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W Dean Rogers, Assistant Treasurer
Verland V Erntson, Controller
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Bernardo Coelho, Photographer

“"They live in different locations, different cultures, and worship in different styles. But one thing remains the same: they are dedicated to spreading the Gospel of Christ around the world.""

Appreciation for Work of Treasurers

We would like to thank in a special way all the local church treasurers, assistant treasurers, and the deacons who volunteer their time each week to collect the tithes and offerings and manage the finances and physical facilities of the local churches. We would also like to express our appreciation to all the local conference, mission, union, division, institution, and General Conference treasurers and their teams for their dedication and hard work. This report is a tribute to the work of all these individuals.

The picture to the left shows the current division and General Conference elected treasurers and lists the years they have served in General Conference elected assignments.

Pictured separately are five individuals who also served during this quinquennium but have either retired or accepted other assignments.

Former GC/Division Treasurers

First Row (front), L to R:

Jóhann E Jóhannsson TED Treasurer 2004–present
Juan R Prestol ESD Treasurer 1992–1995
G S Robert Clive SUD Treasurer 2006–present
Emmanuel S D Manu WAD Treasurer 2008–present
José R Lizardo EAD Treasurer 1995–2002

Second Row, L to R:

Keith R Heinrich SSD Treasurer 2005–present
G Thomas Evans GC Associate/NAD Treasurer 2007–present
Goodwell Nthani SID Treasurer 2008–present
Daisy J F Orion GC Associate Treasurer 2005–present
Clyde Iverson NSD Treasurer 2008–present
Marino F de Oliveira SAD Treasurer 2000–present

Third Row, L to R:

Peter R Kunze EUD Treasurer 2000–present
Guilherme E Biaggi ESD Treasurer 2000–present
Filiberto M Verduzco IAD Treasurer 2000–present
Roy E Ryan GC Associate Treasurer 2002–present
Rodney G Brady SPD Treasurer 2000–present
Robert E Lemon GC Associate Treasurer 1995–1998

GC Undertreasurer 1998–2002
GC Treasurer 2002–present
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“And this gospel of the kingdom will be preached in the whole world as a testimony to all nations, and then the end will come.”
Matthew 24:14 KJV

Extraordinary Promise

Each week millions of Seventh-day Adventists around the world join each other in worshiping their Creator. They live in different locations, different cultures, and worship in different styles. But one thing remains the same: they are dedicated to spreading the Gospel of Christ around the world. They give their time, their energy, and their money for this cause. Telling other people about the saving grace of Jesus isn’t something they can do all by themselves on their own. The Adventist church works together by pooling its resources to spread the Gospel.

When we read Matthew 24:14 we often put emphasis on the last part: “…and then shall the end come.” This is a great promise, and it’s what we all long for. But there is another promise in that text that is just as important: It says that “this gospel of the Kingdom shall be preached in all the world.” What a promise! The Gospel commission in Matthew 28 says: “Go ye therefore, and teach all nations…” What a challenge! What a task! But what a promise! That “this gospel of the Kingdom shall be preached in all the world”!

It is a promise similar to that given to Joshua when the Lord said: “Every place that the sole of your foot shall tread upon, that have I given unto you, as I said unto Moses” (Josh. 1:3).

In Joshua 13:1 we find the Lord saying to him: “Thou art old [and] stricken in years, and there remaineth yet very much land to be possessed.” How sad that they had not finished the work, even though God had promised them success!

For almost 170 years we have been taking the Third Angel’s Message to a fallen world. There have been great triumphs; but “there remaineth very much land to be possessed.” Nearly half the world is still unreached. The major cities and the majority of the 10/40 Window are still to be reached. It is time for us to say, as did Caleb after crossing the Jordan, “Give me this mountain.” It is “not by might, nor by power, but by my spirit, saith the LORD of hosts” (Zach. 4:6).
Extraordinary Blessings

In the treasurer’s report to the 2005 General Conference Session we noted: “During this quinquennium [1999–2004] there has been great economic turmoil in the world. The financial markets have been on a roller coaster, the events of September 11, 2001, war, SARS, the tsunami, and others have affected the economies of various parts of the world. As we look back at the increases in tithes and offerings during this difficult period, we can only say, praise the Lord for the faithfulness of His people and for His bountiful blessings.”

As we reflect on the events of this quinquennium (2005–2009), we once again say: “Praise the Lord for His blessing!” Having come through one of the most tumultuous financial periods in the last 75 years, we can clearly see God’s leading and rejoice in the faithfulness of His children.

