Treasurer’s Report
GC SESSION 2015
SAN ANTONIO, TX
Each week millions of us as Seventh-day Adventists around the world join each other in worshiping our Creator. We live in different countries, come from different cultures, and worship in different styles. But one thing remains the same: we are all dedicated to spreading the gospel of Christ around the world. We give our time, our energy, and our money to help fulfill Jesus’ command “Go ye therefore, and teach all nations, baptizing them in the name of the Father, and of the Son, and of the Holy Ghost.” As treasurers, whether serving in one of our institutions, at the local church, conference, mission, union, division, or General Conference, we consider it a great privilege and blessing to be able to serve the church and witness how God is blessing His children.

Personally, my family and I have had the privilege of being on both the receiving and giving ends of tithe and mission offerings. We have seen firsthand the growth of the work around the world. In 1946 my parents went to Africa to serve as missionaries in what is now the Democratic Republic of the Congo. They served there for almost 20 years. My sister, brother, and I were all born there and had the opportunity of growing up surrounded by and being involved in the mission of the church. Back when our parents first went as missionaries the term of service was seven years. I remember when in the 1950s the length of the term for missionaries was shortened to five years. I thought it was a great idea, but my dad’s concern was that the cost of going on furlough so often would reduce the funds available for opening new work. It is wonderful to see God’s hand at work: in 1946 the membership of the Congo Union (Congo, Rwanda, and Burundi) was only 7,047; today it is 1,187,212!

In 1974 Sherry and I, along with our daughter Tami, left for mission service in Africa. Our son, Jamie, was born there, and we were blessed to spend 11 years in mission service as a family. Having had the privilege of serving in treasury assignments at every level from the local church to the General Conference, I have seen what $10 can accomplish, as well as what $1 million can do, in helping to finish the Lord’s work. It has been an incredible privilege to have worked alongside all of you, lay members and fellow church employees, over the years and to have witnessed the Lord’s leading.

In Life Sketches Ellen White wrote: “In reviewing our past history, having traveled over every step of advance to our present standing, I can say, Praise God! As I see what the Lord has wrought, I am filled with astonishment, and with confidence in Christ as leader. We have nothing to fear for the future, except as we shall forget the way the Lord has led us, and His teaching in our past history” (p. 196).

I certainly have not “traveled over every step of advance,” but for the portion that I have been privileged to travel and the way that I have seen the Lord lead His church, I too can say, “Praise God! As I see what the Lord has wrought, I am filled with astonishment, and with confidence in Christ as leader.”

Bob Lemon
GC Treasurer
“Go therefore and make disciples of all the nations, baptizing them in the name of the Father and the Son and the Holy Spirit, teaching them to observe all that I commanded you; and lo, I am with you always, even to the end of the age.” Matthew 28:19-20, NASB

Thanks to your faithful giving, there are 740 missionaries around the world. From those, 564 are full time and 172 part time. Let’s keep on doing our part!
In the gospel of Matthew we are confronted with some powerful words: “I tell you the truth, unless you turn from your sins and become like little children, you will never get into the Kingdom of Heaven” (Matthew 18:3, NLT).

The norm is that children look to adults to assist them to sharpen their moral compasses and guide them in making the right decisions. One day, the words of Matthew “walked into my office” bringing with him a new perspective of those ancient words.

I heard the faint sound of a knock on my office door and opened it to find an unsettled looking little boy named Joshua. I asked him how I could help him, thinking perhaps a teacher had sent him with a message, but instead he just wanted to talk to me about the really serious problems in his life. Surprised by his introduction, I immediately began praying in my heart that God would give me the right words to comfort his heart. “I am coming to you because you are our school’s chaplain, Ms. Ferguson, and in my mind that means that you are my pastor. I have a serious problem—I don’t have anyone to look up to anymore,” he said. “Why do you say that? Surely, they both love you and want what is best for you,” I encouraged. He quickly replied, “This is not about love. This is about obedience to God’s word.”

Then I asked, “Tell me how they are being disobedient to God.” He took a deep breath and starting telling me his story. As he spoke truly I sensed that at 8 years old he had experienced something that some church-going adults have yet to encounter—the conviction of the Holy Spirit. I was humbled by the words that came from his mouth.

He said, “Pastor Ferguson, my mother and brother told me that they were going to start working on the Sabbath. The Sabbath is God’s holy day. How could they? We all went to the same evangelistic meetings. We listened to the same sermons and made the decision to be baptized together. Now, I can’t find those Scriptures anymore—I don’t know where they are in the Bible. All I know is that when the pastor was preaching they were there, I saw them. I know they are there in the Bible. It says we should ‘remember the Sabbath day’ and the pastor explained that that means we should not work on the Sabbath. How can they do this? How can they be disobedient to God? I cannot look up to them anymore! Not when they go against God!”

Although not about faithfulness in tithes and offerings the story “Someone to Look Up To” written by Anastacia Ferguson-Basie for the April-June 2015 edition of the Dynamic Steward, touches on one of the most important issues we all face when it comes to our stewardship, distinguishing between wants and needs and what is really important for eternity.
His eyes were pleading with me for an explanation. Fighting back the tears he went on speaking. “They say that I don’t understand that they need money to provide for me. To pay my school fees, buy clothes, food, and toys. But it is they who don’t understand. They don’t understand God. If they did, they would know that it is God who provides for me. I am God’s child first, so I am God’s responsibility. Why don’t they understand how God works? I heard that somewhere in the Bible it says that God provides for the animals and trees. Can’t He do all of that and still take care of me? They don’t have to disobey God.”

By that time I must admit I was pretty close to tears myself as I thought of the words of Jesus when confronted with the Centurion, “I have not found such great faith with anyone in Israel” (Matthew 8:10, NAS). In that moment, I understood fully why it is that we need to become as little children. His interpretation was so literal. No worry or reasoning. For Joshua, there was “no other way but to trust and obey.” He believed fully that the God who promised to provide for our every need is faithful to His word. Our only duty as Christians is to be obedient. I looked at him and assured him that he had it all right. I told him that sometimes, as adults, holding the bills in our hands and looking at the bare cupboards and mouths to feed, we forget. We look for our own way out instead of waiting on God’s way and His time.

As humans we like to know, we want to see and plan, but sometimes God doesn’t show us ahead of time how it will turn out. He just asks us to trust Him! That’s the faith walk. Often, human beings, like your mother and brother—like me—prefer the sight walk. In walking by sight, we think we have security, but our only real security is in obedience to God’s Word. He nodded his head as if to say he understood. Then he said to me, “One more thing. Can you buy me some Crazy Glue™?” My eyebrows raised, “Crazy Glue™, what on earth for?” Then he stood up and lifted his feet one at a time and I saw why. The soles of his shoes were falling apart. And I saw that things were truly tough, financially, for his family. I pictured the desperation of that mother, and I said to him, “How about I do something better than that? I can buy you new shoes.”

