020 as World Church ministries and services were reduced to fit within the projected income for 2021 through 2023. This multiyear period provides a longer discernment process for supporting the church's mission in the coming decade and beyond. Before the new budget plan could be implemented, the impact of the COVID-19 pandemic began to be felt around the world. The pandemic has created significant losses of health, in-person worship, loved ones, income, school routines, employment, physical togetherness, financial stability, and travel, to name just a few.

As we come to the close of 2020, we know a lot of uncertainty will remain as to what will unfold in 2021. What we know, based on our experience in 2020, is that working together we can navigate what is ahead. World Church leaders are grateful for the faithful and generous response as Community of Christ works to support Christ's mission locally and globally. The church's generosity of time, talents, treasures, and testimonies has been amazing.

Thank you for your ongoing support of Mission Tithes, Local and Worldwide, during this very difficult year while also working toward the Bridge of Hope goal.

Local Mission Tithes

As of 31 October 2020, \$12,097,000 had been received for Local Mission Tithes. Based on simple projections, Local Mission Tithes should meet or exceed 80 percent of the average amount given in 2018 and 2019. Since the Presiding Bishopric has no way of tracking congregation, mission center, campground, or other local jurisdiction budgets around the church, we cannot calculate a budget to actual comparison. Given the multi-decade downward trend in Local and Worldwide Mission Tithes, the bishopric would have projected a decline for 2020 even without the pandemic.

Worldwide Mission Tithes

The Presiding Bishopric continues to provide monthly updates about Worldwide Mission Tithes at www.CofChrist.org/contributions-update. The 2020 goal range for Worldwide Mission Tithes is \$12 million to \$12.9 million. The 31 October 2020 projections indicate the church probably will share more than \$12 million by the end of the year. Given World Church leaders' concerns early in the year, we are grateful the church is working together to support worldwide mission and support needs during a very difficult year.

2020 Worldwide Mission Expenses

Budget managers for the various sections of the Worldwide Mission Budget are doing an excellent job in limiting expenses as we move through this unprecedented year. The Presiding Bishopric projects that expenses for 2020 will be 15 to 20 percent below budget for the year based on the spending through 31 October 2020. Therefore, we project that the available 2020 income will cover the 2020 expenses if we finish 2020 strong.

Called for This Time

World Church leaders also are grateful for the tireless efforts of jurisdiction leaders who have innovated new ways to stay in touch with people, provide ministry while keeping people safe, keep physical locations functional while limiting expenses, and numerous other Herculean

efforts. There is no question the church's local leaders are called for such a time as this. The good news about Local and Worldwide Mission Tithes is attributed directly to those leaders who have done such a fabulous job keeping the financial needs before the people and creating pathways for people to contribute.

One example of this is the continued growth of people using eTithing in the USA. This platform is a safe and effective way to give while people are physically apart and even after we return to in-person worship. This method of giving provides reliable support for Local and Worldwide Mission Tithes. It also reduces the amount of data entry required by congregational financial officers.

Government Support During the Pandemic

As reported previously, the financial officers around the church have continued to monitor what government programs focused on keeping people employed are available to help offset loss of income because of the pandemic. The church has benefited from programs in Australia, Canada, and the USA. The church received the largest benefits in the USA including support for several local US jurisdictions.

The World Church received a USA Paycheck Protection Program (PPP) loan of \$1,533,900 in April 2020. The World Church used the funds to cover staffing expenses for a 24-week period which should result in the PPP loan being forgiven. Application for forgiveness of the PPP loan was submitted to the USA Small Business Administration through the World Church's bank, BOK Financials, on 6 October 2020. Until official forgiveness is granted, the loan will be carried as a liability on the World Church's financial statements.

2. Financially Supporting Mission Beyond 2020

Interpreting Declining Trends

A year ago, the Presiding Bishopric provided the following summary of the important factors from the detailed report about long-term Worldwide Mission Tithes trends presented to the 2019 World Conference:

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 2014, about 9,100 USA households supported Worldwide Mission Tithes, and 12,800 supported Local Mission Tithes.

