



Bridge of Hope Obligation Report & Plan

FEBRUARY 2 2020

Chicago Mission Center

Authored by: BOH Obligation Taskforce



Community of Christ

Taskforce Activity Report

What is the Bridge of Hope Project?

The Bridge of Hope Project is the effort to strengthen the World Church's financial future by funding the retirement responsibility and strengthening the Temple, Worldwide Mission, and Canadian Reserve endowments. Funds given to this project will be designated Bridge of Hope Tithes. Bridge of Hope Tithes will be used first to fund the retirement responsibility and then to strengthen the endowments. Contributions to specific purposes within the Bridge of Hope Project will be honored.

In 2017 the First Presidency and Presiding Bishopric set a goal of funding the Bridge of Hope Project by January 1st, 2022

Project goal at that time was \$115,000,000 by January 1, 2022

Funding was to come from four main sources:

- Bridges of Hope Tithes
- Sale of Program Assets
- Sale of Historic Assets
- Budget Support

Bridge of Hope Project Report: 2019 World Conference Update

Project goal was changed to raise \$120 million (USD) by 1 January 2024.

As of 30 June 2018, the church had raised \$53.1 million (USD) toward the \$120 million (USD) goal.

Why was the goal changed, and how will the church benefit?

World Church leaders determined it was worth the additional expense to provide a two-year extension to meet the retirement responsibility. The desire is to minimize the amount that must be borrowed from the church's investments to fully fund the retirement responsibility. Extending the date, allows more time to receive Bridge of Hope Tithes, complete program-property sales, and arrange potential sales of historic assets.

What is the minimum balance established for the church's investment accounts?

As trustees of the retirement responsibility, the Presiding Bishopric must ensure that funds are available to pay retirement benefits. The minimum balance is the amount

reserved to meet the retirement responsibility fully at any point in time. As the church continues to raise funds to meet the \$120 million (USD) goal by 1 January 2024, minimum balances will be refined by the end of 2019, reviewed annually, and decreased as progress is made toward the \$120 million (USD) goal.

How was the minimum balance set?

Based on funds the Presiding Bishopric determined should be kept on reserve in case they were needed, the Presiding Bishopric set the minimum balances on investment accounts at 65 percent of the balance on 31 March 2019. The calculated minimum balance for each account was recorded in the currency of the funds in the account. For example, an Affiliate Investment Pool (AIP) account with a balance of \$10,000 on 31 March 2019 has a minimum balance recorded of \$6,500. All minimum balances now are managed as the specific currency amount, not as a percentage. The minimum balance will not increase.

What if the church does not meet the \$120 million (USD) goal by 1 January 2024?

The remaining balance required to meet the goal would be borrowed from the church's investment accounts as a 0% loan. The loan would be borrowed from the minimum balance and would not exceed the minimum balance.

How much will the church need to borrow on 1 January 2024 to fully fund the retirement responsibility?

That depends on how successful the church is at raising the \$120 million (USD). As of 30 June 2018, the church had raised \$53.1 million (USD) toward the goal. Additionally, the 2019 World Conference approved moving the \$4.1 million (USD) of World Conference designated funds from the General Operating Endowment to the Bridge of Hope. If no more funds were raised, the church would need to borrow \$62.8 million (USD) in January 2024.

How will the church pay back the loan from investments, if one is required, and how long will it take?

The church has \$30 million (USD) in pledges to Bridge of Hope Tithes that will be received AFTER January 2024. These funds will combine with undesignated bequests

and net proceeds from future historic-asset and program-property sales received after January 2024 to repay the loan.

Because we do not know the size of the loan that may be required in January 2024, and we cannot predict the speed of receiving funds for repayment, it is difficult to predict how long it will take to repay any loan. Once the loan is paid off, any remaining funds received will be used to grow the endowments.

In August 2019 the Chicago Mission Center was provided with the amount it would be responsible to contribute from investment funds if the Bridge of Hope Project did not receive additional significant funding by January 1st, 2024.

The Chicago Mission Center share of that obligation would be \$1.275M

This is 29% of the *total* Chicago Mission Center AIP holdings (including congregation AIP's) on March 31, 2019, and 51% of CMC AIP (Reserves and SGF) on March 31, 2019.

“The Mission Center President will not require congregations to contribute to the BOH obligation from their respective AIP's if they do not have the capacity to do so”

Financial Review

The Chicago Mission Center Obligation Taskforce was formed by Chicago Mission Center President Blake Smith and sustained by the 2019 Fall Chicago Mission Center Conference to determine a plan forward for fulfilling its obligation to the Community of Christ Bridge of Hope (BOH) Project. The taskforce began its work with a review of all mission center assets and a variety of financial documents designed to help the taskforce fully understand the financial status of the mission center.