His response stunned me, “No, Ms. Ferguson, but thank you. You see my mommy wants to work on the Sabbath because she thinks that I need new things. I want to show her that I don’t need new things. I would love to keep my old things, even if they are falling apart so that she can understand that God’s Sabbath is more important than new shoes or clothes. All I need is glue, but I don’t have money. Can you please buy me some Crazy Glue™? My heart was full as I told him, “Okay.” I instructed him to wait for me. I walked out to the nearby convenience store to purchase the glue, replaying his words in my mind. Tears filled my eyes as I realized that an 8 year-old had refused something new to keep something old. Not just old shoes but what some might call the old commandments of God. He didn’t want to forget what God said to remember.

Joy filled his countenance as we glued those shoes together. He looked up at me and said, “See how God provides? Thanks for the glue.”
Thank you.” Struggling to maintain my composure I said, “I should be saying thank you to you! God knew I needed someone to look up to and He sent you, Joshua.” Just before he gave me a hug, he looked at me and said, “I won’t be at Bahamas Academy next year; my mind is made up. I love it here. Being in a Seventh-day Adventist school is great, but if Mommy thinks that my school fees are a reason for breaking the Sabbath, then I am ready to go to the government school. I am willing to do whatever it takes to help Mommy to keep the faith. I know as long as I can go to church and read my Bible, God will take care of me wherever I go. So you won’t see me here next year, but wherever I go I will be obedient to God’s word.” I quickly responded, “I don’t want to lose you but I see you are convicted. Just remember wherever you go, keep looking up to Jesus.” Sure enough as I checked the registers the next year, he was gone. I never felt so blessed to lose a student.

“For what is a man profited, if he gains the whole world, and loses his own soul? Or what shall a man give in exchange for his soul?”

(Matthew 16:26, KJV).

This 8 year-old boy was willing to give up new clothes, shoes, toys, and attending a private school for the soul salvation of his mother and brother. He was willing to go without because he understood God. Oftentimes, we as adults are tempted to break the Sabbath to “provide” for our families; we withhold the tithe and offerings in order to pay the bills; are dishonest in our jobs to get ahead or simply because we “see” no other way out. The truth is simple; it is as Joshua said: many of us adults don’t understand God—we know about Him but we don’t trust Him. What if we disobey God’s commandments for the temporary securities of earth and lose what matters most—our souls? What if we give our children the best this world has to offer but at the end of the day discover that it would have been better to teach them the deeper truths of God’s love, provision, and faithfulness. What if instead of giving them everything, we gave them something they really need in this world—someone godly to look up to.

That encounter in my office reminded me that obedience even in adversity is worth more than gold to our testimony. Moreover, in Christ Jesus we always have Someone to look up to!
The percentages shown here for both tithe and offerings are averages for divisions on the combined offering program and may vary considerably between divisions.
General Conference Treasurers

Juan R Prestol-Puesán
GC Undertreasurer
2007 –
Born: Dominican Republic

Timothy H Aka
GC Associate Treasurer
2014 –
Born: Japan

George OGC Egwakhe
GC Associate Treasurer
2002 –
Born: Nigeria

Daisy J F Orion
GC Associate Treasurer
2005 –
Born: Philippines

Roy E Ryan
GC Associate Treasurer
2002 –
Born: USA

J Raymond Wahlen
GC Associate Treasurer
2010 –
Born: Korea

Lemon, Robert E
GC Treasurer
2002 –
Born: in Congo
Division Treasurers

Jerome Habimana  
ECD Treasurer  
2010 –  
Born: Rwanda

Norbert Zens  
EUD Treasurer  
2010 –  
Born: Germany

Brent B Burdick  
ESD Treasurer  
2010 –  
Born: USA

G Thomas Evans  
GC A./NAD Treasurer  
2007 –  
Born USA

Kenneth W Osborn  
NSD Treasurer  
2010 –  
Born: USA

Filiberto M Verduzco  
IAD Treasurer  
2000 –  
Born: Mexico

Marlon de Sousa Lopes  
SAD Treasurer  
2010 –  
Born: Brazil

Goodwell Nthani  
SID Treasurer  
2008 –  
Born: Zambia

Rodney G Brady  
SPD Treasurer  
2000 –  
Born: Australia

Sergie Ferrer  
SSD Treasurer  
2011 –  
Born: Philippines

G S Robert Clive  
SUD Treasurer  
2005 –  
Born: India

Nenad Jepuranovic  
TED Treasurer  
2013 –  
Born: Serbia

Emmanuel S D Manu  
WAD Treasurer  
2009 –  
Born: Ghana

Jóhann E Jóhannsson  
TED Treasurer  
2003 – 2013  
Born: Iceland
“Bring the whole tithe into the storehouse, that there may be food in my house. Test me in this,’ says the LORD Almighty, ‘and see if I will not throw open the floodgates of heaven and pour out so much blessing that there will not be room enough to store it”’. (Malachi 3:10, NIV).

**FAITHFULNESS IN TITHES AND OFFERINGS**

This is probably the most well-known text in the Bible when discussing the subject of tithes and offerings, and its message is still as simple and important today as it was then. The Lord asks each of us to return a faithful tithe and offering, and when we do, He blesses us. It then becomes the responsibility of those of us as treasurers and administrators to demonstrate a faithful stewardship of the blessings He has given. The tithes and offerings received each week by our local churches combine together and can be generally divided into three categories:

- **TITHES**
- **LOCAL OFFERINGS**
- **MISSION OFFERINGS**

Looking back to the 30-year period from 1975 to 2005, we see that the world mission offerings remained static at approximately $50 million per year, while tithe increased from $231 million to $1.46 billion, which is a 530% increase. Then during the 2004–2009 quinquennium the mission offerings significantly increased, rising 32%. This growth was almost as fast as the tithe growth of 40%.

Over the past five years the annual worldwide tithe has increased 30%, growing from $1.85 billion in 2009 to $2.40 billion in 2014. World mission offerings also saw an increase over the quinquennium, increasing 38%, from $64.2 million to $88.9 million per year. **This is the first quinquennium in more than 50 years that world mission offerings have increased at a faster rate than tithe.**

**Comparison of Mission, Local Offerings and Tithe**

[Graph showing comparison of mission, local offerings, and tithe growth over time.]

530% Tithe Growth
Local church funds have not only kept pace with tithe increases, but have actually improved since the 1930s. During the 30s, 40s, and 50s the local church funds averaged about 25% of tithe, growing to more than 35% of tithe since the early 1960s. In contrast, the mission offerings decreased during this period, from approximately 60% of tithe in the 1930s, to less than 4% in 2009. This quinquennium has seen a slight improvement.

