



Community of Christ

CHRIST'S MISSION, OUR MISSION

Financial Update

June 2022

(All amounts reported in USD)

IN THIS UPDATE

1. Recap of 2021
2. Bridge of Hope Progress
3. 2022 Update
4. Minimum Balances
5. 2023 Worldwide Mission Income and Expense Assumptions
6. Preparing for World Conference
7. Supporting One Another

THE UPDATE

1. Recap of 2021

Thanks to the generosity of many, the church exceeded the goal range for 2021 Worldwide Mission Tithes. Earlier this year, the Presiding Bishopric announced the estimated 2021 Worldwide Mission Tithes were \$12,440,000. The Bishopric was surprised and grateful for several year-end gifts that pushed the final amount to over \$12,850,000, exceeding the goal range of \$11,700,000 to \$12,700,000.

In addition to Worldwide Mission Tithes, 2021 Local Mission Tithes in Canada and the USA were \$17,800,000, up from \$16,200,000 in 2020. Amazing! Thanks to everyone who contributed to Local and Worldwide Mission Tithes in 2021. Your generosity made a big difference in supporting mission locally and around the world.

The church fell short in other income sources in 2021 due to shutdowns related to the pandemic. However, with the wonderful support of Worldwide Mission Tithes total income for 2021 exceeded the budget by just over \$600,000.

Budget managers remained diligent, and 2021 expenses were under budget by over \$2,000,000. Less travel and other expenses due to pandemic restrictions and unfilled positions created most of the savings. The Presiding Bishopric is grateful for the ongoing stewardship by the church's budget managers who accomplish amazing ministries and services through tithing and other income available.

As explained in previous updates, the 2021 Worldwide Mission Budget was part of a three-year plan for delivering the same level of ministries and services through 2023. This plan included a \$1,000,000 surplus in 2021 that will be used to offset projected deficits in 2022 and 2023. As a result of the generosity shared in 2021, the Presiding Bishopric has updated budget projections and recommended to the World Church Finance Board that the 2021 level of ministries and services can likely be maintained through 2024. There's more about this later in this update.

Sale of property in the Little Blue Valley area in Jackson County, Missouri in 2021 resulted in a gain of approximately \$1,200,000. This sale was to a group of mostly church members who partnered together to benefit the church by converting some of the church's investment property to liquid assets at above-book value. The Presiding Bishopric was grateful for the creativity and generosity of this group. This sale helped convert some of the assets in the endowments held in the USA into liquid assets that can generate income for the Worldwide Mission Budget in future years.

As a reminder, several years ago the Presiding Bishopric stopped providing income to the budget based on a spending rate from the church's endowments held in the USA because the assets were primarily held in investment real estate owned by the church. The Bishopric implemented a policy that spending rates on endowments would only be used when the assets were invested in more liquid form. The Bishopric has been working to sell investment real estate at competitive market rates and making steady progress. As investment real estate is sold it increases the liquidity of the church's assets and moves the church toward a position of reintroducing income from the endowments held in the USA as part of the budget income. In contrast, investment property sales do not help meet the retirement responsibility goal.