Mission Priority in the Chicago Mission Center

“The mission of Jesus Christ is what matters most for the journey ahead.”

Doctrine and Covenants 164.9f

The taskforce spent a significant amount of time in an exercise designed to identify and confirm highest priorities required to continue mission in the Chicago Mission Center. The exercise was informative and gave the taskforce the opportunity to discuss and explore many facets of mission within the Chicago Mission Center and build consensus.

Out of this exercise we identified the following priorities that must be maintained:

- Effective leadership is critical for continued mission
- The Strategic Goals Fund (SGF) plays a critical role in funding mission that would otherwise go undone.
- Mission begins at the congregational level

Meeting with congregational leadership

In order to develop an obligation plan of action, the taskforce deemed it necessary to meet with the leadership of each congregation to determine capacity and desire in tackling the BOH obligation. During these meetings an attempt was made to share with each congregation that the Mission Center President would not require congregations to contribute to the BOH obligation from their respective AIP's if they did not have the capacity to

TASKFORCE MEMBERS

The Bridge of Hope Obligation Taskforce is comprised of members of the Chicago Mission Center that have demonstrated a consistent desire to further the mission of Christ. Locally these members all spend much of their personal time devoted to volunteering for the Community of Christ to manage our local assets and build program growth to foster mission. Each member of the taskforce was carefully chosen for their knowledge of various components of mission center function. From Strategic Goals Fund to Camp Quarryledge, and missional mindfulness to prayer, all aspects of the Chicago Mission Center are represented here.

do so. The entire BOH obligation would be taken out mission center AIP funds without impacting local congregation funds if need be, but congregation leadership were encouraged to look for ways they could contribute. While the taskforce was/is reviewing initial responses, congregation leadership were encouraged to begin/continue discussing the BOH project and their congregation's capacity to contribute.