Extraordinary Tithe

In the account of the seven years of plenty followed by seven years of famine in Egypt, we see how the Lord provided for His children in difficult times. With the recession and economic turmoil of the last eighteen months, it was not possible to provide substantial funding for new work in the 10/40 Window and new initiatives in other areas from normal operating resources. God is good, and even before we knew to ask, He was preparing to provide for the needs of His work during this time.

During 2007 the General Conference was approached by a family that was divesting themselves of a multinational business. It is not the practice of the General Conference to receive tithe directly from members. Members should normally return tithe through their local churches to the conference in which they hold membership. This family had consulted with their local conference about where to return the extraordinarily large amount of tithe from the sale of their business. Tithe is for a holy purpose and is returned to the Lord through His church for support of the ministry and evangelism. When there are increases in tithe that are expected 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 legitimate tithe purposes and to be certain that projects started can be sustained.

Given the extraordinary 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. After consultation with the General Conference and Division officers it was recommended that the General Conference accept this extraordinary tithe for the worldwide work of the church. This extraordinary tithe received by the General Conference totaled more than $106 million.

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. Over 85% has been allocated to various initiatives and projects, many of which target the 10/40 Window area and will be used over a five-to-seven year period for spreading the Gospel. The unallocated remainder will be assigned after evaluating the long-term viability of these initiatives and projects.

Faithfulness in Tithes and Offerings

Over the last five years the annual worldwide tithe increased 40.2% from $1.32 billion in 2004 to $1.85 billion in 2009. World Mission Offerings over the quinquennium increased 31.8% from $48.7 million to $64.2 million.

Over the past 30 years, the World Mission Offerings have remained fairly static in U.S. dollar terms at around $50 million per year, while tithe has increased from $398 million to $1.85 billion, a 365% increase. This quinquennium saw a substantial increase in mission offerings from divisions outside North America. Percentage-wise, increases in local church funds have generally kept pace with the increase in tithe.

There has been a major shift in recent years towards more project-giving, which has helped stimulate 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 attention spans can often be short. When there is greater need or more promotion in another area, most of the support is shifted to the new area, often leaving the local organization (if there is one) 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 doubly important as we focus on the 10/40 Window area.

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

General Conference Revenues, Expenditures, and Net Assets

During the quinquennium, the General Conference (exclusive of extraordinary tithe) had total revenue gains and additions of $953 million and total expenditures of $885 million. The breakdown is shown in the graphs above and below. Total net assets of all General Conference funds (exclusive of extraordinary tithe) increased from $199 million to $267 million; working capital (exclusive of extraordinary tithe) as of December 2009 totaled $156 million, which is 109% of the amount recommended in the General Conference Working Policy.

Extraordinary Challenges

The General Conference holds and invests funds designated for a variety of purposes. The General Conference executive committee has established in policy a minimum recommended level for working capital. This amount, equivalent to 40% of one year’s unrestricted operating income, helps care for temporary swings in the economy, as well as in meeting the cash needs for appropriations, salaries, and other monthly expenses in the budget—which must be paid even though the largest portion of the funds are received in the last couple of months of the year.

The General Conference invests the allocated and restricted funds that have been designated by donors and the executive committee for projects and initiatives, many of which extend over multiple years or require time to complete. In addition the General Conference has endowment funds, the extraordinary tithe funds, depreciation funds, and funds held in trusts, life income agreements, charitable gift annuities, etc., that must be invested. The majority of General Conference funds are disbursed in the same year they are received.

General Conference funds are conservatively invested. In January 2008, approximately 87% of General Conference owned funds were in fixed income investments and 13% in equities. The decline in the financial markets took its toll on General Conference investments (as it did on almost all organizations), but we thank the Lord that over the two-year period, 2008 and 2009, the total return on investments (interest income, dividends, etc., as well as the realized and unrealized gains and losses on investments) for all funds combined was 3.5%, which means an average of 1.7% per year.

The table below shows details of the investments by fund. In 2008 we had US$15.6 million in realized and unrealized losses, partially offset by $8.0 million in earnings, giving a net negative return on investments of $7.6 million. In 2009 we had a net of US$11.8 million in realized and unrealized gains as the markets recovered some of their losses and $6.5 million in earnings for a net positive return on investments of $18.4 million.

