Southern California Conference Treasurer's Report

64th Constituency Session

of the Southern California Conference

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Treasurer's Report
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May 17, 2015

As we come to this quadrennial session, we are reminded that we must still be about our Father's business. It is a joy and a privilege for me to be a part of the Southern California Conference and a special pleasure for me to be a "Gate Keeper" of God's storehouse.

We praise God for His blessings and guidance over these past four years. Though we have faced financial challenges, God has granted wisdom in meeting these challenges. As a result, financial improvements have been manifested in major areas.

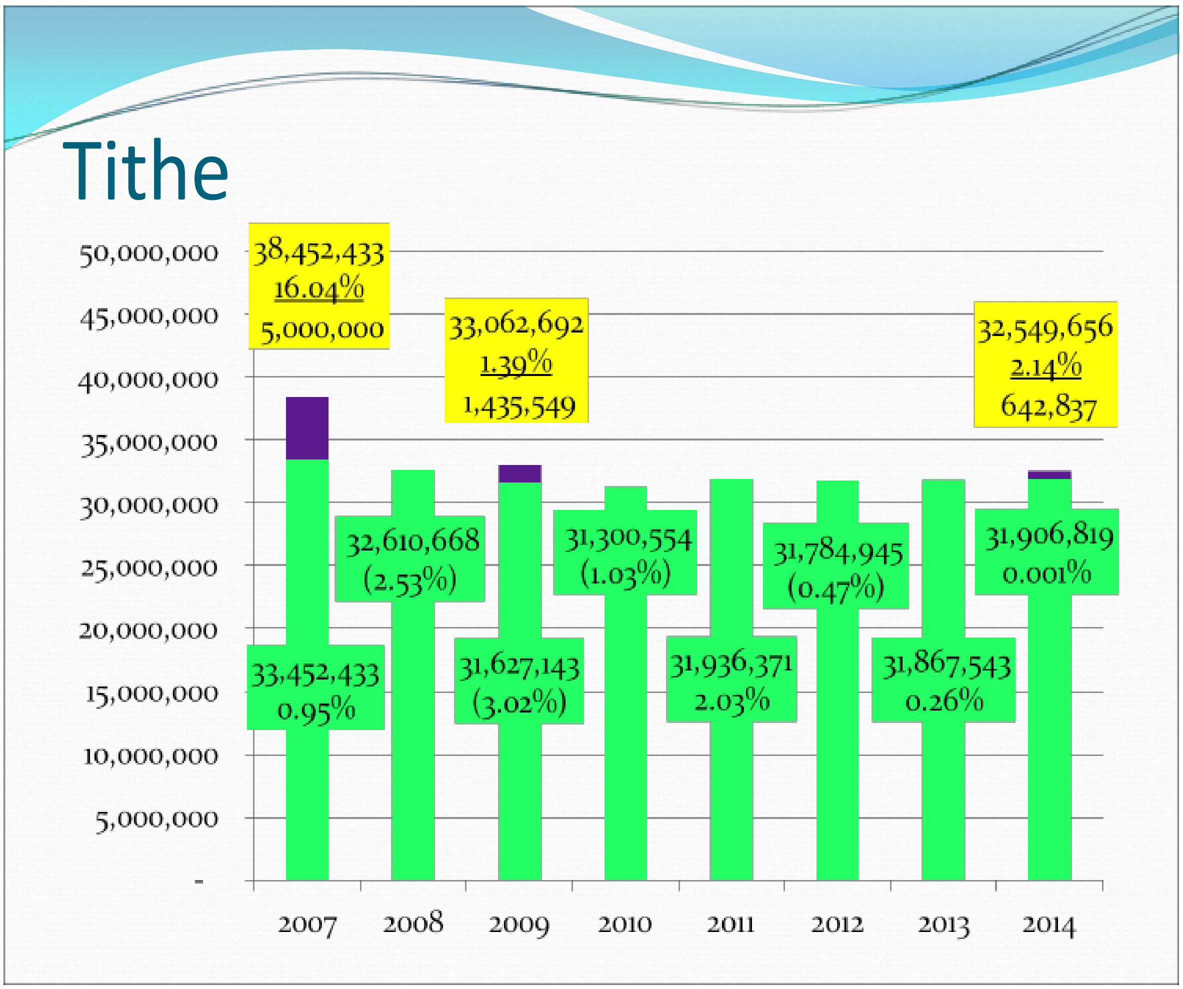
The Audited Financial Statement is a consolidated financial statement for the years 2013 and 2014. The consolidated financial statement includes Conference Operating Fund, Education Development fund, Plant Fund, Annuity Fund, Agency Fund, Adventist Book Center Fund, and Korean Adventist Press fund.

This report is based on the Conference Operating Fund. The Conference Operating Fund is the most important fund of the conference's operations, which includes major sources of income, mainly tithe. The entire conference operations are based on tithe income. Therefore, diligence in stewardship is essential.

Now I would like to give a brief explanation of the conference financial condition based on 2014 Conference Operating Fund.

Tithe

The chart below represents the yearly tithe amount for the years 2007 to 2014.



Tithe Report
We have prepared two different Tithe Reports. One report includes the windfall tithe, and the other does not include windfall tithe because windfall tithe is irregular and not consistent.

The Comparative Tithe Report for the conference is as follows:

With Windfall Tithe – The tithe received from 2007 to 2010 was 135,426,347.00 and from 2011 to 2014, the tithe received was 128,138,515.00, a net decrease of $7,287,832.00.