- In 2018, that number dropped to 7,600 USA households supporting Worldwide Mission Tithes and 10,700 supporting Local Mission Tithes.
4. Almost 80 percent of Worldwide Mission Tithes are given by those 60 and older.
 5. It takes more than 10 years for a new contributor to Mission Tithes to become a consistent and sustaining giver.

We reported that World Church leaders were bringing together a team to explore innovative ways to fund the current and future mission of the church with those under the age of 60. We started this exploration early in 2020. Then the decision was made to pause this particular exploration until 2021, waiting for insights from the World Church leadership discernment process considering the question: God, where does your Holy Spirit lead us next as we embody the soul of Community of Christ? The discernment process has continued through the complexities created by the global pandemic.

As we look toward 2021 and beyond, World Church leaders are concerned about how the economic impact of the global pandemic may add to the church’s declining trend. In the middle of these realities, we have the continued challenge to meet the retirement responsibility through the Bridge of Hope Project.

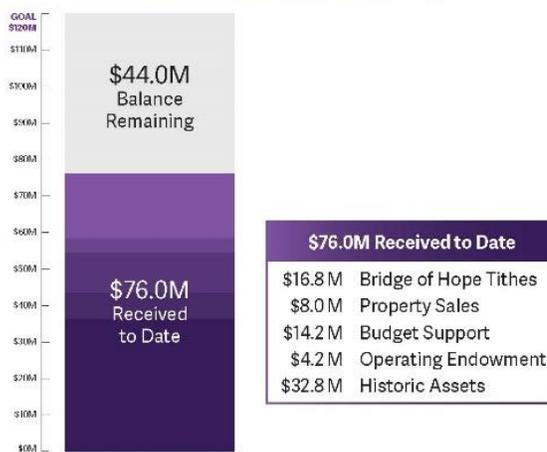
Progress Toward Retirement Responsibility

Funding the retirement responsibility is the first of two priorities for Bridge of Hope. Growing the endowments is the second. As of 30 June 2020, \$76,000,000 had been raised for the retirement responsibility, leaving \$44,000,000 to be raised by 1 January 2024.

**BRIDGE OF HOPE
RETIREMENT RESPONSIBILITY**

As of 30 June 2020

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



All amounts reported in USD

Meeting the retirement responsibility remains the top priority of World Church leaders. We are grateful to the attention being placed on meeting the goal across the fields of the church.

In Search of Options

Even as progress is being made, World Church leaders are concerned that meeting this significant financial responsibility is taking a toll on the psyche of the church, especially when added to the struggle to financially support local and worldwide mission. World Church leaders continue to look for ways to meet the retirement responsibility and support future mission.

We have a growing concern that we need to meet the retirement responsibility in ways that will limit the impact on resources to support mission. As an example, the Presiding Bishopric continues to evaluate potential historic-asset sales. As announced at World Conference, World Church leaders prayerfully are considering all church assets to decide the best way to align them with financial and missional needs in the future.

There is significant financial uncertainty as we look to 2021 and beyond. World Church leaders are being attentive to what is unfolding and open to new ways of supporting the church's mission in the future. As a church, we know that living Christ's mission is not always easy, and the choices that need to be made often have varying perspectives on the best way forward. What's important is our call to work together as we faithfully respond.

3. Calendar Year 2019b Audit Report

Approval by the World Church Finance Board

On behalf of the World Conference, the World Church Finance Board approved the Community of Christ independent audit report for 1 July through 31 December 2019. This audit process was for a six-month period called calendar year 2019b, the final step in moving the World Church accounting cycle to a calendar year starting 1 January 2020. The board approved the report at an online meeting 24 September 2020, which included presentations from the Presiding Bishopric and RSM, the church's independent auditing firm. Information about RSM can be found at www.rsmus.com. RSM issued a "clean/unmodified opinion" for Community of Christ and consolidated affiliates as of 31 December 2019. This audit report and the audit reports for fiscal years 2016 through 2019 are available on the church's website: www.CofChrist.org/resources?tags=budget|Audit#/.