**Performance of GC Owned Investments**

<table>
<thead>
<tr>
<th>Investment Balances and Net Market Fluctuations Plus Earnings by Fund in Millions</th>
<th>Jan-Dec 2008</th>
<th>Jan-Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment Balance</strong></td>
<td><strong>Net Return</strong></td>
<td><strong>Investment Balance</strong></td>
</tr>
<tr>
<td>Operating</td>
<td>US$128.7</td>
<td>US$(6.2)</td>
</tr>
<tr>
<td>Extraordinary Tithe</td>
<td>88.6</td>
<td>3.1</td>
</tr>
<tr>
<td>Donor Advised</td>
<td>18.3</td>
<td>(.6)</td>
</tr>
<tr>
<td>Plant Fund</td>
<td>24.5</td>
<td>(.6)</td>
</tr>
<tr>
<td>Endowment Fund</td>
<td>22.8</td>
<td>(2.8)</td>
</tr>
<tr>
<td>Other Funds</td>
<td>12.7</td>
<td>(.5)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>US$295.6</td>
<td>US$(7.6)</td>
</tr>
</tbody>
</table>
Effect of the Recession and Exchange Rate Fluctuations in 2008 and 2009

Worldwide tithe in 2008 was up 8.56%, as compared to 2007. Almost half of that increase in U.S. dollar terms was due to changes in exchange rates to the U.S. dollar in 2008. But even when eliminating the effect of the exchange rates, there were still significant increases in tithe in terms of local currency in most divisions. The extreme economic turbulence and recession during the past 18 months have had an effect on members’ income and have affected tithe and offerings. Worldwide tithe for 2009 in U.S. dollar terms was down 4.3% as compared to 2008.

The U.S. dollar strengthened considerably against most currencies at the end of 2008 and continued strong well into 2009. That reduced the U.S. dollar value of the tithe and offerings coming to the General Conference from outside the U.S. Nearly 40% of tithe and offerings in the General Conference’s budget come from currencies other than the U.S. dollar. The decrease in terms of dollars does not necessarily mean they had decreases in terms of local currency. In fact, most of the divisions, other than North America, actually experienced increases in 2009. Because of the strength of the U.S. dollar against other currencies, the decrease in gross tithe in divisions other than North America was 6.5%, down from US$1.04 billion in 2008 to US$972 million in 2009. Tithe in the North American Division was down 1.7% from US$893 million in 2008 to US$878 million in 2009.

Mission offerings in the North American Division were down 2.1% from US$23.8 million in 2008 to US$23.3 million in 2009, while mission offerings from the other divisions were down 8.5% from US$44.7 million to US$40.9 million. But as with the tithe, most of that decrease was due to the strength of the U.S. dollar.

GC Operations and Budget Constraints

During 2008 the General Conference had a decrease in total fund balances (exclusive of extraordinary tithe) of $2.1 million, due largely to the underperformance of the markets. Tithes and offerings were up 8.6%, which helped offset much of the decline from investments.

The picture in 2009 was somewhat different. Even though the normal tithe and mission offerings coming to the General Conference were down $5.9 million from 2008 (due to the economy and currency exchange rate fluctuations), the fund balances (exclusive of the extraordinary tithe) increased by $25.3 million. The improvement in the financial markets resulted in a positive return (investment earnings and realized and unrealized gains) from our investments of $18.4 million. That, combined with the fact that in 2009—with financial constraints in place—the General Conference operated $9 million under budget on the expense side, helped provide the increase to fund balance.

During the Quinquennium

The Appropriations Review Commission studied and made recommendations as to how to realign resources to give more emphasis to the work in the 10/40 Window during the next quinquennium. The General Conference completed the phase-in of the new tithe sharing percentage formula, without reducing appropriations to world divisions and GC institutions.

- In 2008 for the first time tithe in divisions other than North America exceeded that of the tithe received in North America.
- The General Conference built an extension to the headquarters facilities to accommodate the Hope Channel studio and offices at a cost of $5.2 million for the building and $2.8 million for equipment.
- Over 5 million individuals joined the church through baptism.

Extraordinary Future

As God has promised, “... this gospel of the kingdom shall be preached in all the world [what a promise!] ... and then shall the end come [what a hope!]” His promise is still fundamental to our hope and assurance. Ellen G. White wrote: “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” (Life Sketches, p. 197). What an assurance!
Sources of Financial Information

We do not prepare a consolidated report of all denominational organizations around the world, but the General Conference 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 General Conference’s accounting records as well as from the Archives and Statistics reports. Unless otherwise indicated all figures are expressed in U.S. dollars. See page 39 for Terms and Acronyms.