Taskforce Findings

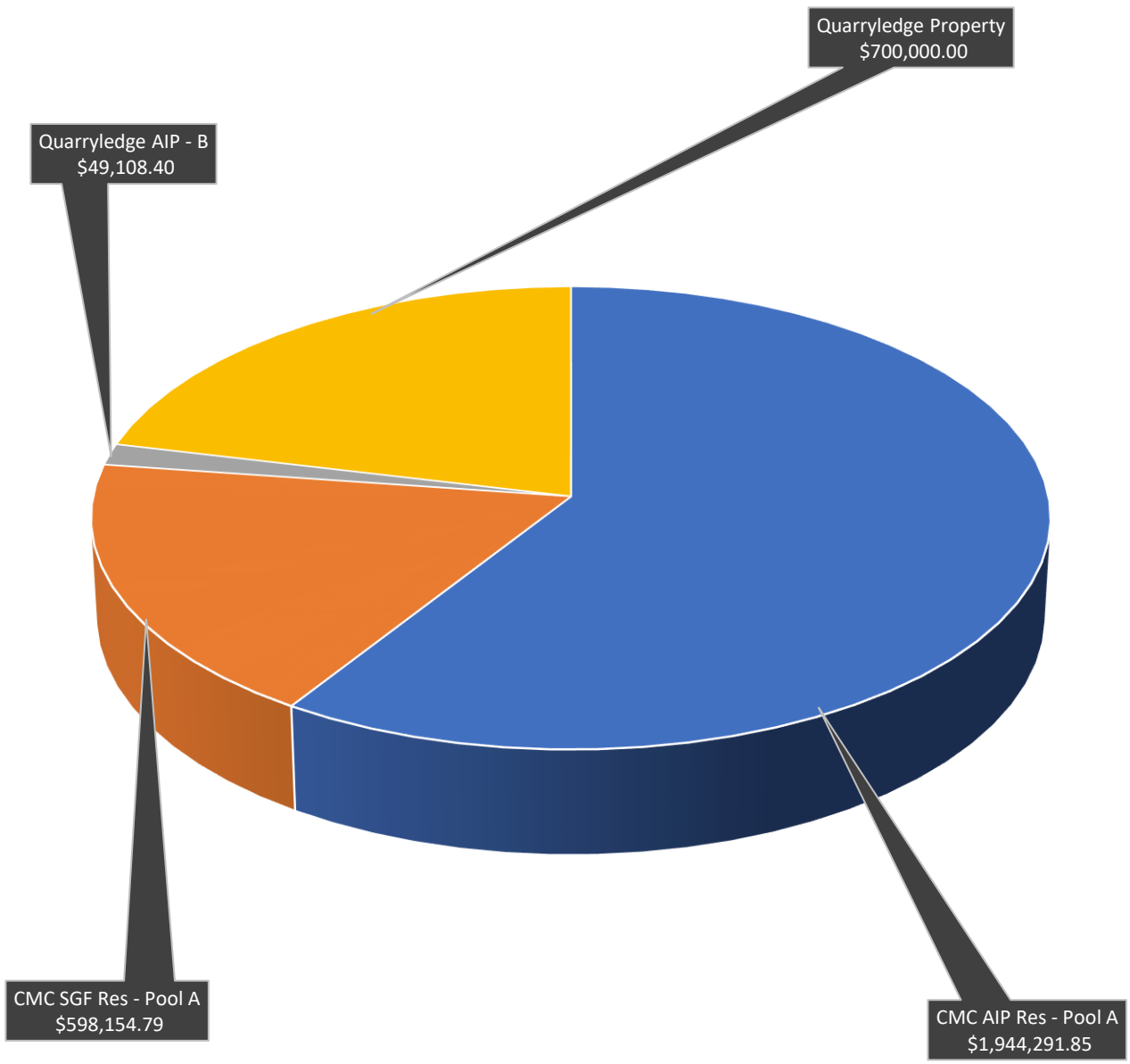
Wealth Distribution

- The Chicago Mission Center has a variety of assets that are used to maintain daily operations and fund mission in the Chicago Mission Center. The primary funding source for operations is the CMC AIP Reserve, which is a Pool A investment account held through Community of Christ. The earnings on this reserve are used to supplement the contributions from congregations and balance the budget.
- The primary funding source for mission at the mission center level is provided by the Chicago Mission Center Strategic Goals Fund Reserve, which is a Pool A investment account held through the Community of Christ. The earnings on this reserve are used to fund mission specifically through the issuing of grants for a variety of mission Initiatives throughout the Chicago Mission Center.

Strategic Goals Fund grants issued between 2016 and 2020 include:

- Brainerd - African- American Ministries - 5 grants totaling \$29,500
- Elgin - YPC - 5 grants totaling \$22,600
- Highland - The Table (new ministry; food pantry; packs for pals) - 4 grants totaling \$14,250
- On Edge - 2 grants totaling \$5,500
- Lombard - Walk in Ministry - 4 grants totaling \$13,500
- Mission - Norway after the Bell; Packs for Pals - 3 grants totaling \$3,000
- MC - Spanish as a Second Language - 2 grants totaling \$10,000;
- Chicago Peace Award - 1 grant totaling \$5,500

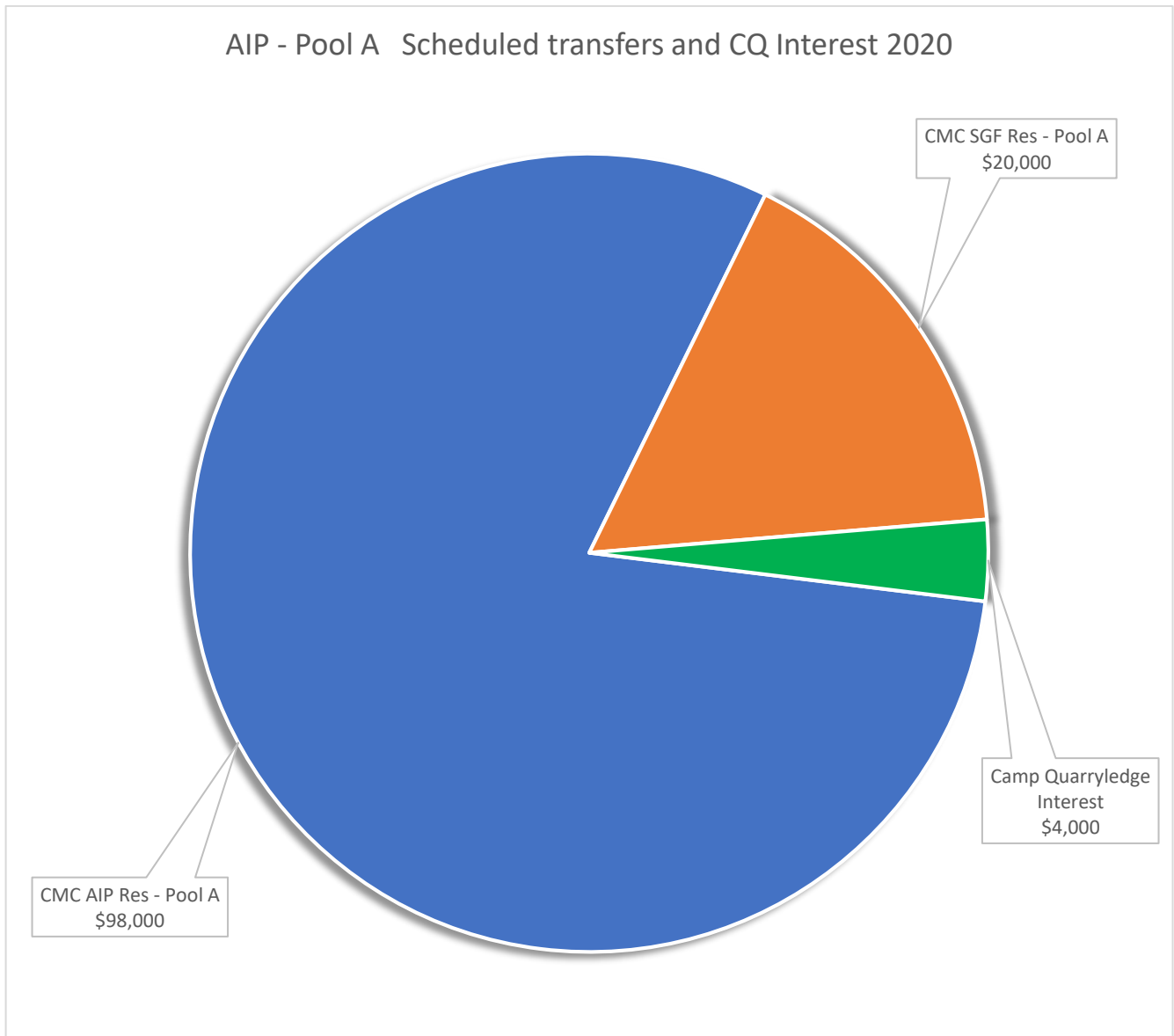
Chicago Mission Center Assets - Values as of October 31st, 2019