In recent years there has been a major shift in giving toward projects, which has helped encourage interest in missions and has been a great blessing in many areas. Various ministries and groups have taken on projects and have thus helped to strengthen the work. We praise the Lord for this! However, one of the drawbacks of excessive reliance on project giving is that the attention span can be limited. When there is greater need or more promotion is done in another area, support often shifts to the new promoted area. This often leaves the local organization (if there is one) in the first area to carry on the project or outreach, without sufficient resources. Sometimes all the progress that has been made is lost. The need for a strong mission offering program that can sustain major long-term initiatives is particularly important as we focus on the 10/40 Window area. The recent increases in the world mission offerings have been a great blessing, especially as we try to reach the territories in the 10/40 Window.
That same steady growth can be seen when we review the totals from the past 20 years of worldwide tithing. There is one exception to note, the year 2009. The reduction in tithe for 2009 can be attributed to two primary factors: the recession that started in 2008 and the strengthening of the U.S. dollar compared to many other currencies—specifically when stated in U.S. dollars.

Another year to note is 2007. This is the first year where the total tithe from all the divisions, except the North American Division, exceeded that of the North American Division. By 2012, divisions other than the North American Division accounted for 60% of the total tithe.
Focusing on this quinquennium, we see the percentage increases in tithe for each division. All the divisions had increases. The South American Division increased the most in terms of amount, from $302 million in 2009, to $569 million in 2014, an increase of 88%. The Southern-Africa Indian Ocean Division increased the most on a percentage basis, from $51.5 million to $103 million or 100%. These amounts are shown in the first graph and expressed in U.S. dollars and therefore are affected by currency exchange rates, so do not exactly reflect the increases in their local currency.

The second graph shows the same details but excludes NAD, SAD, and IAD so that the other divisions can be clearly seen.
During the quinquennium world mission offerings increased 39%, from $64 million in 2009 to $89 million in 2014. The increase has come from divisions other than the North American Division, and they now account for 75% of the mission offering.

In 2014 the total worldwide tithe amounted to $2.396 billion, and all offerings (local, conference/mission, union, division, and GC) were estimated to have been $880 million.
Of the total of approximately $3.276 billion in tithes and offerings in 2014, $185 million came to the General Conference—$96 million in tithe and $89 million in offerings. This is 5.6% of the total tithes and offerings.

**General Conference Income, Expenses and Net Worth**

During the quinquennium the General Conference had total income (revenue, gains and additions) of $1.20 billion, and total expenses (expenditures) of $1.04 billion. Total net worth (net assets) of all General Conference funds increased from $293 million to $451 million. Money for operating (working capital), exclusive of extraordinary tithe, as of December 31, 2014, totaled $235 million, which is 103% of the amount recommended in the General Conference Working Policy. All figures on tithe are exclusive of extraordinary tithe, except where noted.

The graph shows the average annual income (revenue) from all funds during the quinquennium.
The graph shows the average annual expenses by categories for all funds during the quinquennium.

**GENERAL CONFERENCE INCOME (REVENUE)**

The General Conference has policies outlining the appropriate use of tithe funds. There are territories in the world where there are pressing needs for non-tithe funds well beyond the ongoing non-tithe sources available. There are sufficient tithe funds available in those same areas, but they cannot be used for certain programs of the church that rely on non-tithe sources.

To assist with some of these unique situations, the GC Working Policy has provisions whereby these territories can send to the GC a portion of their tithe, and the GC then returns to them the equivalent amount of non-tithe funds. We reflect these amounts as tithe income and a corresponding adjustment in the amount of non-tithe offering income. The majority of tithe exchange is used in the church’s educational system.

The graph “Tithe Received by the General Conference” shows growth from 1995 to 2014. The extraordinary tithe received during 2007 and any smaller amounts in subsequent years have been separately identified. The amounts received each year vary because of exchange rate fluctuations, release of funds from areas of the world where currency restrictions have been a challenge, and the changing tithe-sharing formulas. The graph also adjusts for tithe exchange.
Tithe Sharing

Since 1999 there have been two adjustments to the tithe-sharing formula between the divisions and the GC. The first was a five-year phase-in (2000—2004) of a decrease in the tithe percentage from the North American Division from 10.72% to 8%, and an increase in the tithe percentage from the other divisions from 1% to 2%. In 2013 and 2014 each year had a .5% decrease from the North American Division, bringing it to 7%.

The net effect of the tithe percentage changes over the period of 2000–2014 coming from the divisions to the General Conference was a decrease of $303 million in tithe from the North American Division and an increase of $120 million from the other divisions. The graph below shows the annual difference between the old and new formulas.

For example, if we look at just the year 2014, we can compare the old tithe sharing formula from 2000 with the new formula, and see a difference of a little more than $21 million. The new formula reflects the North American Division’s share at 6.85% and the other divisions at 2%. With the final adjustment of the remaining 1% decrease from the North American Division, that difference will
increase to a total of approximately $31 million per year. The 3.85% additional from the North American Division, above the 2% contributed by all other divisions, is to assist with the world mission program and support General Conference institutions, several of which are located in North America.

In addition there will be .25% decrease, per year, from the year 2017 to 2020. That decrease, along with the adjustment of .15% for the transfer of Oakwood University from the GC to the North American Division, reduces the North American Division’s percentage to 5.85%.

**Tithe and Mission Offerings to the GC**

One way to measure a division’s relative support of the worldwide work of the church is to compare their total mission offerings and tithe share that is sent to the General Conference for the World Budget, as a percentage of their gross tithe. This graph shows that calculation. It should be noted that this takes into account only those funds flowing through the regular tithe and offering system of the church. Members in the North American Division support many projects directly, such as mission and church building trips, support through ASI organizations, and in numerous other ways. Directly funding projects is not just limited to the North American Division—there are other divisions who directly fund missionaries and volunteers, as well as other projects outside of their division.

**Tithe and Mission Offerings Sent to the GC**

The next graph shows the dramatic shift in the portion of the GC income (revenue) coming from the divisions other than the North American Division. A portion of the increase is because of exchange rate changes, but there has been a steady increase in tithe and mission offerings from the divisions other than the NAD. The graph includes only funds flowing through the regular channels, and does not include the large amount of project giving from North America and other divisions. Over the past 20 years the funds to the General Conference from outside of North America have increased from 30% to 52%, which makes the General Conference’s income (revenue) much more susceptible to exchange fluctuations.
Effect of Exchange Rate Fluctuations

An important factor that has been mentioned is exchange rates. Changes in exchange rates among currencies have always been a challenge for organizations working with multiple currencies. It is difficult to show the true picture of the tithes and offerings around the world, because what may be shown as increases in local currencies may appear as decreases when converted to US dollars. However, the challenges are not just in the reporting but also in the actual funds received. The GC budget is based on US dollars, and its subsidies (appropriations) and commitments are mostly in US dollars. When budgeting for the next year, we have to assume that the exchange rates will remain relatively stable. However, if the US dollar strengthens against other major currencies, it will mean fewer US dollars of income to the GC, but at the same time it will mean an increase in local currency units for organizations receiving subsidies (appropriations) in US dollars.

