

Financial Report June 2015

How is the financial health of Mennonite Mission Network?

Our operating budget for the current fiscal year is \$9,186,000. We expect income to meet this budget to come from contributions (64%, or \$5,865,000), bequest gifts (19%, or \$1,746,000), revenue (14%, or \$1,257,000), and investment and other income (3%, or \$318,000).

In order to ensure that Mennonite Mission Network is and remains a financially healthy organization, the board of directors has established policies to guide our decision making. These policies say that Mission Network will maintain cash reserves at levels specified in the policies, and that we will not plan for the expenditure of more funds than are realistically projected to be received during the fiscal year, plus estate funds used according to established guidelines. We were in compliance with these board policies at January 31, 2015.

We need cash reserves to meet unexpected expenses and provide sufficient cash flow for periods in the year (usually February through September) when our income is less than our expenses. At January 31, 2015, the most recent time cash reserves were reported, Mission Network had \$3,984,000 in unrestricted cash reserves. The cash reserves required by board policy were \$3,045,000. In addition, Mission Network has about \$2,827,000 in cash reserves that have been restricted by donors or set aside for uses other than the regular operating budget.

Mission Network has no loan debt except for the mortgage loan on the Mennonite Church USA office facility in Elkhart. The mortgage, which had a balance of \$965,000 and an interest rate of 2.66% at March 2015, is held on behalf of Mennonite Church USA. Through the generosity of several donors, we have been able to reduce the balance of the mortgage by more than half, or \$980,000, since July 2013.

Financial challenges and opportunities

We have been blessed by the many supporters of Mission Network who have made a gift to us upon their death. We believe that bequest gifts for the year ending July 31, 2015, will be one of the highest levels since the formation of Mennonite Church USA in 2002. These gifts have helped to provide a solid financial base as we look to the future.

Total gifts to the operating fund have remained relatively

level over the past five years. Congregations make up 65% of our operating fund contributions. Our ability to maintain these relationships in the midst of the changes that are taking place in the church will be key to our ability to maintain and expand our capacity for ministry.

How we support denominational priorities

While we, in some measure, support all seven priorities that are part of the Purposeful Plan, our unique gifts to the church are Holistic Witness, Leadership Development, and Christian Formation. Many of our program areas contribute to the work in more than one of the priorities, so it is difficult to assign a dollar amount to the work that we do in support of specific priorities. Almost \$7 million, or 82% of our current budget, goes to programs that support the Purposeful Plan.

As part of **Holistic Witness** we share the good news of Jesus through deploying North American workers in international contexts, and support more than 75 local mission workers serving in, or sent from, their home countries in Africa, Asia, and Latin America. We support Mennonite Church USA congregations actively engaged in international ministries through prayer, encouragement, services and finances.

In **Leadership Development** we support international educational institutions with personnel and funding, we provide five different service opportunities for younger adults that prepare them for leadership, and we partner with Mennonite Church USA educational institutions/agencies to develop and support missional leadership training. We expanded the Missional Discipleship Initiative to three new congregational clusters after the formative pilot year in 2013. This program is designed to nurture and resource a culture of relational disciple-making that will, in turn, produce a generation of mission-minded leaders, beginning with congregations of color.

To support **Christian Formation** for children and adults, we develop and publicize materials that advance formation in and for mission, including book-length publications from staff and mission workers, and the new international journal *Anabaptist Witness* available electronically and in book form. We spent time with more than 400 congregations last year and all 21 conferences to build and strengthen relationships and engagement with God's mission. ■