For each audit process, the World Church Finance Board selects five people from the elected board members to join with the Corporate Body, which is the First Presidency, Presiding Bishopric, and president of the Council of Twelve Apostles. This group is the Audit Review

Team, which oversees the audit process and meets at least three times with the independent auditor firm. Five people were selected to serve on this team at the December 2020 online board meeting.

Summary of the Financial Statements

As previously reported, Worldwide Mission Tithes were down for calendar year 2019b, but there was a budget surplus based on other income being above budget and expenses being managed below budget. The budget contributed almost \$400,000 to the Bridge of Hope—retirement responsibility, and the surplus was used to add \$1.25 million to the Operating Reserve Fund. The church also sold another portion of the Harmony investment real estate holding for 27 percent above book value. Last, the church bought the 39th Street property from the Defined Benefit Trust, so all the trust assets are invested in more liquid form.

Net assets increased from 30 June 2019 to 31 December 2019 by approximately \$7 million. The increases were based on contributions to Bridge of Hope and changes in actuary assumptions. Here is a summary of the change in net assets and the retirement responsibility:

Change in Net Assets			
Rounded in millions			
	6/30/19	19-19b	12/31/2019
	(audited)	Change	(audited)
NET ASSETS			
Without Donor Restrictions	\$ 34.4	\$ 6.4	\$ 40.8
With Donor Restrictions	\$ 25.4	\$ 0.6	\$ 26.0
TOTAL NET ASSETS	\$ 59.8	\$ 7.0	\$ 66.8
CONTRIBUTOR TO CHANGE IN NET ASSETS			
Pension / Defined Benefit Plan		\$ 1.3	
Post-Retirement Plan		2.2	
Multi-Nation Retirement Plan		3.3	
Other Net Asset Changes		0.2	
TOTAL		\$ 7.0	

Retirement Responsibility Summary										
	18-19	FYE 6/30/19				6 month	FYE 12/31/19			
	CHANGE	PENSION	PRB	MN	TOTAL	CHANGE	PENSION	PRB	MN	TOTAL
Benefit obligation (liability)	\$ 4.5	\$ 85.7	\$ 16.5	\$ 4.1	\$ 106.3	\$ (0.2)	\$ 85.8	\$ 16.0	\$ 4.3	\$ 106.1
Fair value of plan assets	(2.1)	36.6	-	-	36.6	1.3	37.9	-	-	37.9
Unfunded liability	6.6	49.1	16.5	4.1	69.7	(1.5)	47.9	16.0	4.3	68.2
Funded %	-4%	43%	0%	0%	34%	1%	48%	0%	0%	36%

4. The Generosity Cycle and Giving Tuesday

The Generosity Cycle

Starting October 11, individuals and congregations were invited to spend six weeks engaging in the Generosity Cycle. The Generosity Cycle is a communal, spiritual practice of invitation, discovery, responding, and reflecting to help us be intentional about our whole-life response as generous disciples.

If the Enduring Principles are the *who*, and Mission Initiatives are the *what*, then whole-life stewardship is the *how*. World Conference Resolution (WCR) 1314, adopted in June 2016 on Mission and Tithing, included a resolved that stated: “...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.” WCR 1314 also called attention to tithing as a spiritual practice as defined in Doctrine and Covenants 165:2d.

The Generosity Cycle is a way of upholding the commitment of the church as captured in this resolution. It equally helps us engage in the Mission Initiative to Develop Disciples to Serve. If you or your congregation did not participate in the Generosity Cycle in October and November, you do not have to wait another year. The start of 2021 is another opportunity to move through the six-week process as a family or congregation. Resources to support your journey are available at www.CofChrist.org/generosity-cycle.