■ CMC AIP Res - Pool A ■ CMC SGF Res - Pool A ■ Quarryledge AIP - B ■ Quarryledge Property

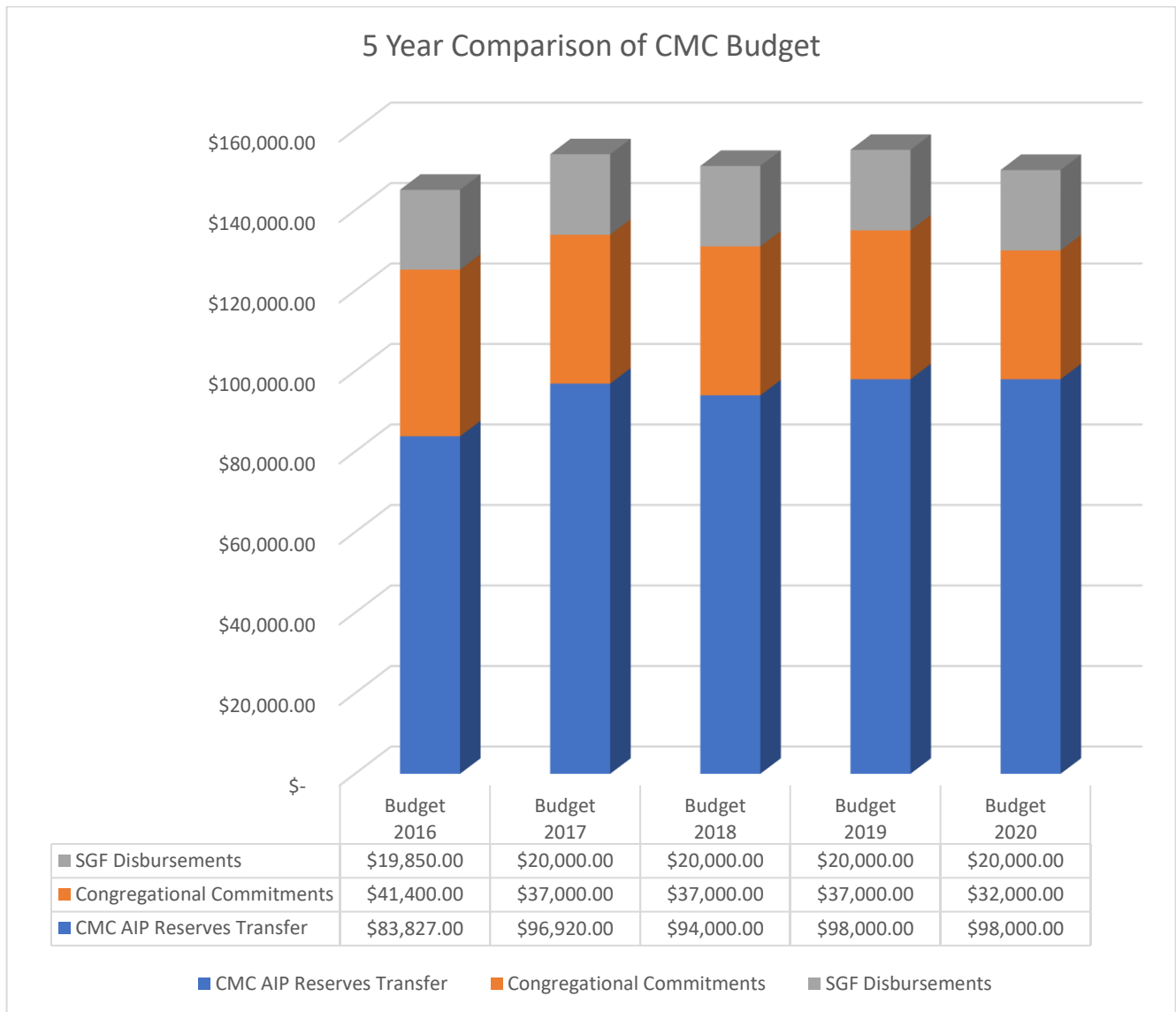
Transfers from AIP's and loan to Camp Quarryledge