Without Windfall Tithe –
For the period of 2007 to 2010, the total tithe received was $128,990,798.00. During 2011 to 2014, the total tithe received was $127,495,678.00, a net decrease of $1,495,120.00.

Tithe (Without Windfall)

Year	2007-2010	2011-2014	Net Inc/Dec
Total Tithe	135,426,347	128,138,515	-7,287,832
Windfall Tithe	-6,435,549	-342,837	5,792,712
Regular Tithe	128,990,798	127,495,678	-1,495,120

Tithe Increase/Decrease

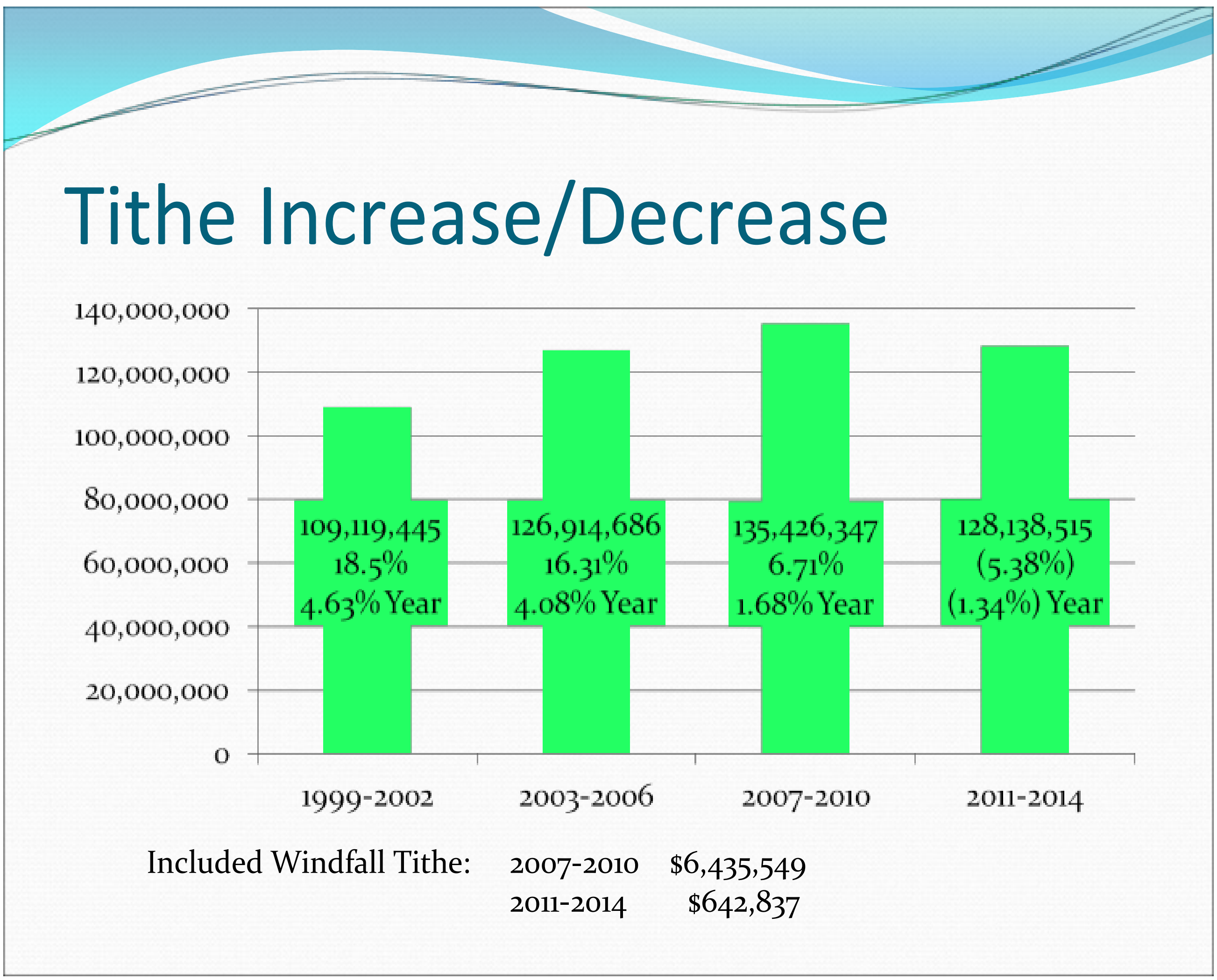
We believe there are a couple of reasons for the tithe decrease.

1. During the past eight years, our nation's economy was in a recession, especially in the Los Angeles area. The recession affected our church member's ability to return tithe.