There is a need to maintain a certain level of funds on hand at all times. This is because of fluctuations in the economy and the actual timing of income (revenues) and expenses do not always match as planned. These funds are referred to as “working capital.” Depending on the nature of the organization, the percentage of a year’s operating income (revenue) needed for smooth operations may vary. As recently as 2002, 75% of the income (revenue) received by the GC came from the NAD. Only 25% of the General Conference’s revenue came from the other divisions, where it was subject to exchange rate fluctuations. In 2014 more than 50% of the tithes and offerings received by the GC came from currencies other than the US dollar. These funds were therefore subject to currency exchange fluctuations. At one time it was felt that an amount equal to 20% of a year’s unrestricted income would provide an adequate level of working capital for the GC. But the world economies and exchange rates have shown a much greater volatility, and in response the GC has slowly increased that percentage to 45%. It is scheduled to increase by 1% per year until it reaches 50%. This will allow the GC to maintain sufficient funds to meet its budgeted commitments even when there are short-term fluctuations in its income (revenues). It can be very disruptive to the work around the world if the GC has to cut subsidies (appropriations) in the middle of the year, after divisions have made commitments based on funds allocated to them in the General Conference budget.

Since the beginning of 2014 and continuing through March of 2015, the US dollar strengthened substantially against many of the major...
In 2014 more than 50% of the tithes and offerings received by the GC came from currencies other than the US dollar. Currencies. This has decreased the dollars flowing to the GC, and not only affected 2014, but will have a major impact on 2015 and possibly beyond. Just to put this in perspective, the following six currencies represent almost 70% of the revenue to the General Conference from outside the US. Listed beside each of these six currencies is the percent decline in the currency’s value to the US dollar between January 1, 2014, and March 31, 2015.

**Investment Earnings and the Financial Markets**

The 2000–2004 quinquennium was very unusual. The first part of the period was characterized by three consecutive years of falling markets, which had not occurred in more than 60 years. The past two years brought a recovery of losses incurred in the first three years. Then during the 2005–2009 quinquennium we experienced one of the worst recessions. In spite of considerable instability in the stock markets, overall the markets have shown a steady upward trend. The GC manages risk through diversification and the use of professional managers.

The GC Investment Office administers a family of professionally managed unitized funds that make diversified asset allocation possible. Most of the funds do not belong to the General Conference as illustrated on the right.

**Currency Performance vs US Dollar**

<table>
<thead>
<tr>
<th>Currency</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brazilian Real</td>
<td>26%</td>
</tr>
<tr>
<td>Euro</td>
<td>20%</td>
</tr>
<tr>
<td>Canadian Dollar</td>
<td>15%</td>
</tr>
<tr>
<td>Mexican Peso</td>
<td>13%</td>
</tr>
<tr>
<td>Australian Dollar</td>
<td>12%</td>
</tr>
<tr>
<td>Korean Won</td>
<td>4%</td>
</tr>
</tbody>
</table>

*= 5% DECLINE*

The majority of the GC-owned funds (excluding donor advised) are in bonds (fixed-income investments), with only about 4.4% in stocks (equities). Over the long term, stocks (equities) have outperformed bonds (fixed income), savings deposit rates, and inflation. Funds invested in commonly accepted long-term investments (S&P 500 Composite) have outperformed savings rates (90 day U.S. T-Bills) over the long run, but as the graph shows, it has been a roller-coaster ride of late.

Over the years earnings on investments have made a positive contribution to the worldwide mission of the church. While there have been periods of decline (2002 and 2008), these have been outweighed by gains in the investments over the decade. The losses in 2008 were offset by gains and earnings on investments in 2009.
GENERAL CONFERENCE EXPENSES

On the GC’s financial statement, expenses are grouped into six major categories:

Aside from the office operating, which includes employee and operational costs at the General Conference headquarters, most of the expenses relate directly to division and GC institution subsidies (appropriations). These direct subsidies (appropriations) to divisions and GC institutions are for use in their territories, or are expenses that the General Conference pays on behalf of division and GC institutions, such as the costs for missionaries (IDEs) paid by the General Conference.

**APPROPRIATIONS**

When we refer to “appropriations,” we are generally referring to the direct operating subsidies sent from the General Conference to the divisions and GC institutions, to help with the work in their sections of the world. The majority of the expenses at the General Conference are really subsidies (appropriations) provided from various sources and intended for various uses even though we may refer to them by different titles.

The following slide illustrates some of the kinds of funding from the General Conference to the divisions and institutions, which are basically subsidies (appropriations), but appear under other sections of the statement. The following are examples and amounts in 2014.

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Mission Funds</td>
<td>9.45 Million</td>
</tr>
<tr>
<td>Special and Extra Subsidies (Supplemental Appropriations)</td>
<td>14.02 Million</td>
</tr>
<tr>
<td>13th Sabbath Offerings</td>
<td>3.98 Million</td>
</tr>
<tr>
<td>From 10/40 Window Fund</td>
<td>3.07 Million</td>
</tr>
<tr>
<td>From Unusual Opportunities Fund</td>
<td>1.31 Million</td>
</tr>
<tr>
<td>Subsidy for Audits by GCAS</td>
<td>7.19 Million</td>
</tr>
<tr>
<td>From the Investment Offering</td>
<td>1.00 Million</td>
</tr>
<tr>
<td>GC Cost for Missionaries (IDEs)</td>
<td>23.46 Million</td>
</tr>
</tbody>
</table>
**Regular Operating Subsidies (Appropriations)**

The first graph shows the amount of the direct operating subsidies (appropriations) from the General Conference to each of the divisions and the Middle East and North Africa Union Mission (MENA) during 2014.

The graph on the bottom shows the General Conference’s direct operating subsidies (appropriations) to divisions and the Middle East and North Africa Union Mission (MENA) as a percentage of their gross tithe for 2014. This gives a picture of their reliance on the subsidies (appropriations).
The graph on the right shows the GC’s direct subsidies (appropriations) to General Conference institutions. It should be noted that Andrews University receives additional appropriations from the local conferences of the Lake Union, as well as from the Lake Union and the North American Division. Oakwood University receives additional subsidies from the Regional Conferences.

The graph below shows the GC’s direct subsidies (appropriations) to General Conference institutions as a percentage of their gross revenue. In some cases the percentage would be higher if the indirect appropriations for interdivision employee costs and the appropriations from other organizations were included. This helps in understanding the institution’s reliance on the subsidies (appropriations).