- Earnings off the Affiliate Investment Pool A (AIP) change with the stock market, but generally have a net gain of over 4% per year on average. Scheduled transfers from AIP's in 2020 are \$118,000 (currently a draw of 5%).
- Camp Quarryledge pays 4% interest on the \$100,000 loan taken from the CMC AIP - Pool A in 2016 totaling \$4000 per year.



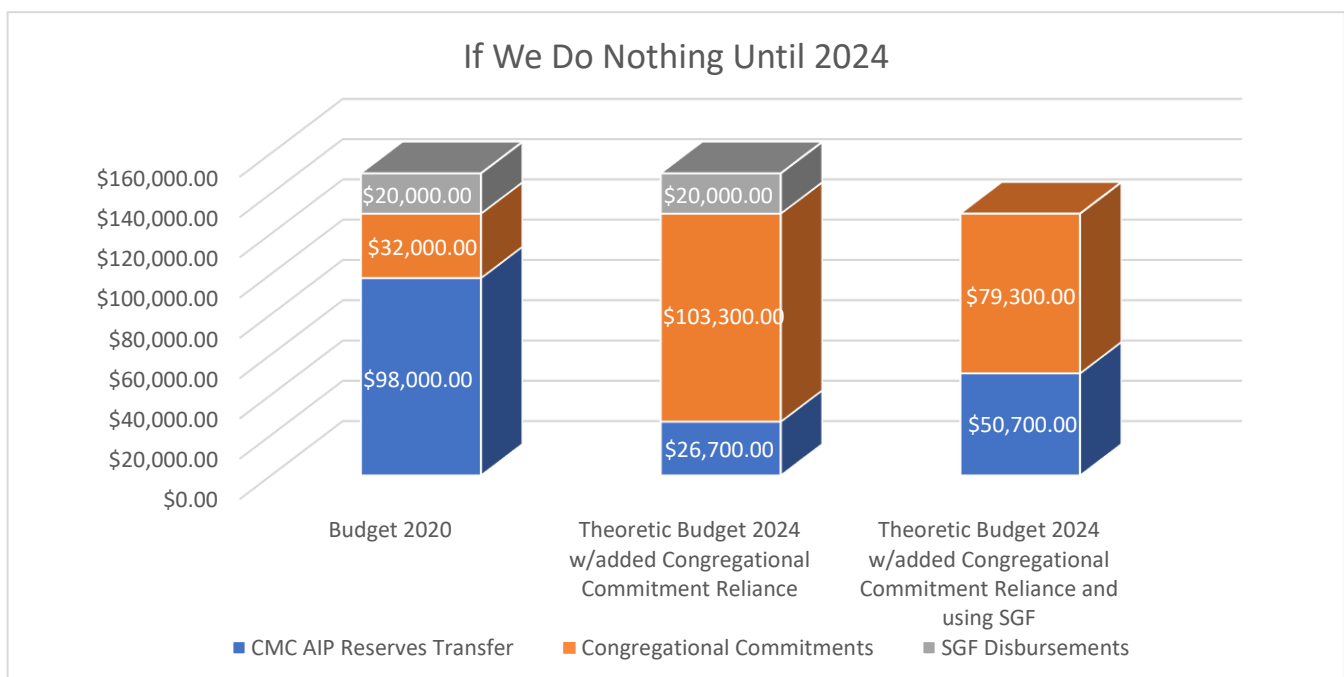
What the budget may look like if nothing is done

- Comparing budgets from 2016 through 2020 show a significant reliance on congregational commitments which is the first source of funding for the CMC Operational Budget. Current congregational giving breaks down as follows:
 - 1/3 comes from 1 congregation
 - 2/3 comes from 4 congregations
 - 3 congregations are currently unable to contribute to the CMC
- These commitments have been shrinking since 2016, causing larger transfers from the CMC AIP Reserve.
- In addition, a heavy reliance is also shown on transfers from the CMC AIP Res–Pool A.