2. There was a decrease of 1,000 in conference membership over the past four years because many families have

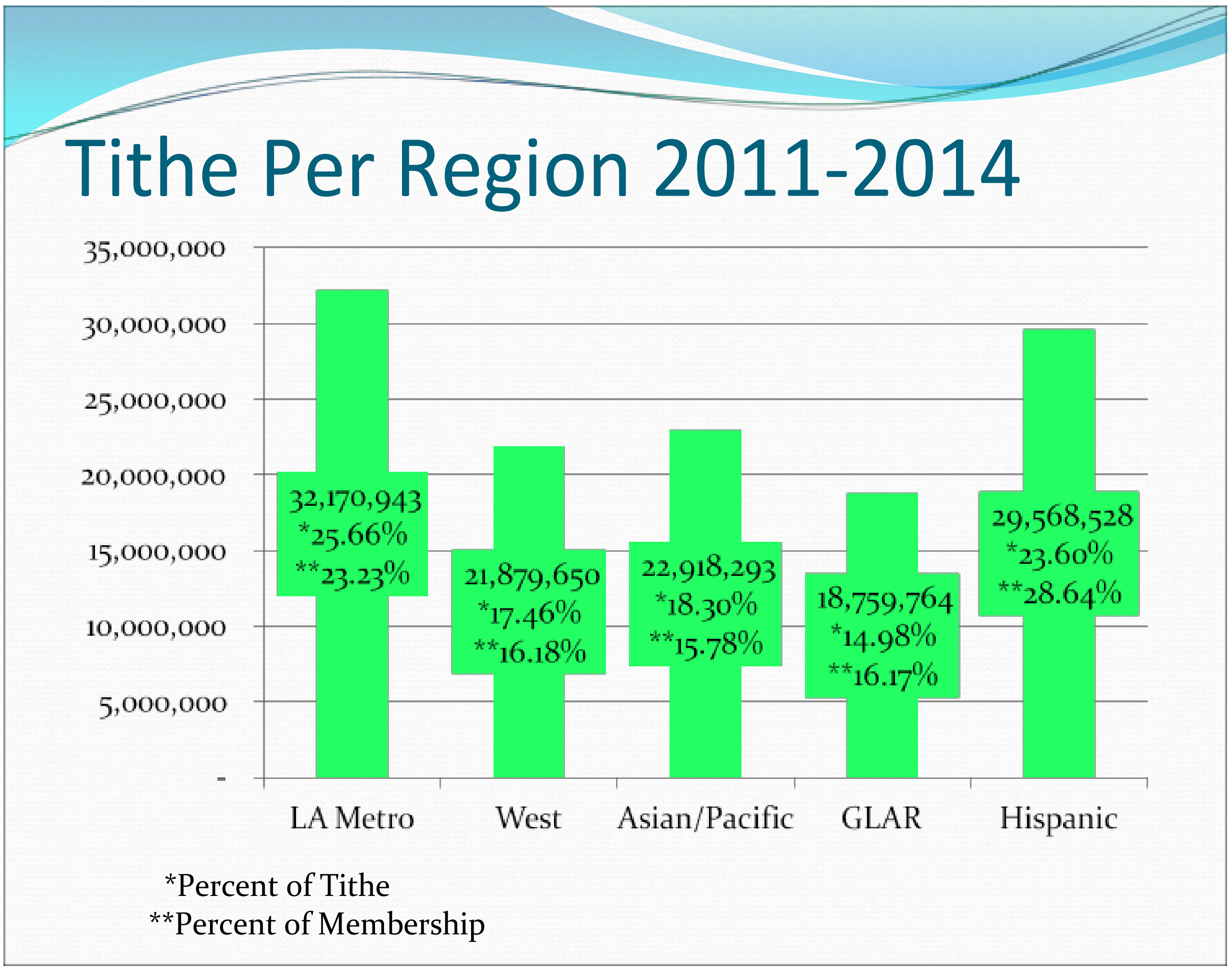
   - **moved away for retirement** and many families have

   - **moved to other areas for a lower cost of living**. However, we are grateful that the Lord blessed us and because of His guidance, we were able to manage the conference's operations within the proposed budget.