Subsidies to GC Institutions
as a Percentage of Gross Revenue in 2014

- **GRI**: 90%
- **White Estate**: 95%
- **ADRA**: 10%
- **AWR**: 18%
- **Hope Channel**: 68%
- **Loma Linda**: 3%
- **Oakwood**: 2%
- **Andrews**: 5%
- **AUA**: 50%
- **AIIAS**: 31%
**General Conference Auditing Service**

In 2000 the General Conference became responsible for the General Conference Auditing Services' (GCAS) costs for all organizations in divisions outside of the North American Division. An adjustment of $3.5 million was made to division subsidies (appropriations) for the equivalent of what the divisions were spending annually to fund GCAS operations within their territories. Over the past 10 years costs have increased significantly, partly because of inflation and changes in the exchange rates to the U.S. dollar. However, most of the increase has come from audit requirements and additional entities needing audits. Costs have not only risen in dollar terms but have increased from 3.5% of the GC World Budget in 2000 to more than 6.6% in 2014. During the quinquennium a new formula was approved. This formula is being phased in over the next several years. It involves the sharing of the GCAS expenses between the General Conference and the world field, and sets a maximum on the percentage of the GC budget that will go for GCAS expenses.

**Missionary Expenses - Interdivision Employee (IDE) and New International Service Employee (ISE) Program**

In 1996 a major portion of the funding of missionaries (interdivision employees or IDEs) was shifted from the divisions to the General Conference; the subsidies (appropriations) to the divisions were reduced by the average of missionary costs during 1994 and 1995. What was not factored in at that time was that there were a number of missionary (interdivision employee) positions listed but had not been filled during part or all of this two-year period, so the funding transferred to the General Conference was not sufficient to cover the costs if all the positions were to be filled. The Interdivision Employee Budget Oversight Committee, now the GC Mission Board, along with the General Conference Secretariat, has been working with the divisions to find a resolution to this budgetary
issue and to identify missionary budgets that could be made available for transfer to the 10/40 Window. The GC Executive Committee voted that funding for missionary (IDE) budgets should not exceed 16.5% of the GC’s budgeted unrestricted income (revenue).

During this quinquennium a new set of policies was approved to replace the current IDE program with an International Service Employee (ISE) program for missionaries. The new policies take into account movement between countries as opposed to divisions, and will be phased in over a period of years.

The graph on the right shows the actual costs to the GC for the missionaries (IDE) as compared to the budgeted amount for each year since 1995. The budget for missionaries (IDE) did not increase much between 2000 and 2006, since the overall GC budget was affected by the phase-in of the new tithe-sharing formula, but costs continued to rise. The decrease in costs for 2009 can be attributed mainly to the exchange rate fluctuation of the U.S. dollar rather than to reduced costs. Operating considerably under budget during this quinquennium was a conscious decision in order to provide the funds needed in the transition to a new missionary program.

The circular graph shows the costs to the GC by division and GC institution for missionaries (IDE) serving in their territories or organizations. Interdivision employees serving ADRA functions were separated from the division totals in 2014, and are shown under ADRA, rather than being included under the divisions and MENA. The local costs, which are carried by the local organizations, are not included here. The South Pacific Division (SPD) and North American Division (NAD) do not appear on this list, because they cover the full costs of the missionaries serving within their territories.
GC Headquarters Operating Costs

The cost of operating the GC Headquarters has averaged approximately $40 million per year during this quinquennium. It includes the costs of various services provided from the world headquarters, including the cost of staff and the operation of the office complex.

The GC has consistently operated both within budget and under the spending limit (cap) set by the GC Executive Committee. The graph shows that the margins grew slimmer toward the end of the five-year phase-in (2001–2005) of the new tithe-sharing and spending-limit (cap) formulas. The spending limit is 2% of worldwide tithe. The GC Headquarters operated $34 million under the cap this quinquennium, which in turn contributed to making funds available for extra subsidies (supplemental appropriations).

The largest portion of the GC Headquarters costs relates to employee salaries and benefits. The GC has worked hard to contain the growth of staff in order to allow most of the funds in the budget to flow to the field. The church has more than doubled its membership during the past 20 years, 1995–2014, and has substantially increased the number of conferences, missions, and unions while the number of employees at the General Conference Headquarters has increased by only 6, from 282 to 288.
GC MANAGED (ADMINISTERED) FUNDS
The GC Managed (Administered) Funds include items where the General Conference either pays the expenses directly, such as the Adventist Review/Adventist World and GC Session costs or items where it administers the distribution in accordance with committee actions or donor’s instructions, such as 13th Sabbath offering projects and charitable gift fund grants (appropriations). The annual average during the quinquennium was $39 million.

Here we show in circular graph form some of the larger items that fall under GC Managed Funds (GC Administered Funds) and how the amounts vary from year to year. In 2012 the Hope Channel was set up as a separate institution, and therefore beginning in that year shows up under the appropriations section rather than under the GC Managed (Administered) Funds.

LARGEST GC MANAGED (ADMINISTERED) FUNDS

In Million Dollars

<table>
<thead>
<tr>
<th>Year</th>
<th>Hope Channel</th>
<th>Adventist Mission</th>
<th>Adventist World</th>
<th>Charitable Gift Fund</th>
<th>GC Session</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>7.13</td>
<td>5.48</td>
<td>6.99</td>
<td>3.63</td>
<td>6.09</td>
</tr>
<tr>
<td>2011</td>
<td>8.94</td>
<td>7.44</td>
<td>6.04</td>
<td>5.00</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>9.54</td>
<td>5.90</td>
<td>4.76</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>7.81</td>
<td>5.89</td>
<td>4.94</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>9.45</td>
<td>5.92</td>
<td>9.61</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

QUINQUENNIAL GC MANAGED FUNDS
Extra Subsidies
(Supplemental Appropriations)

Over the years, the General Conference has provided two basic categories of subsidies (appropriations)—regular and special. The regular appropriations are provided to divisions and GC institutions to help with ongoing operations and programs. Specials are one-time grants (appropriations) for specific projects or needs. Over the years, as the mission offerings did not keep up with inflation, less and less funding was available for special subsidies (appropriations). Because of limited funding, the GC made multiple-year commitments for many projects. It reached the point where there were so many multiple-year commitments that there were not any funds left that could be committed for new projects.

In 1997 the General Conference was able to access some previously unavailable funds, and at that time cared for all the outstanding commitments, some of which were scheduled for payment clear into 2002. Before 1997 the General Conference made commitments for specials to be funded over multiple years from future revenue. Since then, a more conservative budgeting approach has been taken. If the GC ends the year with more than 100% of recommended working capital, consideration is given to distributing the excess as extra subsidies (supplemental appropriations) at the time of the Spring Meetings.

This graph shows the amounts distributed in extra subsidies (supplemental appropriations) since 1998. The funds have been a great blessing to the work. The phase-in of the new tithe-sharing formula between 2000 and 2005, and the recession from 2008 to 2010, affected the amounts available for extra subsidies (supplemental appropriation). Even still, there have been extra subsidies (supplemental appropriations) in most years. The graph shows that the amounts the General Conference Headquarters operated below the spending limit (cap) contributed in a major way in providing the funds for extra subsidies (supplemental appropriations).
ASSETS, LIABILITIES, AND NET WORTH (NET ASSETS)

The audited financial statement shows the total assets, liabilities, and net worth (net assets) of the General Conference. The receipt of more than $100 million in extraordinary tithe, the majority of which was received in 2007, and the related assets and expenses continuing into this quinquennium, can make comparing previous years difficult. To facilitate comparisons, in some of the graphs, we have either identified the extraordinary tithe separately or simply excluded it.