If we do nothing scenario

- If no action is taken between now and Jan 1st, 2024, and World Church needs to proceed with a no interest loan from CMC Reserves to fund BOH, then the impact on AIP earnings will be significant. If all the required BOH obligation were taken directly from the CMC AIP Reserves, then earnings on what is left will be around \$26,700 per year. This will cause substantial program and leadership support reduction or could increase reliance on congregational commitments to make up the difference.
- Even if the total earnings from \$600,000 of Strategic Goals Fund (\$24,000) were used to shore up the budget, reliance on congregational commitments would still be substantial, and the SFG would not be available to fund mission after 2024.
- The first source of funding for the CMC operational budget is from congregations and supplemented using AIP earnings.
- 149 persons/couples in the Chicago Mission Center gave at least once in 2019 using a method that could be tracked vs. adding cash in the offering plate.
 - 149 total individual/couple contributors
 - 30 contributed between \$100 and \$499
 - 92 contributed over \$500
 - 76 contributed to both local and WC



Plan

Using the plan outlined below, we can reduce significantly the local impact of fulfilling our obligation to the Bridge of Hope Project, while still making a major contribution.

Gain annual pledges from congregations

- Each congregation is encouraged to contribute annually for a combined total of \$221,000 by 2024 directly to the Chicago Mission Center Bridge of Hope.

Start Bridge of Hope Pledge Campaign

- Raise \$210,000 direct donations by 2024. Yes! It can be done!

Use Part of the Strategic Goals Fund

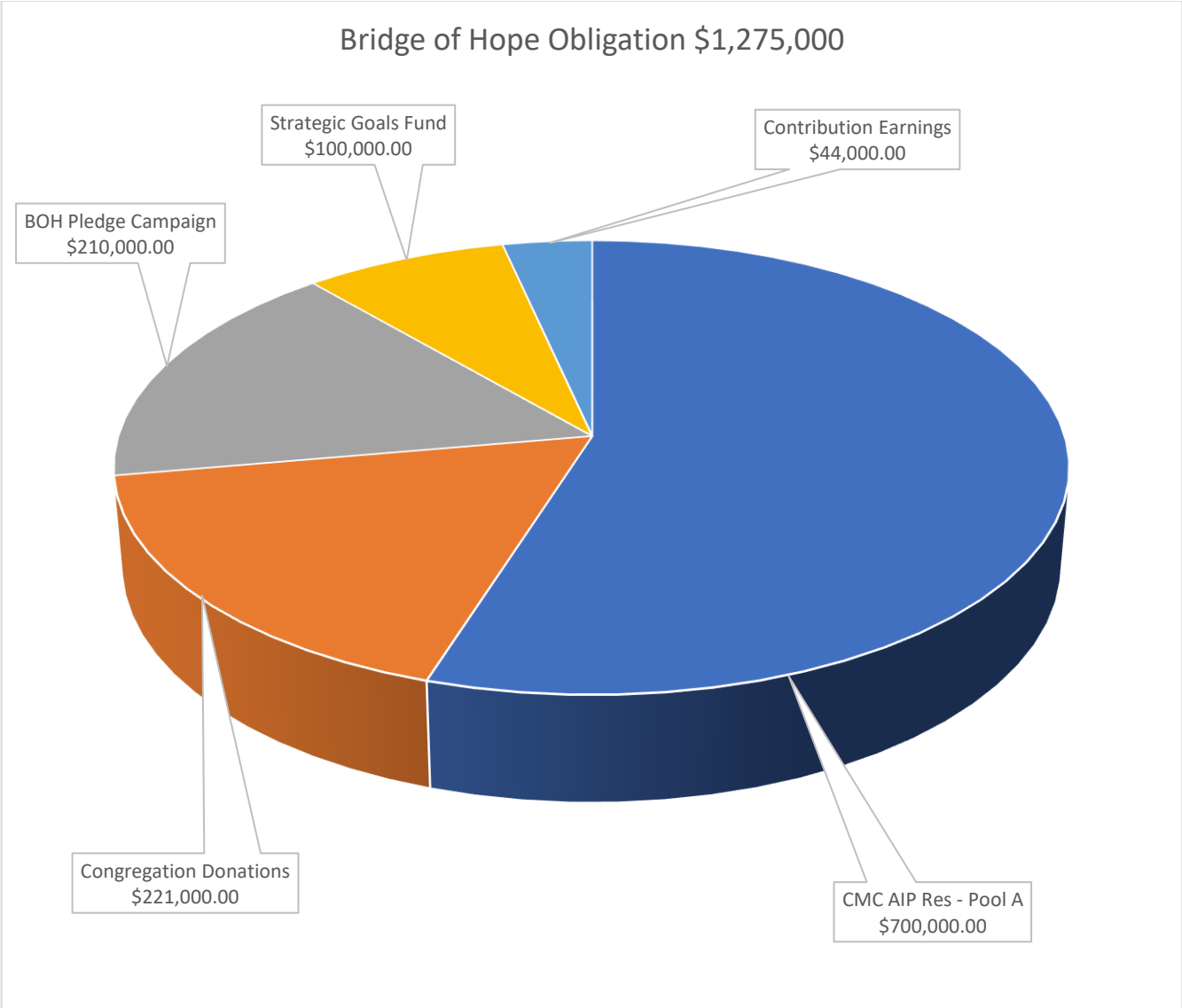
- Use \$100,000 from the Strategic Goals Fund (SGF).
- Currently the SGF is nearly \$600,000, and only \$500,000 of that is needed to produce enough earnings to supply the annual SGF grants for mission as originally intended by the creators of the SGF. It's important to note, that the SGF will still give out grants to fund mission throughout the entire fund-raising campaign.