In preparing this report, it was inspiring to go back and reread some of the Treasurers’ Reports from past General Conference Sessions. It is not possible to read these reports without sensing the marvelous way that God has led through difficult times and thanking Him for His blessings and for the faithfulness of His children.

Tithes and Offering

All figures on average tithes and expenses are exclusive of extraordinary tithes, except where noted.

As this graph shows, total worldwide tithes averaged $1.726 billion per year during the quinquennium, and offerings averaged $732 million.

Of the total of $2.458 billion in tithe and offerings, $144 million comes to the General Conference—$84 million in tithe and $60 million in offerings.
In addition to the $144 million from tithe and offerings annually, the General Conference received approximately $8 million in donations and $16 million from restricted sources and $23 million from bequests, investment earnings and fees for services provided. This brings the total annual revenue to approximately $191 million.

Over the five-year period, the breakdown of expenditures (exclusive of extraordinary tithe) has been fairly consistent, except for the GC Administered funds for 2008.

Often when talking about appropriations we look only at the direct operating appropriations from the General Conference World Budget. In actuality, appropriations are given in a number of different ways:

- Direct Appropriations
- Assignment of Special Offerings
- Interdivision Employee Costs Covered by the GC
- GCAS Audit Costs
Here we show the GC’s direct appropriations to divisions in 2009.

The GC’s direct appropriations to GC institutions is shown in this graph. It should be noted that Andrews University and Oakwood University receive additional appropriations from the local conferences, unions, and/or the North American Division.

This graph depicts the GC’s direct appropriations to divisions as a percentage of the gross tithe of each division for 2009.

This graph shows the GC’s direct appropriations to GC 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.
In 2000 the General Conference became responsible for the GCAS auditing costs for all organizations in divisions other than North America. An adjustment of $3.5 million was made to division 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 due in part to inflation and changes in the exchange rates to the U.S. dollar, but mostly from increased audit requirements and additional entities requiring audits. Costs have not only risen in dollar terms but have increased from 3.5% of the GC World Budget in 2000 to 6.5% in 2009. We will need to study the funding of audit costs as we move into the future.

Since 1990 Global Mission has distributed $121.8 million to help with outreach. Global Mission funding comes from a combination of the Annual Week of Sacrifice Offering and special donations. During this quinquennium a total of $15.8 million was received through the Annual Week of Sacrifice Offerings and $10.1 million from special donations.

In 1996, when a major portion of the funding of Interdivision Employees was shifted from the divisions to the General Conference, the appropriations to the divisions were reduced by the average of the costs the divisions had incurred during 1994 and 1995. There were a number of Interdivision Employee positions listed that had not been filled during part or all of those two years, so the funding transferred to the General Conference was not sufficient to cover the costs if all the positions were filled. The Interdivision Employee Budget Oversight Committee and General Conference Secretariat have been working with the divisions to find a resolution to this budgetary issue and to identify additional budgets that could become available for transfer to the 10/40 Window. The General Conference Executive Committee voted that funding for Interdivision Budgets should not exceed 16.5% of the total GC World Budget.

This graph shows the actual costs as compared to budget for the GC portion of Interdivision Employees since 1997. The budget did not increase very much between 2000 and 2006 as the General Conference budget was affected by the phase-in of the new tithe sharing formula but costs continued to rise. The decrease in costs in 2009 was due mostly to exchange rates to the U.S. dollar rather than to reduced costs.
This graph shows the costs to the GC by division for Interdivision Employees serving in their territories. The AIIAS (SSD) and AUA (ECD) are shown separately as they are GC institutions serving multiple divisions.

The South Pacific Division (SPD) does not appear on this list as the SPD covers the costs of the missionaries serving within their territory. Interdivision employees who carry ADRA functions and those who work for GCAS are grouped together in this graph rather than shown under the division territories where they are located.

The GC Administered Funds include both unrestricted and restricted funds. There are a variety of different functions which include items such as:

- Adventist Missions (Global Missions), $7.8 million
- Hope Channel, $4.7 million
- Adventist World, $4.4 million
- Charitable Gift Fund Appropriations, $4.0 million
- Disaster and Famine Relief, $2.5 million
- 13th Sabbath School Projects, $2.2 million
- GC Session Costs, $1.2 million

This graph shows the GC Administered Funds by year. In 2008 there were several items that were combined to make a larger-than-usual amount but none were unusual.
Hope Channel expenses, Adventist Missions (Global Mission) appropriations and Adventist World costs represent the three largest components of the GC Administered Funds.