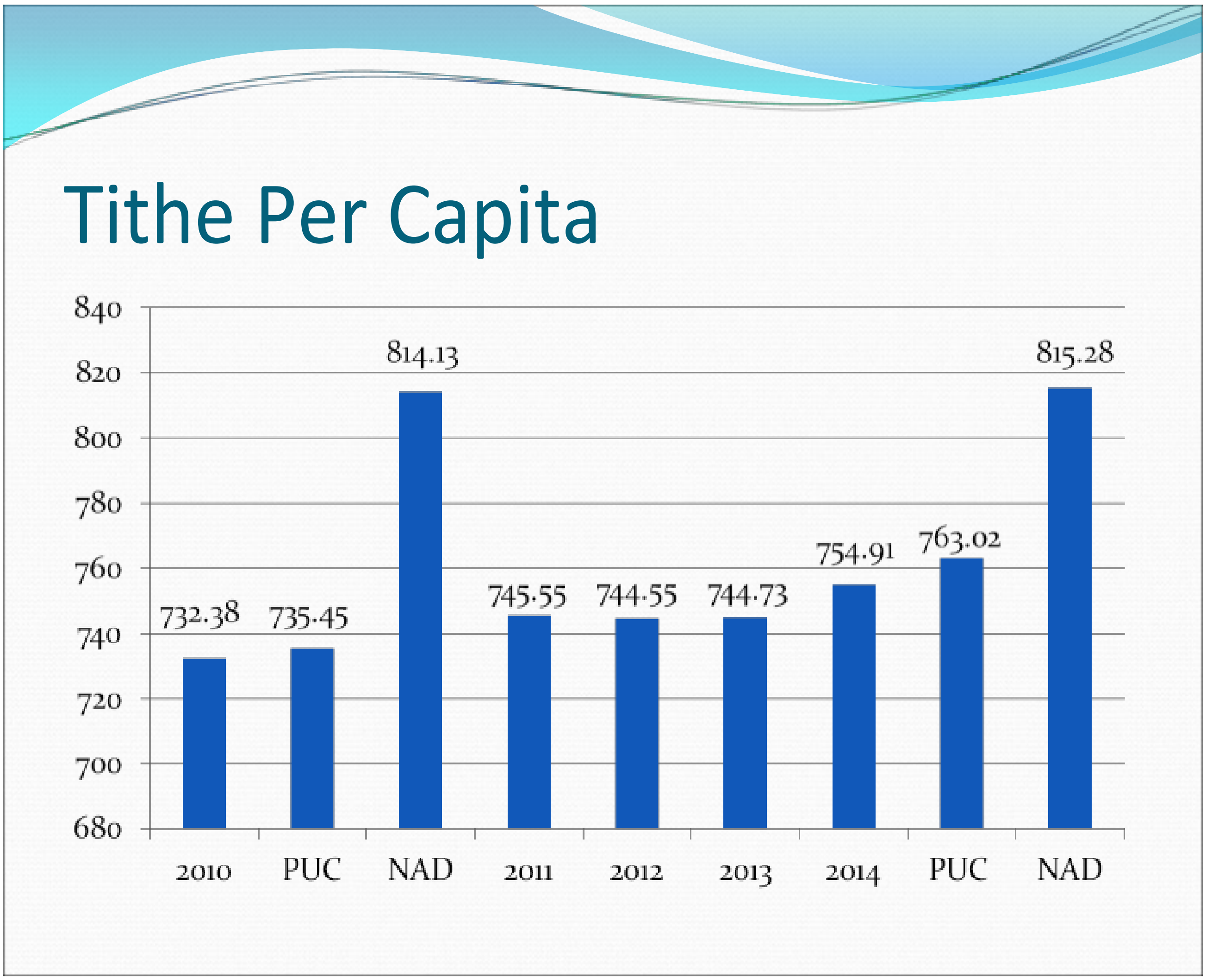


<u>Tithe Per Region</u>

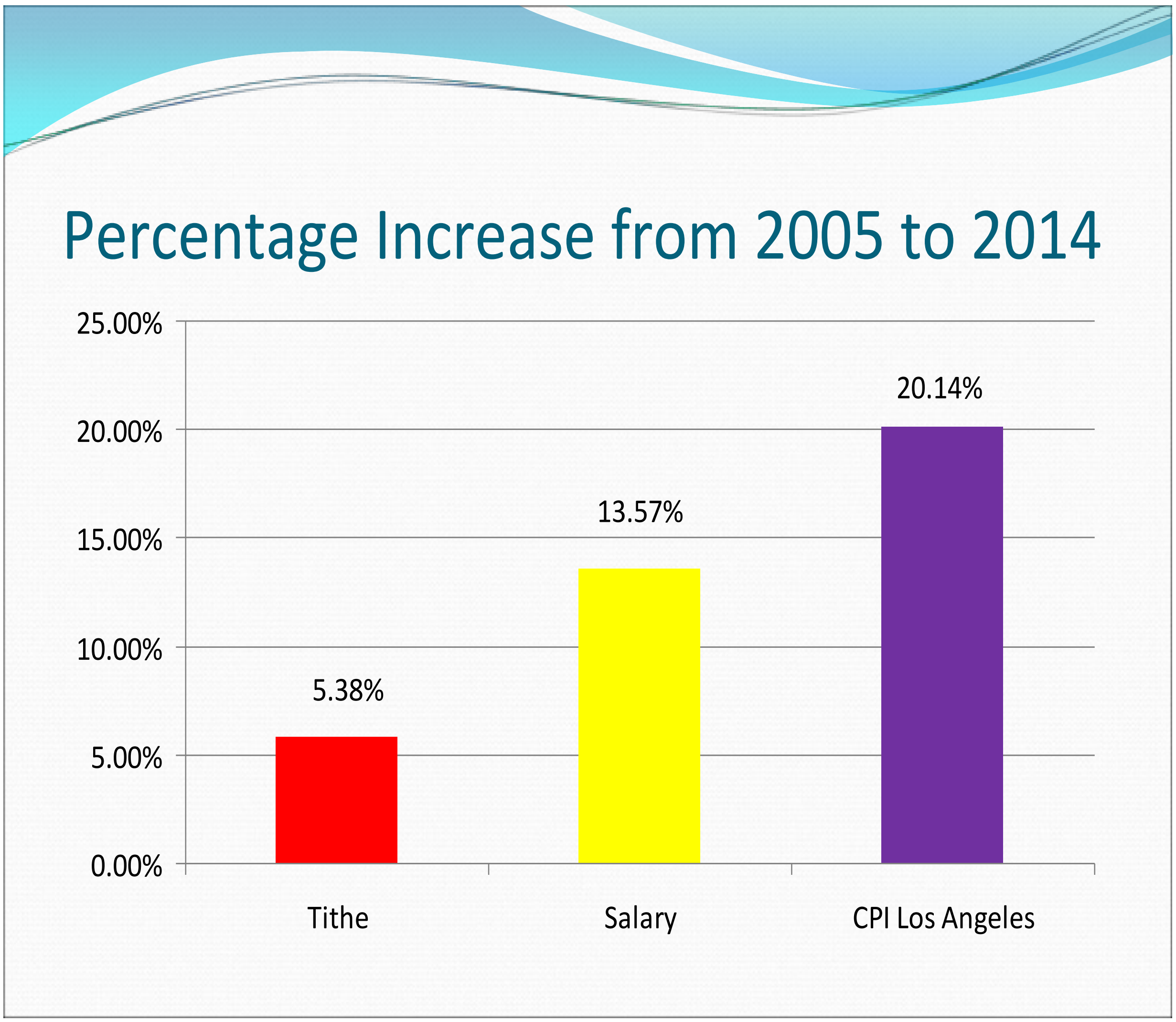
The Southern California Conference has five regions: LA Metro Region, Hispanic Region, West Region, GLAR Region, and Asian/Pacific Region. This graph shows each regions 4-year total tithe and each region's percentage of total tithe.