2. Progress on Bridge of Hope

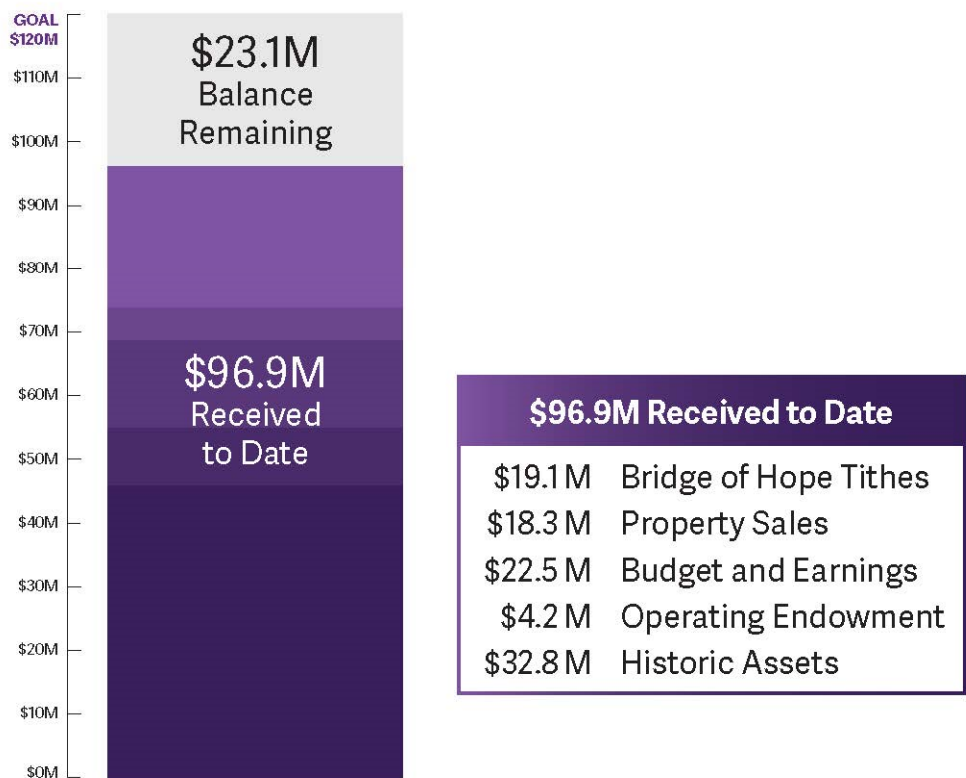
Progress continued in funding the church's retirement responsibility. As a reminder, funding the church's retirement responsibility is the first of two priorities for Bridge of Hope. Growing endowments is the second.

As seen in the chart, as of 31 December 2021, the church had raised \$96,900,000 toward the \$120,000,000 goal.

BRIDGE OF HOPE RETIREMENT RESPONSIBILITY

As of 31 December 2021

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



All amounts reported in USD

As previously explained, to help make progress toward the overall goal, the Council of Twelve Apostles and the Presiding Bishopric committed to a target that represented what each would raise to fund the retirement responsibility. As shared previously, the Presiding Bishopric has exceeded their target and continues to add funds each year primarily through individual contributions. As of 31 December 2021, the Presiding Bishopric was about \$7 million above their target. Additionally, the commitment of the Council of Twelve is that each of their fields will either achieve their target by 1 January 2024 or ask the Presiding Bishopric to borrow the remaining funds needed from a field’s investment accounts to achieve that field’s target.

With this commitment, when all fields meet their targets through contributions, net proceeds, or loans, the church will have raised over \$127 million for the retirement responsibility. This is great news since, as explained in the December 2021 financial update, \$120 million likely will not fully fund the retirement responsibility based on the 2020 projections. As a reminder, the Presiding Bishopric was committed to not increasing any field targets to make up the shortfall which is why the Bishopric has been working to exceed their target to make up the difference.

The church also continues to make progress on the second goal of Bridge of Hope—to build up the endowments. The primary focus is on the Temple Endowment. Through designated contributions, bequests, and earnings, church endowments continue to grow. In 2021, the Temple Endowment increased by over \$5,600,000, and the Worldwide Mission Endowment increased by over \$700,000. Since the Presiding Bishopric has exceeded their retirement responsibility target, future undesignated bequests as well as the possible sale of historic assets will be used to grow the endowments. Once the retirement responsibility targets are met in the fields, the use of net proceeds for World Church portions will shift to growing the endowments.

3. Minimum Balances on Investment Accounts

As a reminder, following the 2019 World Conference, the Presiding Bishopric established minimum balances on jurisdictional investment accounts as a protection to make sure the church could cover its retirement responsibility. Throughout the year, individual account minimum balances are reduced whenever a jurisdiction contributes from its investment account to the retirement responsibility.

We are pleased to report that the Central and South America field, led by Apostle Carlos Enrique Mejia, has now exceeded its target for the retirement responsibility by around \$10,000. As a result of reaching its target, the minimum balances for accounts in the Central and South America field were removed. Thank you to all who helped achieve the target in Apostle Mejia's field.

In other fields, minimum balance reductions were made based on a field's progress toward its retirement responsibility target. In most fields, the minimum balance was reduced to 25% above the balance remaining as of 30 April 2022 to meet the field target. In three fields, the minimum balances were not reduced since their minimum balance was already close to the field's balance toward its target.

Account stewards of Affiliate Investment Pool (AIP) accounts in the USA will see the updated minimum balance on accounts through the AIP balance app by 30 June 2022. In other countries, account stewards can contact Mission Center Financial Officers for updated minimum balances as needed.