The cost of operating the GC headquarters has averaged approximately $36 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 General Conference has consistently operated both within budget and under the spending limit (cap) set by the General Conference Executive Committee. The graph shows that the margins grew slimmer towards the end of the five year phase-in (2001–2005) of the new Tithe Sharing Formula. The decrease in the spending limit in 2009 was a result of the decrease in tithing for that year. The spending limit is 2% of worldwide tithing.

This graph shows the GC Headquarters’ Operating costs as a percentage of total world tithing and offerings. In 2009, it was 1.6%.
The audited financial statement shows the total assets, liabilities, and net assets (net worth) of the General Conference. The receipt of $106 million in extraordinary tithe, the majority of which was received in 2007, and the extreme volatility of the investment markets during 2008 and 2009 make analysis of trends over the past five years difficult. To facilitate comparisons, in some of the graphs we have shown the extraordinary tithe funds separately and have separately identified the effect of the financial markets.

Total Liabilities and Net Assets (Net Worth) are graphed, with identification of the portions that relate to the extraordinary tithe.

The liquid assets of the General Conference are composed of Cash and Cash Equivalents, plus Investments. Cash and Cash Equivalents include funds held in bank accounts and in the GC Money Fund. These funds are held to meet ongoing day-to-day operating needs. The effect of the extraordinary tithe can be seen in 2007–2009, and the turbulent financial markets can be seen in the 2008 figures.

During the five-year period, Operating Net Assets (commonly known as Net Worth), excluding extraordinary tithe, increased from $114 million to $162 million. The additional Net Assets relative to extraordinary tithe can be seen in 2007–2009.
The net invested in land, buildings, and equipment decreased steadily for the first four years of the quinquennium due to depreciation. The major change in Net Invested and the Unexpended in 2009 are the result of adding a $5.2 million extension to the GC office, which includes the Hope Channel studio and storage space for the GC. The majority of the space in the GC’s warehouse in Baltimore is now leased out. The Unexpended Plant Fund balance, which is the amount on hand from funded depreciation and the sale of property and buildings, has increased from $17 million in 2004 to over $18 million in 2009.

True Endowments are established when donors specify that funds be kept in perpetuity and only the earnings spent. Quasi Endowments are funds that have been designated as endowments by the organization, rather than by the donors. Quasi Endowments are classified as unrestricted because the organization has the right to change the usage, if desired.

When the Office of Global Mission was originally established in 1990, it was agreed that the administration of the Office of Global Mission would be financed by earnings on the proceeds from the sale of Loma Linda Foods. These funds were set up as a Quasi Endowment in the amount of $13.3 million. As of December 31, 2009, this Global Mission Quasi Endowment had a market value of $15.6 million.

Adventist World Radio has endowments valued at $5.9 million with the earnings going to help with the costs of purchasing radio air time.

General Conference Working Policy specifies working capital recommendations for the major categories of organizations. Because of changes in the Tithe Sharing Formula and increased volatility in the financial markets and the economy, the General Conference Executive Committee voted to increase the percentage of unrestricted income included in the calculation of the recommended working capital to 40%. The increase was phased in over a period of several years. In 2005 it was 37% and reached 40% in 2006. The working capital position of the General Conference, exclusive of extraordinary tithe, has grown over the five-year period and has consistently been above the recommended minimum.
In 1999 a new Tithe Sharing formula was voted. The new formula calls for all divisions to contribute 2% of gross tithe for the operation of the world headquarters and, in addition, for North America to contribute an additional 6% of tithe to assist with the world missions program and the support of GC institutions, most of which are located in North America. Some of the other divisions also provide additional funding directly to mission territories within their divisions. The reduction from 10.72% to 8% of tithe from the North American Division and the increase from 1% to 2% from the other divisions was projected to result in a net reduction in funds available to the GC Budget of $12 million per year, which was equal to approximately 8% of the GC World Budget. This graph shows the tithe which flowed to the GC under the new formula and compares the tithe with what would have flowed to the GC under the old formula and indicates that the actual difference is about $14 million a year.

During the quinquennium, worldwide tithe increased 41% from $1,316,530,364 in 2004 to $1,851,340,230 in 2009.

In 2009, World Mission Offerings increased 32% from $48,664,970 in 2004 to $64,182,752 in 2009.
Local church funds have not only kept pace with tithe increases but have actually increased from around 25% of tithe during the 1930s, 40s, and 50s to over 35% of tithe since the early 1960s. Mission offerings over that same period of time have decreased from approximately 60% of tithe in the 1930s to under 4% in 2009. This steady decline has adversely affected the ability of the church to provide funds for entering new areas.