Tithe Per Capita
This graph is tithe per capita and shows an increase since 2010. In 2010, the members' tithe per capita was about $732.38 per member per year. However, the 2014 tithe per capita was $754.91, which is about $8.00 less than the Pacific Union Conference's per capita.



Percentage Increase of Tithe, Salary, and CPI Los Angeles
During a ten-year period, the conference tithe increased 5.38%. During the same time, the employee's salary increased 13.57%, and the CPI in the Los Angeles vicinity shows a 20.14% increase.

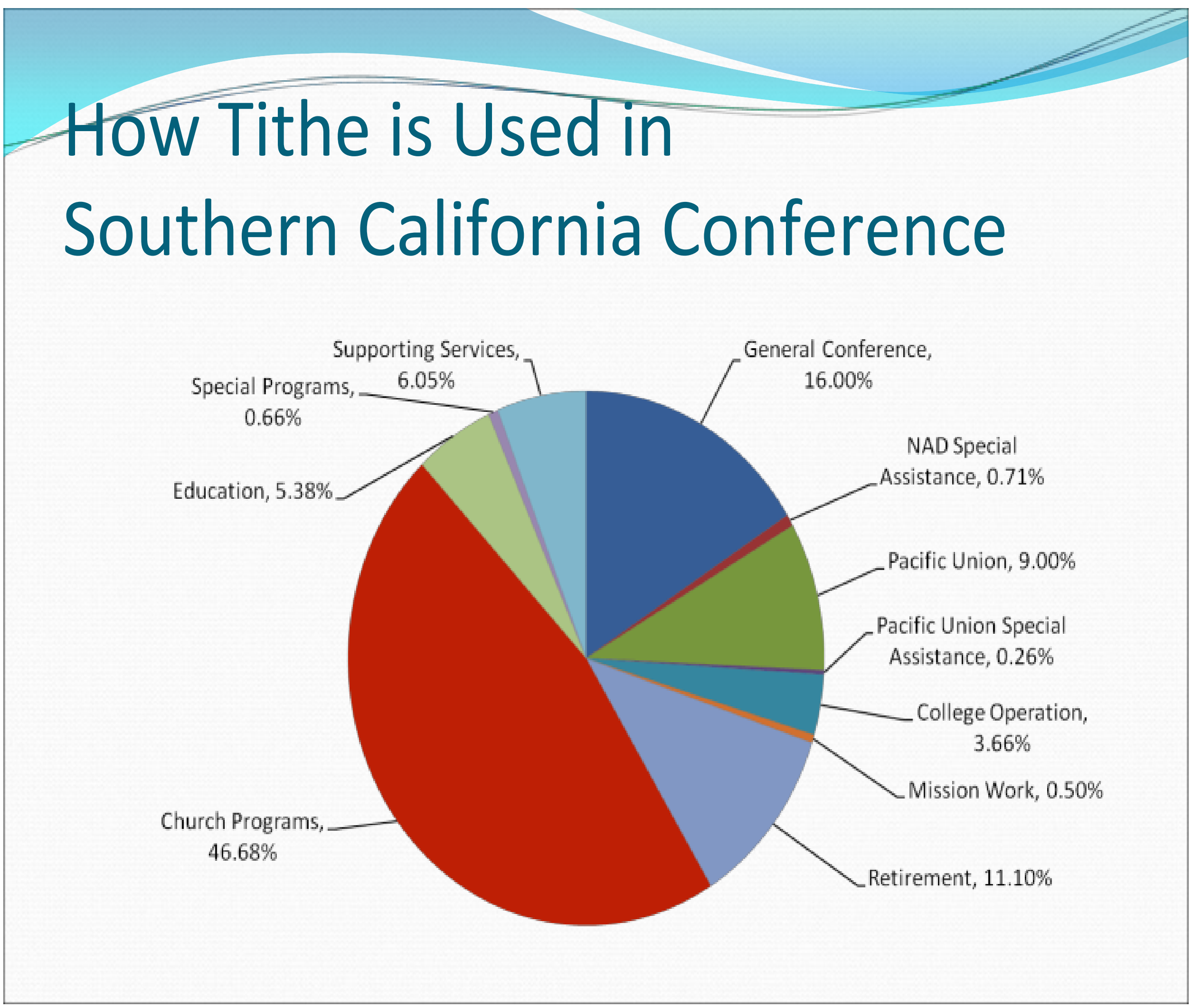


How Tithe Is Used
As you are aware, the Southern California Conference is a part of the world organization of Seventh-day Adventists and distributes tithe according to the General Conference policy.

The Southern California Conference sends a percentage of tithe to both the General Conference and Pacific Union Conference, respectively, for support of the world church organizations.