Use CMC AIP Reserves to fulfill any remaining funding needs at the beginning of 2024

- With these portions of the plan already implemented, it's estimated that another \$700,000 may need to be withdrawn from the CMC AIP Reserves. This number will vary depending on the amount raised over the three-year fundraising effort and the size of the loan World Church will need to take from investment accounts on January 1st, 2024. Any funds raised over \$475,000 will decrease the amount removed from the CMC AIP Reserves at that time.

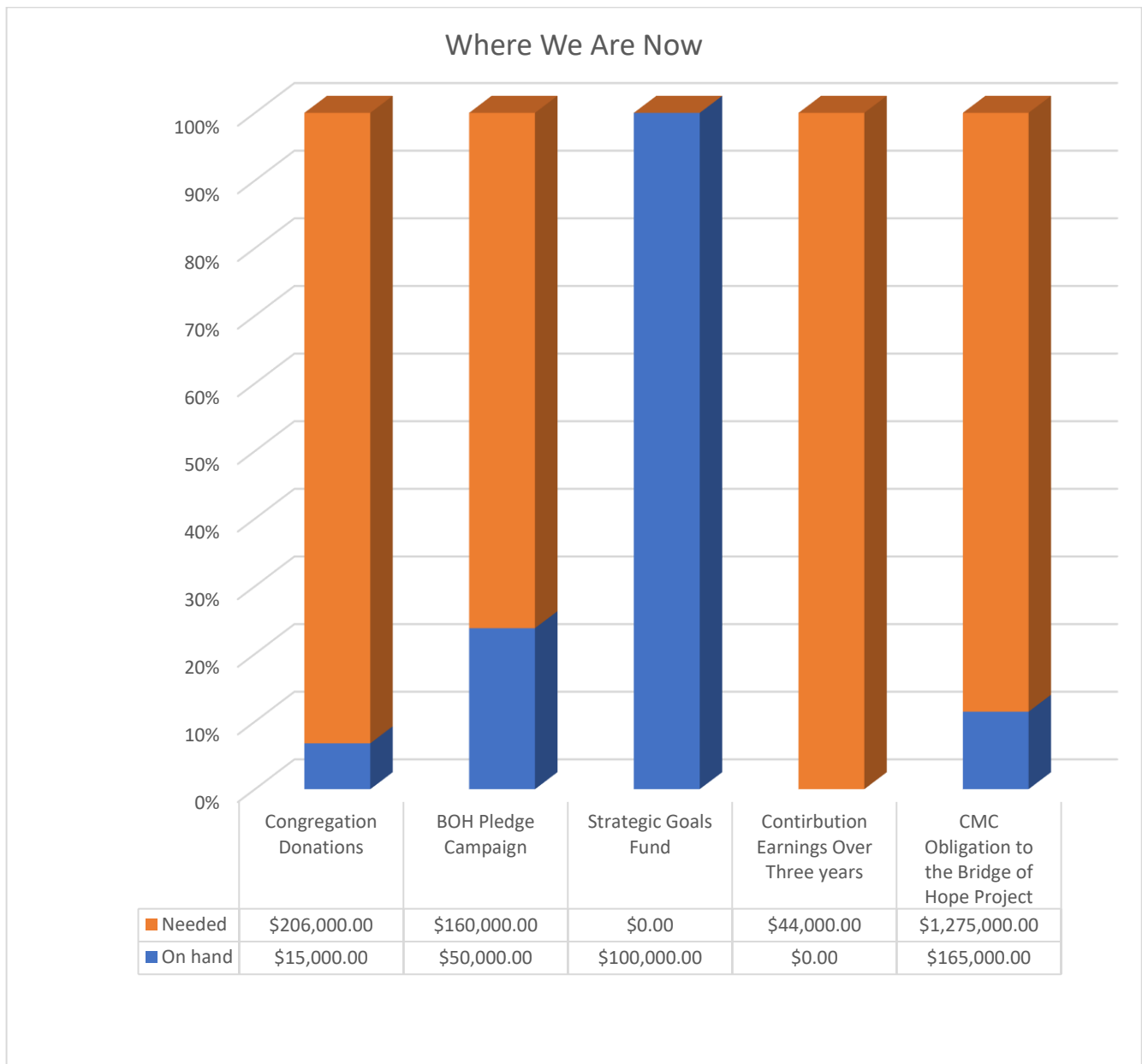
Hold assets locally until World Church requires the funds