Over the past 30 years, the World Mission Offerings have remained basically static at around $50 million per year while tithe has increased from $231 million to $1.8 billion, a 679% increase. But we have seen an increase in the World Mission Offering during this quinquennium.

Financial Markets and Investments

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 over 60 years. The last two years brought a recovery of losses incurred in the first three years. Then during the 2005–2009 quinquennium we had one of the worst recessions and some of the most turbulent financial markets in recent history. In spite of all this the Lord has blessed the finances of His church. The General Conference manages risk through the use of diversification, professional managers, and investing with a long time horizon.

The majority of the General Conference funds are in fixed income investments with approximately 13% in equities. Over the long term, equities (stocks) have outperformed fixed income (bonds, etc.), deposit rates, and inflation. Funds invested in commonly accepted long-term investments (S&P 500 Composite) have outperformed saving 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.

The General Conference administers a family of professionally managed unitized funds which make diversified asset allocation possible. Most of these funds do not belong to the General Conference. Retirement funds account for the greatest portion of funds invested. Of the funds invested by the General Conference, the North American Division Hospital Retirement funds make up 42%, North American Division Retirement 12%, General Conference funds 16% and funds invested for all other organizations 30%.
During the last decade, investments have made a positive contribution to the worldwide mission of the church. While there have been periods of decline, 2002 and 2008, they have been outweighed by the gains in the market over the decade and are positive for the quinquennium. The losses for 2008 were offset by gains and earnings on investments in 2009 so that the average annual return for the two years was 1.7%, for which we praise the Lord.

Supplemental Appropriations

Over the years, the General Conference has provided two basic categories of appropriations—regular and special. The regular appropriations are provided to divisions and General Conference institutions to help with ongoing operations and programs, while specials are one-time appropriations for special projects. Over the years, as the mission offerings have failed to keep up with inflation, fewer funds have been available for specials. Because of limited funds available for special projects, the GC made multiple-year commitments for many projects. It reached the point where there were so many multiple-year commitments that no funds could be committed for new projects.

In 1997 the General Conference was able to access some previously unavailable funds and at that time funded all outstanding commitments, some of which were scheduled for payment clear into 2002. Since that time there have been no commitments of specials to be funded over multiple years. A more conservative budgeting approach was taken. If we end the year with more than 100% of recommended working capital, consideration is given to distributing the excess as appropriations through a supplemental budget. In other words, we do not commit funds for special projects before they are in hand.

This graph shows the amounts distributed in Supplemental Appropriations since 2000. These funds have been a great blessing to the work. The phase-in of the New Tithe Sharing formula between 2000 and 2003 and the economics of the last few years have affected the amounts available for Supplemental Budgets.

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 in those areas. There are sufficient tithe funds available in those same areas, but they cannot be used for some ongoing programs of the church which rely on non-tithe sources. In order to assist with some of these unique situations, the GC Policy has provisions whereby these territories send to the GC their additional tithe, and the GC then returns to them the equivalent amount in non-tithe funds. During this quinquennium, the annual amounts of tithe exchange under this policy ranged from $28.9 million to $39.0 million per year. We reflect these amounts as tithe income and a corresponding adjustment in the amount of mission offerings.

This graph shows the tithe received by the GC for each year during the quinquennium. The extraordinary tithe received during 2007-2009 is separately identified. Tithe, exclusive of extraordinary tithe, increased each year except for 2009 which was impacted by the recession and exchange rates to the US dollar. Included in these figures are releases of funds from areas of the world where currency restrictions have been a challenge for the church.
Mission Offerings

The total of mission offerings received has increased from $51.7 million in 2005 to $68.5 million in 2008 and down to $64.2 million in 2009 because of the economy and strengthening of the U.S. dollar. These are the gross offerings prior to the tithe exchange arrangement. Included in these figures are the restricted offerings, such as the 13th Sabbath School Offering, Annual Sacrifice, and Investment. The total World Mission offering during the quinquennium was $316.7 million dollars. Included in these figures are releases of funds from areas of the world where currency restrictions have been a challenge for the church.

Ingathering

Although ingathering has declined in many areas of the world, it is still an important source of funds for humanitarian work. In some countries it provides matching funds which allows access to government and foundation funds.