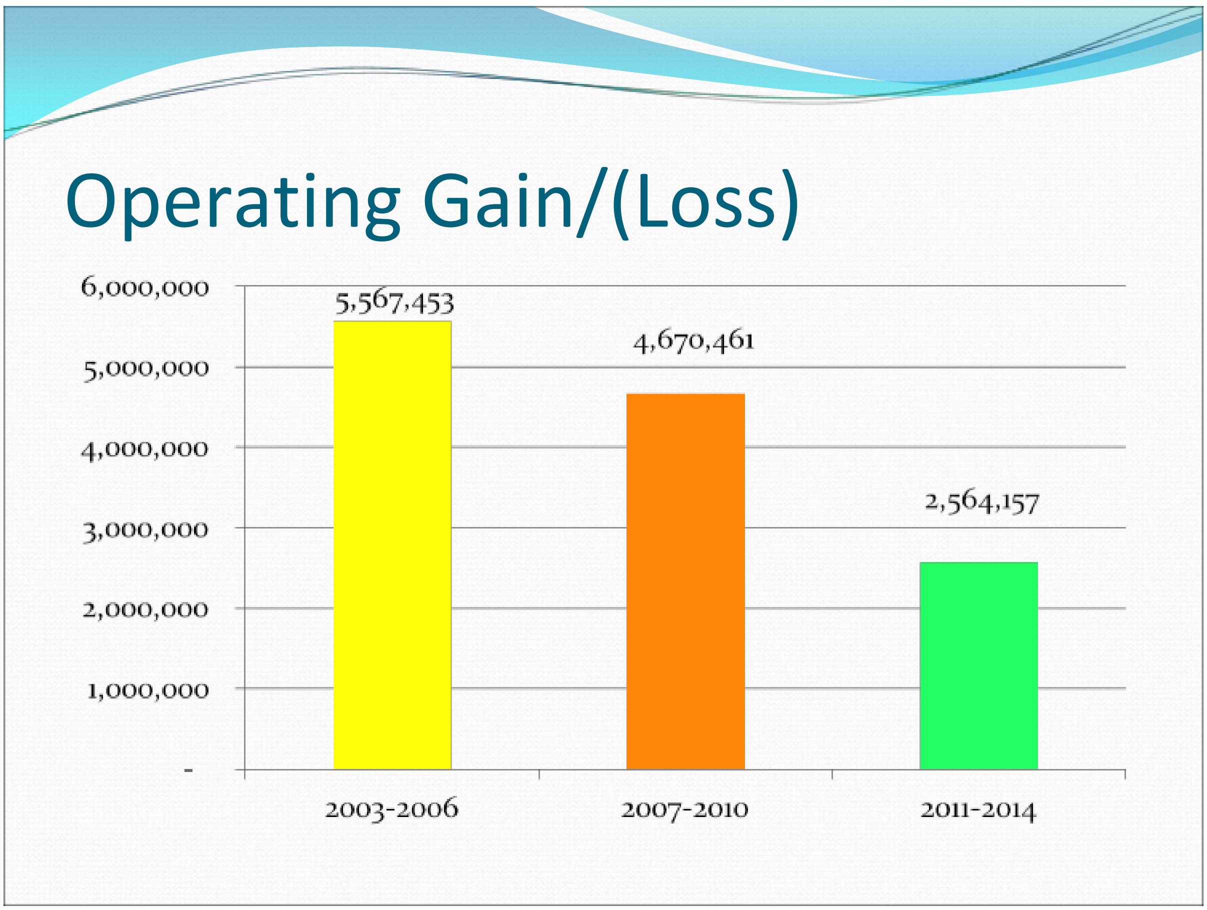
The total percentage is around 41.23% and the remaining 58.77% of tithe is used for local conference's church ministries, which include,

- Pastor's salaries for 5 Regions' activities
- Support for our (K-12) schools in Southern California Conference
- Office personnel salaries.



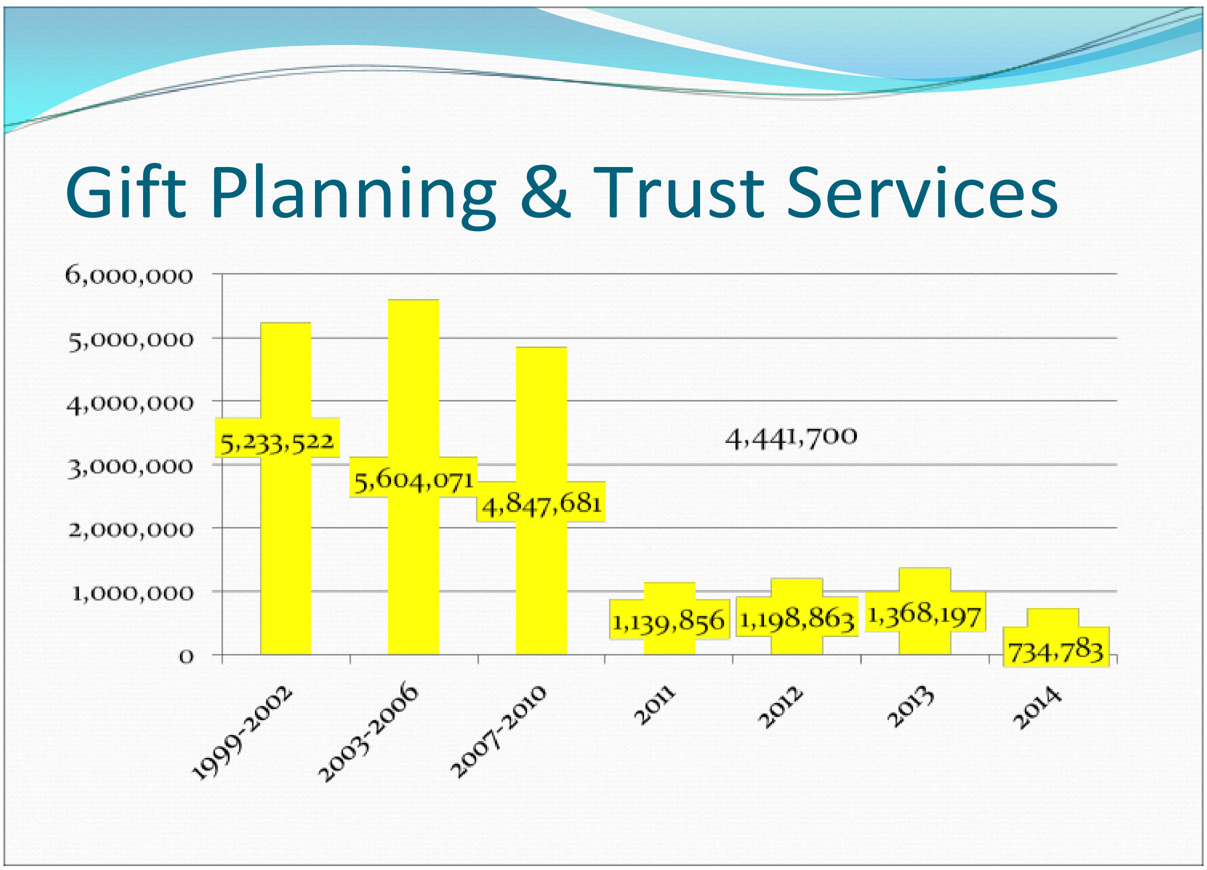
Increase of Operating Gain (Increase in Net Assets)