Minimum balances will remain in place on accounts in fields that have not yet met their target. When a field achieves its retirement responsibility target, all minimum balances for accounts in that field will be removed. If a field does not reach its target before 1 January 2024, funds will be borrowed from the minimum balances to meet the target and all remaining minimum balances will be removed.

In the meantime, if a minimum balance is creating a negative impact on mission support, please contact your Mission Center Financial Officer, Field Support Minister, or Field Bishop to explore with the Presiding Bishopric ways to minimize the impact. The Presiding Bishopric's commitment is to limit the negative mission impact of minimum balances as much as possible.

World church leaders are grateful for the progress that has been made in funding the retirement responsibility as fields work to achieve their targets. Thanks to all who are making this happen!

4. 2022 Update

Based on contributions in January through March, Worldwide Mission Tithes are currently projected to be within the goal range of \$11,200,00 to \$12,400,000. You can monitor progress at <http://cofchrist.monkpreview3.com/news/#category=contribution-update>. Income from events is projected to be under budget as the number of graduations in the Auditorium in Independence is down due to continued COVID hesitancy.

We are excited to be opening the Temple Complex and Historic Sites for tours this year. Preservation fees will continue to be collected for tours at Historic Sites. This year the church is introducing tour fees for nonmember groups who wish to tour the Temple. The vast number of the nonmember tours are groups organized by tour agencies. Tours generate cleaning and maintenance expenses that are no longer adequately covered through the annual budget. The fees will be applied to offset the cost of supporting the tour. All tours need to be scheduled two weeks in advance.

Although Worldwide Mission Tithes were up a bit in 2021, all projections indicate the ongoing declining trend of contributors to Mission Tithes will continue in the coming years. For instance, contributors to Worldwide Mission Tithes decreased from 7,600 in 2020 to 6,600 in 2021. Additionally, the average age of contributors continues to increase.

As contributors to Mission Tithes decrease, World Church leaders continue to research alternative ways to fund services and worldwide ministries. Charging fees for services is one way. Additionally, charging fees for resources will have to be implemented likely in 2023 if resource production is to continue.

Leaders also continue to explore how to connect with contributors under 50 who are passionate about the church's mission. We need to find ways to connect people's passion to their financial capacity to support mission. Many people under 50 are not motivated to provide generic financial support through Mission Tithes. To gain more understanding of how to achieve this, a survey primarily focused on people who are at least historically connected with Community of Christ and under 50 years old was accomplished in May. Results are still being analyzed and details will be provided in the next update.

As part of our ongoing process to develop generous disciples, the church will be invited to begin anew the Generosity Cycle (www.CofChrist.org/generosity-cycle) in October. The four phases of the Generosity Cycle—Invite, Discover, Respond and Reflect—give us the opportunity to be intentional about our whole-life stewardship and make sure that we are using our true capacity to live Christ's mission. In September, watch for resources and suggestions on how you, your family, and your congregation can participate in the Generosity Cycle this year. Don't miss this important opportunity.

5. 2023 Worldwide Mission Income and Expense Assumptions

On 26 May 2022, the World Church Finance Board met virtually and approved the proposed 2023 Worldwide Mission Budget assumptions to be used in the budget planning process:

1. The budget for 2023 Worldwide Mission Tithes will be \$11,500,000.
2. Designated gifts and other income will be set based on details developed during budget planning.
3. 2023 income less expense will be no greater than (\$375,000).
4. Expense increases from 2022 to 2023 will be estimated based on 5% inflation.

These assumptions were approved with the understanding that the projections indicate the 2021 levels of ministries and services can be sustained beyond 2023 and likely through 2024. The projections will continue to be monitored and final decisions about 2024 budget planning levels will be made by the board in May 2023. However, the board understands that the development of increased income through Mission Tithes or other sources of income is crucial to avoid a major budget reduction for 2025.

The board received updated reports about the Worldwide Mission Tithes trends for the past twenty-five years. A detailed analysis of these giving trends was provided in the June 2021 Financial Update and the past year has not shifted the trends. As already noted, the key to the future is finding ways to connect the passion for mission of members and friends under 50

years old with their generosity to financially support that mission. This is proving to be a complex challenge that World Church leaders continue to explore.