 Planned Giving and Trust Services

The General Conference Planned Giving and Trust Services has reported trust maturities (amounts benefiting church entities from wills and trusts, etc.) since 1970 of US$1.4 billion. Trust maturities have especially benefited the church in the areas of education, media ministries, evangelism, and health care. The maturities for this quinquennium exceeded $351 million.

Tithe and Mission Offerings to GC

This graph shows the dramatic shift in the portion of the General Conference revenue coming from the divisions outside of North America as compared to those from North America. A portion of the increase is due to exchange rate changes, but there has been a steady increase in tithe and mission offerings from outside of North America. The graph only includes funds flowing through the regular channels and does not include the large amount of project giving from North America.
Extraordinary Tithe Summary

The extraordinary tithe funds have been allocated to various initiatives and projects, many of which target the 10/40 Window area and will be used over a five-to-seven year period for spreading the Gospel. The unallocated remainder will be assigned after evaluating the long-term viability of these initiatives and projects. The following is a summary of the allocation of funds between April 2007 and December 2009.

### GC Extraordinary Tithe

**Summary of funds allocated from April 2007 until December 2009**

<table>
<thead>
<tr>
<th>Entity</th>
<th>Project Description</th>
<th>Amount Approved</th>
<th>Big Cities</th>
<th>People Groups</th>
<th>Radio</th>
<th>TV</th>
<th>10/40</th>
<th>Web</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Allocated to World Divisions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East-Central Africa</td>
<td>Public Evangelism, Big Cities and Leadership Training</td>
<td>$3,500,000</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Euro-Africa</td>
<td>Evangelism in Europe and 10/40 Window territories</td>
<td>$6,000,000</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Euro-Asia</td>
<td>10/40 Window, Mega Cities and Spiritual Growth</td>
<td>$3,800,000</td>
<td>x</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inter-American</td>
<td>Satellite Coverage and Muslim Outreach</td>
<td>$2,500,000</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>North American</td>
<td>Public &amp; Media Evangelism, TV Frequency and Share Him</td>
<td>$4,500,000</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td>x</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Northern Asia-Pacific</td>
<td>China &amp; Japan penetration and reestablishment</td>
<td>$5,700,000</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>South American</td>
<td>TV Frequency in Sao Paulo</td>
<td>$4,250,000</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southern Africa-Indian Ocean</td>
<td>Hope for Big Cities, training and media</td>
<td>$3,666,204</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td>x</td>
<td></td>
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</tr>
<tr>
<td>South Pacific</td>
<td>Kids in Discipleship and Evangelism</td>
<td>$3,800,000</td>
<td>x</td>
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<td></td>
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<tr>
<td>Southern Asia-Pacific</td>
<td>Radio/TV Network</td>
<td>$4,250,000</td>
<td></td>
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<td></td>
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<td></td>
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<tr>
<td>Southern Asia</td>
<td>Evangelism in unentered territories</td>
<td>$4,500,000</td>
<td>x</td>
<td></td>
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<td><strong>Allocated to Programs</strong></td>
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<td>$56,716,204</td>
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</table>

### Allocated to Programs

<table>
<thead>
<tr>
<th>Entity</th>
<th>Project Description</th>
<th>Amount Approved</th>
<th>Big Cities</th>
<th>People Groups</th>
<th>Radio</th>
<th>TV</th>
<th>10/40</th>
<th>Web</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adventist Mission</td>
<td>Reinforce the work in Big Cities</td>
<td>$1,000,000</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Adventist World Radio</td>
<td>Expansion of radio coverage in Big Cities &amp; 10/40 Window</td>
<td>$4,500,000</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td></td>
<td>x</td>
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<tr>
<td>Adventist Heritage</td>
<td>Ministry Marketing Materials</td>
<td>$150,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>ATN/Hope Channel</td>
<td>Expansion of satellite coverage and DirecTV programming</td>
<td>$9,400,000</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td></td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Connecting With Jesus</td>
<td>E.G. White Books Printing</td>
<td>$1,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
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<tr>
<td>Inter-division</td>
<td>Employee program 10/40 Window transition funding</td>
<td>$1,500,000</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Office of Global</td>
<td>Software GC web international initiatives</td>
<td>$2,000,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td>x</td>
</tr>
<tr>
<td>Focus on World Religions</td>
<td>Multiple 10/40 Window and leadership projects</td>
<td>$3,500,000</td>
<td>x</td>
<td></td>
<td></td>
<td></td>
<td>x</td>
<td></td>
<td>x</td>
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<tr>
<td></td>
<td></td>
<td>$23,050,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Office of Program</td>
<td>Evaluation Assessment and evaluation of programs</td>
<td>$896,298</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Total Allocated to Divisions, Programs and Program Evaluation</td>
<td></td>
<td>$80,662,462</td>
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</tbody>
</table>
Need to Focus GC Budget on 10/40 Window and Other Unentered Areas

The GC Budget is used to drive a major portion of the work of the church around the world. Before 1940, the GC Budget equaled over 40% of total tithe and mission offerings. In 2009 it is below 8%. This means that the GC Budget must be more focused in its objectives in order to build up the work in areas of the world where we have few members—where we are “thin on the ground,” as Elder Paulsen likes to say.