Earlier in my report, I indicated that there was a tithe decrease in the past four years. We have faced some challenges with conference operations due to the tithe decrease. However, with the Lord's blessings and the administration's, department director's/staff's careful management, we were able to have an operating gain. For example, 2003 to 2006, the conference shows an operating gain of $5,567,453.00 and from 2007 to 2010, the conference had a $4,670,461.00 gain. In 2011 to 2014, the conference shows a $2,564,157.00 operating gain/(increase in net assets).



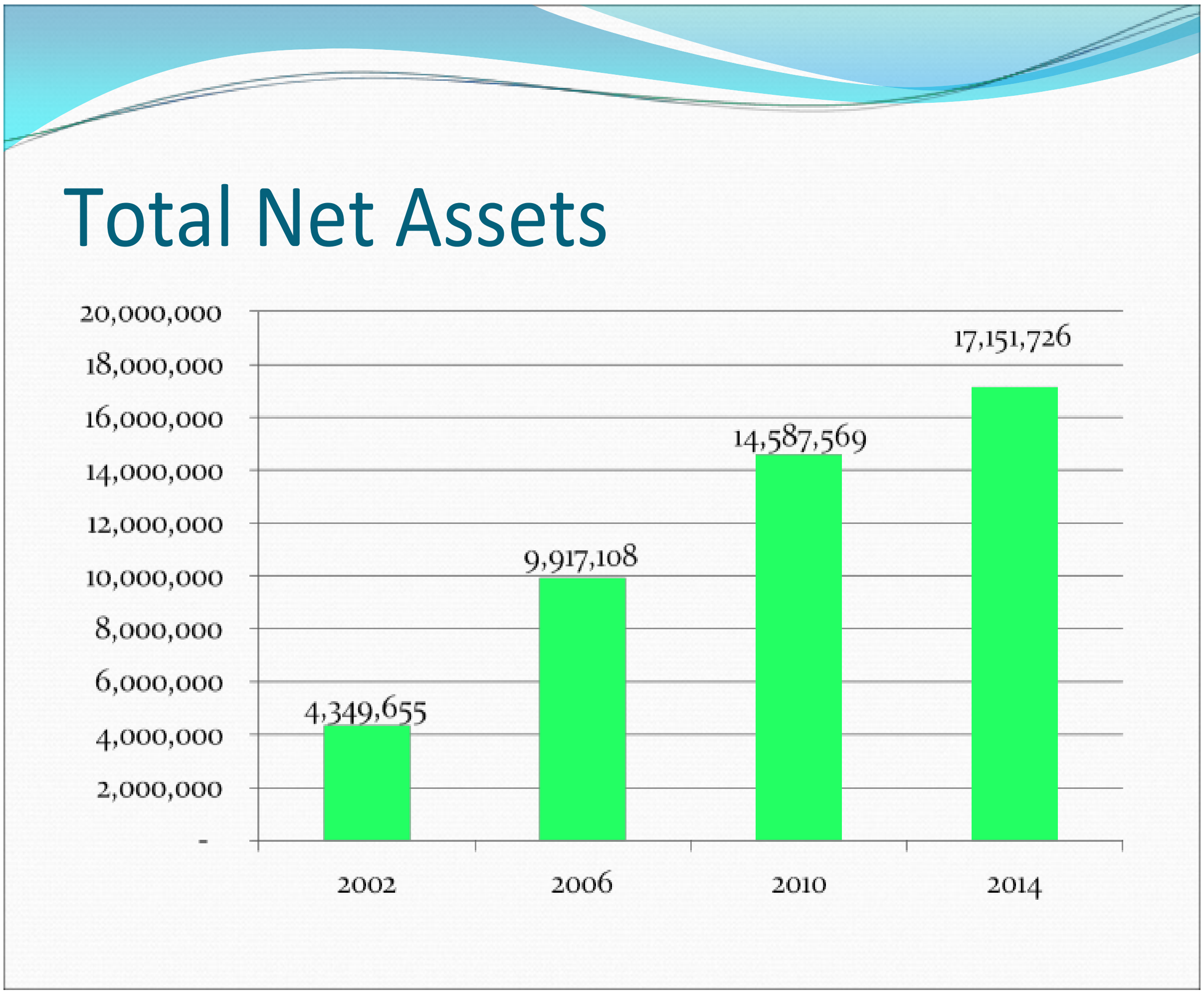
Gift Planning and Trust Service

The Southern California Conference has contracted with Western Adventist Foundation to manage our Trust Service program. The Western Adventist Foundation manages all living trusts, wills, and charitable gift annuities. During this quadrennial, dedicated church members remembered God's work in southern by leaving about $4,441,700.00 in maturities and gifts for the past four years.
The conference appreciates the church members and the outstanding professional service that Western Adventist Foundation provides. Currently, the conference has three Planned Giving consultants, and we thank the Planned Giving consultants for their dedication.