- By taking all donations and putting them into the CMC AIP Reserves we can increase our earning power until the time a loan may be needed to help fund the Bridge of Hope Project.
- The additional funds contributed each year to the CMC AIP Reserves could earn over \$44,000 by 2024.



Where We Are Now

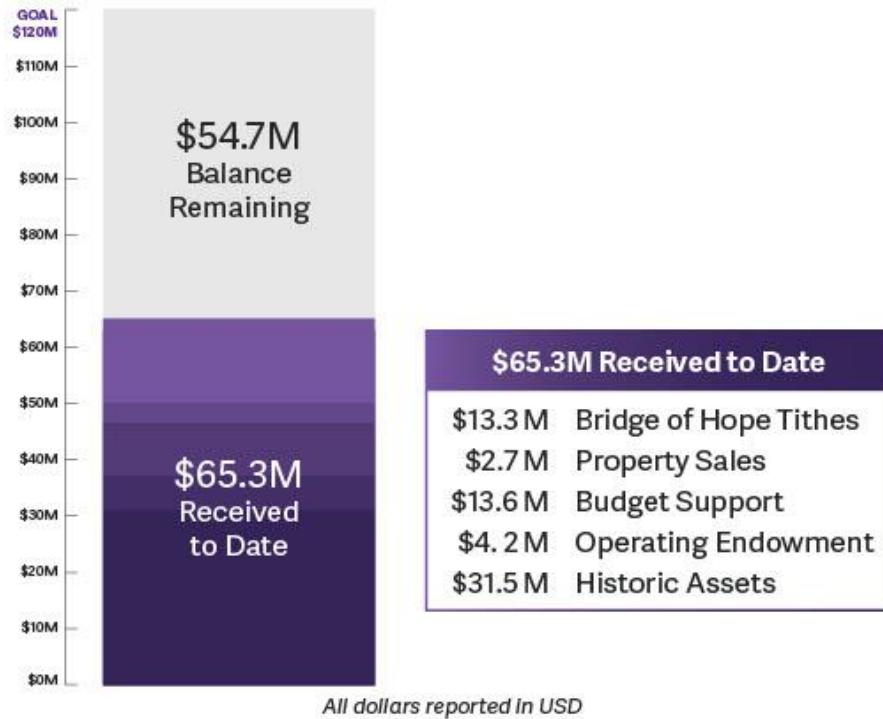
- The Chicago Mission Center has already received direct donations to the BOH Pledge Campaign totaling \$50,000.
- Likewise, the Chicago Mission Center has received pledges from congregations totaling \$15,000 for year 2020.
- CMC AIP Reserves and Strategic Goals Fund are assets we already have.
- World Church also reports that the Bridge of Hope Project has increased to \$65.3M received as of June 30th, 2019. Up from \$53.1M needed on June 30th, 2018, or an increase of \$12.2M.



BRIDGE OF HOPE RETIREMENT RESPONSIBILITY

As of 30 June 2019

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



Impact on the Chicago Mission Center if only \$475,000 is raised by Jan 1st, 2024

- If a full \$700,000 is taken out of the CMC AIP Reserves in 2024, the impact will still lower earnings on the AIP significantly, but should be within our ability to compensate. A continued giving base beyond the normal congregational commitments will need to be maintained to continue funding a CMC budget with little change to what it is now. At least \$48,300 - \$50,000 will need to be received above the current budgeted congregation commitments in donations every year after the BOH Project is funded until our AIP's can grow large enough to handle what they once did.
- Any funds raised beyond the \$475,000 in donations outlined in this plan will have a direct impact in lowering the amount needed to be taken out of the CMC AIP Reserves.

*Information provided in this report based on what we know as of February 2nd, 2020