**Conclusion**

Extraordinary Investment Opportunity—Investing where market fluctuations and exchange rates don’t matter. The Lord does not look at the size of the offering, but at the sacrifice on the part of the giver. Someone has said: “Giving is not God’s way of raising money; it is God’s way of raising people into the likeness of His Son.” In Matthew 6:19-21 we are admonished to: “Lay not up for yourselves treasures upon earth . . . But lay up for yourselves treasures in heaven . . . For where your treasure is, there will your heart be also.”

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,” 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.” May we not hear those same words in reference to the half of the world (10/40 Window) which is still virtually untouched by the Gospel.

In these uncertain times, we must depend fully on the Lord. The servant of the Lord, Ellen White, wrote in *My Life Today*, 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.

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Terms

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.

**Restricted** – When a donor provides funds for a specific purpose and designates them as such, they are referred to as restricted. Only the donor can remove or change the restriction.

**Temporarily Restricted** – The funds must be spent for the restricted purpose.

**Permanently Restricted** – Commonly referred to as endowments, these funds cannot be spent, only the earnings on the funds can be spent.

When funds are raised for a specific purpose, such as an offering for a special project, they are considered restricted because of the communications to the donors as to what the funds would be used for. Examples would be: Investment Offering, Annual Sacrifice Offering, Disaster and Famine Relief Offering.

**Unrestricted** – The board or executive committee can determine how to use the funds.

**Unrestricted Allocated** – When a board or committee votes to set aside funds for a specific purpose, they are referred to as allocated. The board or executive committee can later decide to change the usage for which they were allocated.

**Unrestricted Unallocated** - Funds that belong to the organization and may be kept for future allocation and are part of the working capital of the organization.

Acronyms

<table>
<thead>
<tr>
<th>Divisions</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
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<td>ADRA Adventist Development and Relief Agency</td>
</tr>
<tr>
<td>ESD Euro-Asia</td>
<td>AIIAS Adventist International Institute of Advanced Studies</td>
</tr>
<tr>
<td>EUD Euro-Africa</td>
<td>AIDS Office Africa HIV/AIDS Office</td>
</tr>
<tr>
<td>IAD Inter-American</td>
<td>Andrews Andrews University</td>
</tr>
<tr>
<td>NAD North American</td>
<td>AUA Adventist University of Africa</td>
</tr>
<tr>
<td>NSD Northern Asia-Pacific</td>
<td>AWR Adventist World Radio</td>
</tr>
<tr>
<td>SAD South American</td>
<td>CPI-U Consumer Price Index</td>
</tr>
<tr>
<td>Sid Southern Africa-Indian Ocean</td>
<td>GCAS General Conference Auditing Service</td>
</tr>
<tr>
<td>SPD South Pacific</td>
<td>GC General Conference of Seventh-day Adventists</td>
</tr>
<tr>
<td>SSD Southern Asia-Pacific</td>
<td>GRI Geoscience Research Institute</td>
</tr>
<tr>
<td>SUD Southern Asia</td>
<td>IDE Interdivision Employee (Missionary)</td>
</tr>
<tr>
<td>TED Trans-European</td>
<td>LLU Loma Linda University</td>
</tr>
<tr>
<td>WAD West-Central African</td>
<td>Loma Linda University</td>
</tr>
</tbody>
</table>

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<td>LLU Loma Linda University</td>
</tr>
<tr>
<td>Loma Linda University</td>
</tr>
<tr>
<td>Oakwood Oakwood University</td>
</tr>
<tr>
<td>SDA Seventh-day Adventist</td>
</tr>
<tr>
<td>S&amp;P 500 Standard &amp; Poor 500 Composite Index</td>
</tr>
<tr>
<td>T-Bills Treasury Bills</td>
</tr>
<tr>
<td>U.S. United States</td>
</tr>
</tbody>
</table>