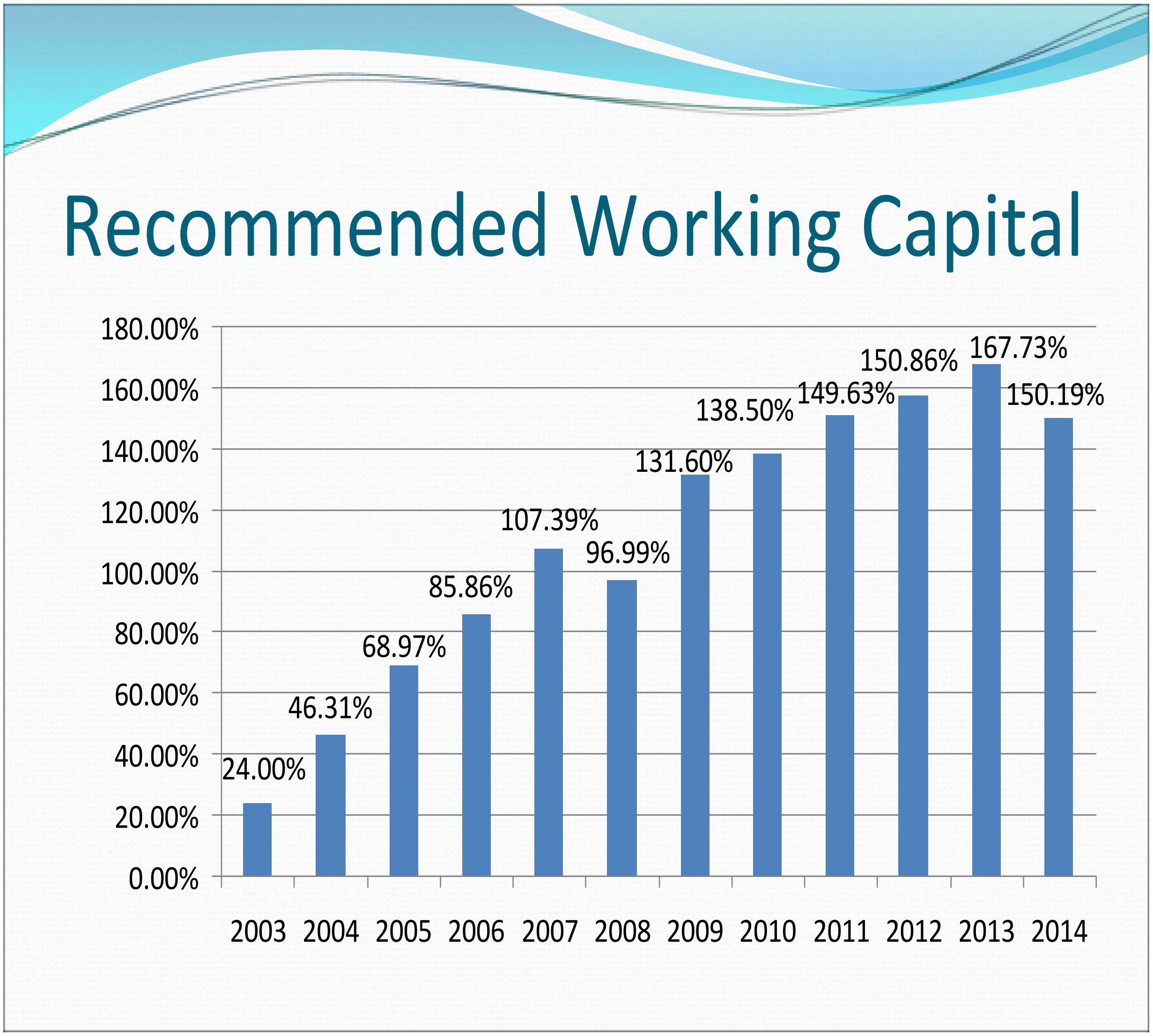


Total Net Assets

Due to an operating gain for the past 12 years, the conference's net assets has increased from a $4,349,655.00 in 2002 to $17,151,726.00 at the end of 2014.



Recommended Working Capital
In 2003 Southern California Conference had only 24% of the recommended working capital. However, since 2007, the conference has reached more than 100.00% of recommended working capital.



Conclusion

In conclusion, one of my favorite promises from God to us, His stewards, is found in 2 Corinthians 9:8. It states, "God is able to make all grace abound to you; so that in all things, at all times, having all that you need, you will abound in every good work" (2 Corinthians 9:8, NIV). Heaven's blessings will abound as we faithfully give God our time, our resources, and our hearts. Our greatest need is the outpouring of His Spirit, so we might become and remain faithful stewards until we get to heaven, where "we shall cast at the feet of our Redeemer the crowns that He has placed on our heads, and, touching our golden harps, we shall offer praise and thanksgiving to Him that sitteth on the throne" *Counsels on Stewardship*, p. 350. We praise God for His blessings, and we look forward to God's guidance in the next quadrennium. Thank you for your faithfulness and prayers.