A quick look at this bar chart showing the assets section of the GC’s balance sheet (Combined Statement of Financial Position), illustrates the relative size of the various components. The bar chart shows the financial position for December 31, 2014. Total debts (liabilities) and net worth (net assets) as of December 31, 2014, are illustrated below.
**Fund Balances**

Accounting for not-for-profit organizations is different than for commercial organizations. In a commercial setting there is normally a single bottom-line number that gives you a picture of the operations for the year.

Additional information on one-time items and income (revenue) and expenses help to better understand that figure, but the bottom line is the most meaningful number. In not-for-profit accounting the objective is to be sure that the funds have been spent in accordance with any restrictions put on them by the donor, or allocated by the executive committee (governing body). We use fund accounting to help accomplish this. The unrestricted regular operating funds are the basis of the GC World Budget and are available to the Executive Committee to provide subsidies (appropriations) to the world field, support our missionaries (interdivision employees), fund programs, and cover the operating costs of the General Conference Headquarters. The restricted funds are a great benefit to the work, but, because of their restrictions, are not included as part of the regular operating budget.

The first graph shows the breakdown by fund (segments of the net worth or fund balance of the GC), of the annual increase in the General Conference’s combined net worth (fund balance). You can see that the fund balance of donor-directed (donor-advised) funds has increased substantially during this quinquennium. Based on the suggestions from the donors, most of these funds will go for initiatives and projects around the world. Much of the increase in the regular operating fund relates to funds designated (allocated) for projects in the 10/40 Window and other areas that require multiple years to complete.
Here we see the total combined net worth (fund balances) of the General Conference, per year, for the past 20 years. As we can see, a large portion of the increase is in the area of the donor-directed (donor-advised) fund, which is awaiting recommendations from the donors, and extraordinary tithe, most of which is already designated (allocated) for long-term initiatives and projects. There has also been a substantial increase in recommended working capital and in allocated funds for ongoing long-term initiatives in the 10/40 Window area.

**Operating Fund Net Worth**

**Money Needed for Operating (Working Capital) and Ability to Pay Debts (Liquidity)**

The General Conference Working Policy specifies the amount of money required to be kept on hand to carry on the normal day-to-day operations of the organization. It is called working capital and the GC Working Policy recommends maintaining a certain percentage of a year’s unrestricted income plus the total of restricted and allocated funds as working capital. The policy recommendation for the GC in 1995 was 20% of a year’s unrestricted income. Working capital provides funds to care for the difference in timing of income and expenses, and provides a cushion for short-term fluctuations in income and currency exchange rates. In recent years an increasing portion of the General Conference’s income has become subject to currency exchange fluctuations, and the world’s economies have become more turbulent. To provide a more stable operation and to avoid having to make adjustments in appropriations during the year because of fluctuations in income, it was felt that more than 20% of unrestricted income was needed. The GC
Executive Committee decided to increase the recommended working capital gradually, with the aim of reaching 50% by 2019. The graph on the right shows the difference between the old and new policy.

The General Conference made the decision to adjust the recommended working capital percentage to the level that was really needed, rather than to build up the funds to more than 100% of recommended working capital. Then each year at Spring Meeting any excess amounts above the recommended level would be distributed as Extra Appropriations (Supplemental Appropriations).

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>Actual %</th>
<th>At 20%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>24.7</td>
<td>20%</td>
<td>24.7</td>
</tr>
<tr>
<td>1996</td>
<td>24.3</td>
<td>20%</td>
<td>24.3</td>
</tr>
<tr>
<td>1997</td>
<td>25.0</td>
<td>20%</td>
<td>25.0</td>
</tr>
<tr>
<td>1998</td>
<td>36.7</td>
<td>25%</td>
<td>29.3</td>
</tr>
<tr>
<td>1999</td>
<td>34.5</td>
<td>26%</td>
<td>26.6</td>
</tr>
<tr>
<td>2000</td>
<td>36.0</td>
<td>27%</td>
<td>26.7</td>
</tr>
<tr>
<td>2001</td>
<td>45.0</td>
<td>33%</td>
<td>27.2</td>
</tr>
<tr>
<td>2002</td>
<td>45.0</td>
<td>34%</td>
<td>26.5</td>
</tr>
<tr>
<td>2003</td>
<td>44.0</td>
<td>35%</td>
<td>25.1</td>
</tr>
<tr>
<td>2004</td>
<td>50.6</td>
<td>36%</td>
<td>28.1</td>
</tr>
<tr>
<td>2005</td>
<td>53.6</td>
<td>37%</td>
<td>29.0</td>
</tr>
<tr>
<td>2006</td>
<td>66.0</td>
<td>40%</td>
<td>33.0</td>
</tr>
<tr>
<td>2007</td>
<td>69.0</td>
<td>40%</td>
<td>34.5</td>
</tr>
<tr>
<td>2008</td>
<td>72.0</td>
<td>40%</td>
<td>36.0</td>
</tr>
<tr>
<td>2009</td>
<td>68.3</td>
<td>40%</td>
<td>34.2</td>
</tr>
<tr>
<td>2010</td>
<td>76.0</td>
<td>41%</td>
<td>37.0</td>
</tr>
<tr>
<td>2011</td>
<td>84.7</td>
<td>42%</td>
<td>40.3</td>
</tr>
<tr>
<td>2012</td>
<td>86.2</td>
<td>43%</td>
<td>40.0</td>
</tr>
<tr>
<td>2013</td>
<td>87.3</td>
<td>44%</td>
<td>39.7</td>
</tr>
<tr>
<td>2014</td>
<td>90.6</td>
<td>45%</td>
<td>40.3</td>
</tr>
</tbody>
</table>

In Millions of Dollars, quantities rounded

In Millions of Dollars, using the new recommended percentage of annual income as compared to the 20% in policy in 1995.
The “ability to pay commitments” (liquidity) position of the GC over the quinquennium can be seen on the graph below. It clearly shows that we have the money to pay all the commitments. The formula defined in the policy is: cash and investments (liquid assets), divided by commitments (current liabilities plus the total balance of restricted and allocated funds).