Giving Tuesday

The Generosity Cycle led us into the journey of Advent which included Giving Tuesday on 1 December 2020. This year the church generously shared \$773,00 toward Worldwide Mission Tithes on this special day of giving with \$355,000 in contributions doubled by matching funds. Thanks to everyone who participated by contributing or providing the matching dollars. Every contribution is important and makes a difference!

5. 2021 Worldwide Mission Budget Approved

The Three-year Plan (2021–2023)

Planning for the 2021 Worldwide Mission Budget was done as part of a three-year plan for 2021–2023 that began before the global pandemic. In May 2020, the World Church Finance Board approved income and expense assumptions for the 2021 Worldwide Mission budget. They required staff reductions through eliminating empty positions, planned retirements, and involuntary staff reductions.

Early in the pandemic, leaders worried additional staff reductions might be required. Thanks to the church's continued generous support, the World Church Finance Board agreed that additional staff reductions were not required for 2021. World Church leaders reviewed giving trends with the finance board at an online meeting 24 September 2020. The board decided to develop the 2021 budget based on the original three-year plan. World Church leaders and the board will continue to monitor income before setting the 2022 budget assumptions at the May 2021 finance board meeting.

2021 Worldwide Mission Budget Approved

On Saturday, 5 December 2020 at an online meeting, the World Church Finance Board approved the 2021 Worldwide Mission Budget. The budget is posted online at the same page as the audits: www.CofChrist.org/resources?tags=budget|Audit#/. The Worldwide Mission Budget has a new format that provides greater detail on how income is used to cover expenses. World Church leaders hope people can review and celebrate the many ways their generous support of Worldwide Mission Tithes—including Abolish Poverty, End Suffering—are helping Christ's mission, our mission.

The approved 2021 income assumption is \$15,051,000. As a reminder, the income includes use of a spending rate only on World Church endowments in Canada. The World Church endowments in the USA are not being used to provide income to the budget because most of the funds are held in the World Church's investment properties, such as Harmony and 39th Street. Here's a summary of the income budget:

- \$11,700,000 in Worldwide Mission Tithes including, Abolish Poverty, End Suffering
- \$350,000 in Designated Gifts
- \$3,001,000 Other Income such as rentals, fees, endowment spending rates, and Herald House

The approved 2021 expense amount is \$14,051,000 as compared to an expense budget of \$14,807,000 for 2020. Here's a summary of what is included:

- Loss of about 18 positions including eight involuntary reductions
- Increase in staffing expenses based on pay and benefit increases around the world after evaluating various economic contexts
- Operations of historic sites as budget neutral, meaning annual expenses equal to or less than annual income

- Reduced support of Bridge of Hope
- \$1,000,000 extra income to be used to cover projected shortfalls possible in 2022 and 2023 based on the three-year plan

Reminder about Oblation as part of Worldwide Mission Tithes

Giving to Worldwide Mission Tithes holistically supports all the Mission Initiatives. Oblation is still on the envelopes for the first Sunday of each month in accordance with the church's long-standing practice to collect Oblation whenever we participate in the sacrament of the Lord's Supper. Because Oblation contributions were irregular on an annual basis, World Church leaders added a line item in the annual Worldwide Mission Budget for Oblation to provide more regular support. With the Mission Initiatives, Oblation became part of the larger call to Abolish Poverty, End Suffering.

You will see an Abolish Poverty, End Suffering section in the 2021 budget approved. By giving to Worldwide Mission Tithes through eTithing, contributors are supporting this budget, which includes Oblation. Since eTithing is not connected to a particular worship experience that includes the Lord's Supper, Oblation is not on eTithing. People can provide this same support by giving it through Worldwide Mission Tithes on eTithing, which supports the budget that includes Oblation.

Operating Reserve Fund

As we are living in a time of significant economic uncertainty, the Presiding Bishopric felt it was prudent to increase the level of liquid funds in the Operating Reserve Fund. World Conference Resolution (WCR) 1264 states that the goal is to maintain a minimum of three months of annual budgeted expenses as the Basic Reserve. Based on the 2021 budgeted expenses, the Basic Reserve must be about \$3,513,000. As of 30 September 2020, the Basic Reserve balance for WCR 1264 compliance was \$3,800,000.