The mailed envelope program in the USA will end as of 31 December 2022 based on a survey of Congregation Financial Officers. The feedback indicated that the program is no longer cost effective as more people use eTithing (app.securegive.com/cofchrist). For those who use envelopes, Herald House will sell generic adult and child envelopes in packages of fifty that congregations or families can purchase to use as needed.

In the meantime, several strategies are being implemented in anticipation of declining Mission Tithes.

1. Selling investment real estate for at/or above-book value to get the endowments held in the USA back in a position where they can provide income to the budget based on a spending rate.
2. Growing the endowments. Since the Presiding Bishopric has met their retirement responsibility target, the focus for undesignated bequests as well as the possible sale of historic assets is focused on growing the endowments. Once the retirement responsibility targets are met in other fields, the use of net proceeds will shift to growing the endowments.
3. Charging fees for services to cover positions that provide critical administrative support to the field.
4. Charging fees for tours at Historic Sites and the Temple Complex to offset the expense of offering tours.
5. Increasing the number of resources that are only available for a fee that helps cover the cost of creating and distributing the resources.
6. Exploring the feasibility of using the Auditorium in more significant ways as an event or office center.

As part of the ongoing financial accountability and transparency, the board also received updates about the 2021 audit process and the ongoing 2022 budget performance.

We are thankful to everyone who supports Worldwide Mission Tithes. If you are not currently supporting Worldwide Mission Tithes, consider starting. You can use eTithing, or send designated checks given through envelopes or mailed to the Presiding Bishopric.

6. Preparing for World Conference

Excitement is growing as preparations begin for the 2023 World Conference, when we will again gather as a worldwide church. The journey to World Conference will be kicked off with worship on 12 June 2022. Watch for details on social media, in email, and on *CofChrist.org*.

Some of the 2021 Worldwide Mission Tithes that were not required to meet budget expenses will be used to cover expenses of remote delegate participation from locations around the world. Those locations were selected based on where it is anticipated that delegates will have difficulty gaining access to the USA because of visa and other travel restrictions. We are grateful to everyone for the generosity that has allowed the church to create this opportunity. Teams are testing technology at potential conference centers. We plan to have several remote delegate sites connected to participate in legislative sessions.

Additionally, the conference delay from 2022 to 2023 has allowed extra funds to be contributed to the International Travel Fund to support multinational delegates who will travel to the USA. Budgets are currently being developed and registration fee information will be forthcoming.

One of the legislative items that will occur at World Conference is the election of board members to the World Church Finance Board. Those elected serve for a six-year term. The conference will elect fifteen people in 2023. If you have a strong financial or business acumen and are willing to serve, please email your name and a short bio to PresidingBishopric@CofChrist.org. Or if you know someone who would make a good board member, please encourage them to send their name. The First Presidency and Presiding Bishopric greatly appreciate help in developing the nomination slate for World Conference.

7. Supporting One Another

Thank you to everyone who has generously contributed to the church's special fund to support humanitarian efforts in Ukraine and the surrounding area. From the Oblation Aid line in the 2022 Worldwide Mission Budget, \$20,000 was used to provide initial support. As of 15 May 2022, \$88,000 has been received from individuals through designated contributions. The following distributions have been made in 2022:

- Approximately \$3,000 has been provided directly to support church members from Ukraine.
- A total of \$30,000 (\$5,000 each) has been provided to:
 - o UNICEF
 - o Project C.U.R.E
 - o Global Empowerment Mission
 - o Global Giving Ukraine Crisis Relief Fund

- o International Rescue Committee
 - o Save the Children
- \$10,000 was recently sent to World Central Kitchen (wck.org) which is an organization with significant presence and active involvement in food support and community kitchens in Ukraine.

We have been informed by leaders in and around Ukraine that significant support will be required in the future to re-establish households when it is safe for people to return home and rebuild. In anticipation of this need, the Presiding Bishopric is holding 50% of what is contributed. The other 50% will continue to be used to support members and friends now as well as supporting credible organizations that can provide needed assistance on the ground. We will continue to report details through online media and the *Herald* as contributions are received and distributed. You can make contributions through eTithing by selecting “Support for Ukraine,” or send a check to the Presiding Bishopric at 1001 West Walnut St., Independence, MO 64050.

Please email PresidingBishopric@CofChrist.org with any follow-up questions.

Watch for the next Financial Update in December 2022.