### Planned Giving and Trust Funds

The General Conference Planned Giving and Trust Services reports that total maturities (amounts benefiting church entities from wills and trusts, etc.) through Planned Giving and Trust Services, since 1970, are more than $1.75 billion. This is a summary report from the various divisions and the General Conference. The funds provided would appear in the financial statements of the entities involved. Trust maturities have especially benefited the church in the areas of education, media ministries, evangelism, and health care. The maturities for this quinquennium exceeded $339 million. The decrease, as compared to the previous quinquennium, appears to be the result of some divisions not reporting the total from their territories.
THE EXTRAORDINARY TITHE

In the biblical account of the seven years of plenty, followed by seven years of famine in Egypt, we can see how the Lord provided for His children during those difficult times. With the recession and the economic turmoil of 2008–2010, it was impossible to provide the substantial funding for any new work in the 10/40 Window, or new initiatives in other areas from normal operating income. God is good, and even before we knew to ask, He was preparing a way to provide for the needs of His work during that time.

In 2007 the General Conference was approached by a family that was divesting of a multinational business. The family wanted to tithe the sale of the business. This amount was extraordinarily large, so they first consulted with their local conference about where to return the tithe. Members normally return their tithe through their local churches to the conference in which they hold membership. Given the unusually large amount involved, and the fact that the business was of a multinational nature (with the funds having been earned across multiple conferences, unions, and divisions), it was felt that the General Conference, rather than the local conference, was in the best position to administer these funds. It is not the practice of the General Conference to receive tithe directly from members.

After consultation with the General Conference and division officers, it was recommended that the General Conference accept this extraordinary tithe, which exceeded $100 million, for the worldwide work of the church. Tithe is for a holy purpose and is returned to the Lord through His church for support of the ministry and evangelism.

We praise God for this family’s faithfulness and for His goodness in providing these means for spreading the gospel. Guidelines were developed for the use of these funds. The majority of the funds have been allocated to various initiatives and projects, many of which target the 10/40 Window area and will be used over a period of time for spreading the gospel. The remainder will be assigned after evaluating the long-term viability of these initiatives and projects.

Many of the Hope Channel satellite links have long-term contracts, and many of those are funded in a large part by extraordinary tithe.

Just as God provided in advance for the Egyptians, He provided a way for the church to be able to continue its mission outreach!

When there are increases in tithe that are anticipated to continue in succeeding years, it is easy to expand the work. But infrequent and unusually large amounts require special care to preserve its application for appropriate tithe purposes and to be certain that initiatives that are started can be sustained.

Because the extraordinary tithe would make comparisons of the financial information from past and future years difficult, we are tracking it and any related expenditures separately from normal operations, even though the figures are combined in the audited financial statements.

On the next page is a summary of the allocation of funds to date.

“Just as God provided in advance for the Egyptians, He provided a way for the church to be able to continue its mission outreach!”
## Extraordinary Tithe Funds Allocated from 2008 to 2014

<table>
<thead>
<tr>
<th>Entity</th>
<th>Project</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECD</td>
<td>Public Evangelism, Big Cities &amp; Leadership Training</td>
<td>3,500,000</td>
</tr>
<tr>
<td>EUD</td>
<td>Evangelism in Europe &amp; 10/40 Window Territories</td>
<td>2,759,441</td>
</tr>
<tr>
<td></td>
<td>MENA Satellite and Internet Coverage</td>
<td>2,000,000</td>
</tr>
<tr>
<td>ESD</td>
<td>10/40 Window, Mega Cities and Spiritual Growth</td>
<td>3,800,000</td>
</tr>
<tr>
<td></td>
<td>Bible Translation Institute</td>
<td>400,000</td>
</tr>
<tr>
<td>IAD</td>
<td>Satellite coverage &amp; non-Christian religion outreach</td>
<td>2,500,000</td>
</tr>
<tr>
<td>MENA</td>
<td>Church building in MENA territory from interest</td>
<td>2,150,000</td>
</tr>
<tr>
<td></td>
<td>Transferred from EUD - For MENA territories</td>
<td>3,240,559</td>
</tr>
<tr>
<td></td>
<td>Transferred from TED - For MENA territories</td>
<td>861,589</td>
</tr>
<tr>
<td>NAD</td>
<td>Public &amp; Media Evangelism, TV frequency &amp; ShareHim</td>
<td>4,500,000</td>
</tr>
<tr>
<td>NSD</td>
<td>10/40 Window penetration &amp; reestablishment</td>
<td>5,700,000</td>
</tr>
<tr>
<td>SAD</td>
<td>TV frequency in Sao Paulo</td>
<td>4,250,000</td>
</tr>
<tr>
<td>SID</td>
<td>Hope for Big Cities, training and media</td>
<td>3,666,204</td>
</tr>
<tr>
<td>SPD</td>
<td>Kids in Discipleship and Evangelism</td>
<td>3,800,000</td>
</tr>
<tr>
<td>SSD</td>
<td>Radio/TV Network</td>
<td>4,250,000</td>
</tr>
<tr>
<td></td>
<td>10/40 Window Bible Training Center</td>
<td>500,000</td>
</tr>
<tr>
<td>SUD</td>
<td>Evangelism in unentered territories</td>
<td>4,500,000</td>
</tr>
<tr>
<td></td>
<td>Hope Channel expansion</td>
<td>1,000,000</td>
</tr>
<tr>
<td>TED</td>
<td>Relay Christ to new generation</td>
<td>3,638,411</td>
</tr>
<tr>
<td>WAD</td>
<td>Evangelism and Media</td>
<td>3,600,000</td>
</tr>
</tbody>
</table>

### Total to World Divisions

<table>
<thead>
<tr>
<th>Project</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adventist Mission</td>
<td>Reinforce the work in Big Cities</td>
</tr>
<tr>
<td>Adventist World Radio</td>
<td>Expansion of radio coverage in Big Cities &amp; 10/40 Window</td>
</tr>
<tr>
<td>Adventist Heritage Ministries</td>
<td>Marketing materials</td>
</tr>
<tr>
<td>Connecting w/Jesus</td>
<td>E G White books printing</td>
</tr>
<tr>
<td>Focus on World Religions</td>
<td>Multiple 10/40 Window leadership projects</td>
</tr>
<tr>
<td>Hope Channel</td>
<td>Expansion of satellite coverage and DirecTV programming</td>
</tr>
<tr>
<td>Hope Channel</td>
<td>Long term satellite contracts</td>
</tr>
<tr>
<td>Hope Channel</td>
<td>Equipment</td>
</tr>
<tr>
<td>10/40 Window items</td>
<td>10/40 Window transition funding for missionaries</td>
</tr>
<tr>
<td>Intl Bible &amp; Mission Conference</td>
<td>Bible Conferences</td>
</tr>
<tr>
<td>Office of Global Software</td>
<td>GC web international initiatives</td>
</tr>
<tr>
<td>White Estate</td>
<td>Internet Development Project</td>
</tr>
</tbody>
</table>

### Total GC Institutions and Programs

<table>
<thead>
<tr>
<th>Project</th>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total GC Institutions and Programs</td>
<td>34,413,987</td>
</tr>
<tr>
<td>Office of Program Evaluation</td>
<td>Assessment and evaluation of programs</td>
</tr>
</tbody>
</table>

### Total to Divisions, Programs and Program Evaluation

<table>
<thead>
<tr>
<th>Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>95,926,449</td>
</tr>
</tbody>
</table>
FOCUS GC BUDGET ON 10/40 WINDOW

In the 1930s more than 40% of the church’s total tithes and offerings passed through the General Conference’s budget. The GC’s budget was the main driver of much of the work around the world. As you can see from this graph, that percentage has steadily decreased, to where it is only about 7% of the total tithes and offerings that pass through the General Conference budget today. With a major portion of the 10/40 Window yet to be reached, it means that the GC budget must focus on building up the work in this part of the world, where we have so few members—where we are “thin on the ground,” an expression often used by previous General Conference president Jan Paulsen.