The Presiding Bishopric has increased the fund by \$1,800,000 during the last two fiscal year closing processes. Additionally, the Presiding Bishopric worked with several contributors to make pledges to increase the Operating Reserve Fund until 31 December 2023. If the additional funds from these pledges are not required by then, these extra Operating Reserve contributions will be moved to Bridge of Hope. As of 30 September 2020, the total balance in the Operating Reserve Fund was \$6,230,000.

The increased amount in the Operating Reserve Fund allows World Church leadership to manage loss of income for a period of time while deciding what decisions need to be

implemented. As an example, if we are unable to open the Temple Complex and historic sites to the public in 2021 due to the ongoing challenge of the pandemic, the extra funds in the Operating Reserve Fund could fill the gap.

6. Minimum Balances

Reducing Minimum Balances in May 2021

Based on the progress being made toward the \$120,000,000 goal, the Presiding Bishopric will decrease minimum balances in April 2021. Account stewards should watch for communications by the end of May 2021 providing new minimum balances for each account.

The minimum balance represents the amount that must be kept in the account. With reduced income in 2020 caused by the pandemic, the Presiding Bishopric is aware that minimum balances may affect jurisdictions' ability to manage cash flow. Jurisdictions with financial struggles due to the pandemic should work with their field apostle, field bishop, or support minister, and the Presiding Bishopric as we navigate this difficult financial time.

Some jurisdictions have asked whether it is prudent to leave minimum-balance funds invested in Pool A or to hold the minimum balance in an existing or new Pool B account. Pool A returns will fluctuate more than Pool B returns, but over the long term, Pool A should produce a higher return. If the funds you are investing will be needed within three years, such as building funds for a new facility, you may want to use Pool B because of smaller fluctuations year to year. Other types of funds, such as operating reserves, usually can be invested for a longer term. This allows time to average the lower return years with the higher return years.

At this time, the primary investment mechanism for Pool B is the House of Worship (HOW) loan program. Funds in Pool B receive returns from interest paid on HOW loans and other short-term investments used by the Presiding Bishopric. The Presiding Bishopric sets the interest rate on HOW loans on 1 January each year. For 2021, the HOW loan interest rate is 3.5 percent. For additional information about the Affiliate Investment Pool see www.CofChrist.org/investments and for HOW loans see www.CofChrist.org/legal-houses-of-worship-revolving-fund-loans.

7. Metamorphosis: Trust What Is Being Born

Almost a year ago President Steve Veazey shared the image of metamorphosis with the December 2019 World Church Finance Board and then with the church in the January-February 2020 *Herald*. Through the year as people have explored the idea that the church is experiencing metamorphosis, there have been a lot of different reactions. The image of metamorphosis

helps us make sense of what is happening around us and to us and how we can respond. It connects with the counsel given at the last World Conference to “Trust what is being born.”

It also connects with our understanding of transformation from Doctrine and Covenants 161:3d: “Understand that the road to transformation travels both inward and outward. The road to transformation is the path of the disciple.”

More recently we were encouraged in Doctrine and Covenants 164:9b: “When your willingness to live in sacred community as Christ’s new creation exceeds your natural fear of spiritual and relational transformation, you will become who you are called to be. The rise of Zion the beautiful, the peaceful reign of Christ, awaits your whole-hearted response to the call to make and steadfastly hold to God’s covenant of peace in Jesus Christ.”

As the church journeys into 2021, we know the way will not always be easy, and significant decisions must be made. We know we will not always agree on the best response to specific challenges. However, hopefully vision of the rise of Zion the beautiful, the peaceful reign of Christ, will continue to unite us and bind us together as we embody and live Christ’s mission, our mission.

And while we continue to wait for an available COVID-19 vaccine, continue to be safe and help protect each other by wearing masks, washing your hands, and applying physical-distancing protocols. We care about all of you.

Watch for the Next Financial Update Report in June 2021.