There has been a major shift in recent years to focus more and more of the GC’s funds on the great needs within the 10/40 Window area. Funds are provided from many sections of the budget for various initiatives. Since a number of divisions have both 10/40 Window and non 10/40 Window territories, it is difficult to identify in all cases exactly what portion of the funds are going to the 10/40 Window. But in spite of that, we can clearly say that an ever-increasing portion of the GC Budget is targeted at 10/40 Window territory.
PERSPECTIVE OF DENOMINATIONAL REVENUE BY LINE OF WORK

This graph helps to visualize the overall financial picture of the denomination, showing that only about 1.3% of the total income (revenue) of the church entities flows through the General Conference. The expenses for institutions and local organizations are best estimates from 2013. The majority of figures from 2014 for institutions are not yet available. Hospitals account for the largest portion, followed by educational institutions, and then publishing.
QUINQUENNIUM’S NOTABLE POINTS

1. Realignment of appropriations and allocation of interdivision missionaries were implemented, giving more emphasis to the work in the 10/40 Window area.

2. Phase-in of an adjustment of the tithe percentage from the NAD to the GC budget that involves a reduction from 8% to 6% over a period of time. The current NAD contribution rate is 7%, as compared to 2% from the other divisions.

3. The Hope Channel was set up as a separate GC institution in 2012. Prior to that, it was a cost center within the financial statements of the General Conference.

4. Global Mission is celebrating its 25-year anniversary this year. Each year Global Mission helps fund approximately 1,000 projects, supports about 1,500 Global Mission Pioneers (local missionaries) and works in more than 100 countries. A total of $20.7 was received through the annual sacrifice offering for these projects.

5. To service and handle the recruitment, human resources, and logistical aspects of interdivision missionaries more efficiently, an International Personnel Resources and Services (IPRS) office was created.

6. The General Conference continued its commitment to keeping the growth of staff at the GC to a minimum in order to support growth in the field. While church membership has grown from 8.8 million in 1995 to 18.5 million in 2014, the number of employees at the GC has grown only from 282 to 288.

7. The Use of Tithe Commission completed its work of studying the scriptural and Spirit of Prophecy counsel on the use of tithe, and the GC Executive Committee approved revisions in the policy that help clarify our understanding of the special role tithe plays in the support of the ministry.

8. For the first time in more than 50 years mission offerings grew at a faster rate than tithe.
CONCLUSION

There is much yet to be done. After God promised to Joshua, “Every place that the sole of your foot shall tread upon, that have I given unto you” (Joshua 1:3, KJV), we find these sad words: “And the LORD said unto him, Thou art old [and] stricken in years, and there remaineth yet very much land to be possessed” (Joshua 13:1, KJV). May we not hear those same words in reference to the half of the world (10/40 Window) that is still virtually untouched by the gospel.

In these uncertain times and with the great task remaining, we must learn to depend fully on the Lord. Too often we forget that the work is His. We need only to follow His directions. One of my favorite statements by the servant of the Lord, Ellen White, is found in My Life Today, on page 10:

*We can see only a little way before us; “but all things are naked and opened unto the eyes of Him with whom we have to do.” He never becomes confused. He sits above the confusion and distractions of the earth and all things are opened to His divine survey; and from His great and calm eternity He can order that which His providence sees is best.*

*If we were left to ourselves to plan, we should make mistakes. Our prejudices, our weaknesses, our self-deceptions, and our ignorance would be manifest in many ways. But the work is the Lord’s, the cause is His; He never leaves His workmen without divine directions.*
Sources of Financial Information

The General Conference does not prepare a consolidated statement of all denominational organizations around the world, but the GC Archives and Statistics does accumulate and summarize some financial information from the financial statements and reports they receive. In this report we have used information from the GC’s accounting records as well as from the Archives and Statistics reports. Unless otherwise indicated all figures are expressed in US Dollars.

Accounting Terms and Synonyms

There are a number of terms that we use in not-for-profit accounting that some of you may not be familiar with. Maybe a short explanation will make the report more meaningful.

In this report we have tried to find synonyms for some of the accounting terms that may help the non-accountant reader better understand the information. We have put in parentheses the technical accounting terms as they are more precise. An explanation of some of the accounting terms can be found under Note 1 to the General Conference’s Consolidated Financial Statements. Some of the synonyms used are as follows:

Allocated— Designated or assigned
Appropriations— Subsidies or grants
Assets— Things of value
Cap— Spending limit
Donor Advised— Donor designated
Equities— Stocks
Expenditures— Expenses
Fixed Income— Bonds
GC Administered— GC managed
IDEs— Missionaries
Liabilities— Debts
Liquidity— Ability to pay commitments
Net Assets — Net Worth
Net Return— Net income
Restricted— Limited to purpose for which it can be used
Revenue— Income
Supplemental Appropriations— Extra subsidies
Unrestricted— Not limited as to purpose for which it can be used
Working Capital— Money needed for normal operations
ACRONYMS

GC  General Conference of
    Seventh-day Adventist

Divisions/Attached Unions

ECD  East-Central African
ESD  Euro-Asia
EUD  Inter-European
IAD  Inter-American
MENA  Middle East and North Africa Union
NAD  North American
NSD  Northern Asia-Pacific
SAD  South American
SID  Southern Africa-Indian Ocean
SPD  South Pacific
SSD  Southern Asia-Pacific
SUD  Southern Asia
TED  Trans-European
WAD  West-Central African

Other:

ADRA  Adventist Development and
       Relief Agency
AIIAS  Adventist International Institute
       of Advanced Studies
AIDS Office  Africa HIV/AIDS Office
Andrews  Andrews University
AUA  Adventist University of Africa
AWR  Adventist World Radio
CPI-U  US Consumer Price Index
GCAS  GC Auditing Service
GRI  Geoscience Research Institute
IDE  Interdivision Employee (Missionary)
ISE  International Service Employee
LLU  Loma Linda University
Loma Linda  Loma Linda University
Oakwood  Oakwood University
SDA  Seventh-day Adventist
S&P 500  Standard & Poor’s 500
       Composite Index
T-Bills  US Treasury Bills
US  United States
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