GCAS™
General Conference
Auditing Service
Delivering Excellence!

Supporting the Mission

2020 Annual Report

Presented at
Annual Council 2021

I WILL GO

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General Conference of Seventh-day Adventists | 12501 Old Columbia Pike, Silver Spring, MD 20904, USA

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Robyn W Kajiura, BBA CPA
GCAS Executive Director

Supporting the Mission

Executive Director's Message

I work for GCAS because I believe this is where God led me to serve. It is my privilege to work with a talented group of GCAS professionals who are supporting the mission of the Seventh-day Adventist Church around the world.

Transparency, Accountability, Relationships, and Mission. These words resonate with me and provide focus for our global service. My vision is for GCAS to be recognized and valued as a global resource to Seventh-day Adventist Church leaders and organizations. Our challenge is to build upon and strengthen the foundations laid by others. We cannot rest on the accomplishments of others. We must increase the value of GCAS services to Church organizations by helping them navigate and thrive in a rapidly changing financial and economic landscape.

So, this raises the question "What does the Seventh-day Adventist Church need from GCAS?"

During Annual Council 2011, Church Leaders arrived at a consensus on matters regarding financial operations and reporting. They approved a document promoting a culture of transparency and accountability. In that document, best practices in reporting and governance were outlined which included the requirement for every church organization to establish an audit committee. Training for boards and committees about appropriate governance was also addressed as a vital need.

However, ten years later, many organizations still do not have a functioning audit committee and many audit committees do not understand their core responsibilities. Further, many members and even some administrators do not understand what it means to have effective governance and oversight functions. Work is still needed to achieve the consensus goal of transparency and accountability within the Seventh-day Adventist Church and remains essential in protecting and supporting the mission.

GCAS understands that sometimes the traditional audit does not meet

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the most critical organizational needs. The accounting records of some church organizations are incomplete and cannot be audited but their management and governance still need financial information for decision making. Other church organizations have unique or complex financial issues which require specialized knowledge and skills.

GCAS is here to serve your Church organization. We know your organization, believe in your mission, and are interested in your success. Although annual audits and policy reviews are the core of our service, we realize Church organizations may need more than just the assurance an audit provides. We continue to evaluate ways in which GCAS can meet the needs of your organization and enhance its transparency, accountability and effectiveness in accomplishing the mission.

Currently, the GCAS client base includes 2,280 organizations around the world. Slightly more than half of them were audited during 2020. COVID-related delays, travel restrictions, limited access to accounting records, financial constraints, and "lock downs" impacted the ability of auditors to perform their role in many parts of the world. However, even as the world experienced marked decreases in productivity and accessibility, some organizations took the opportunity to implement technological solutions to continue operations and remain connected while apart. These solutions made accounting records available remotely to the auditors, and GCAS investment in tools and technology enabled the auditors to perform the audits.

Serving God and understanding the mission of the Seventh-day Adventist Church makes GCAS unique when compared with other accounting firms. Even though we are business professionals dedicated to the Church, we also encourage our employees to personally engage in mission. Our 2020 Annual Report highlights some of their stories. One employee created a website to share the gospel through videos. Some employees participated in music and prayer ministries while others delivered groceries to at-risk populations or made meals for homeless community members. These stories and more affirm our commitment to being part of mission both professionally and personally.

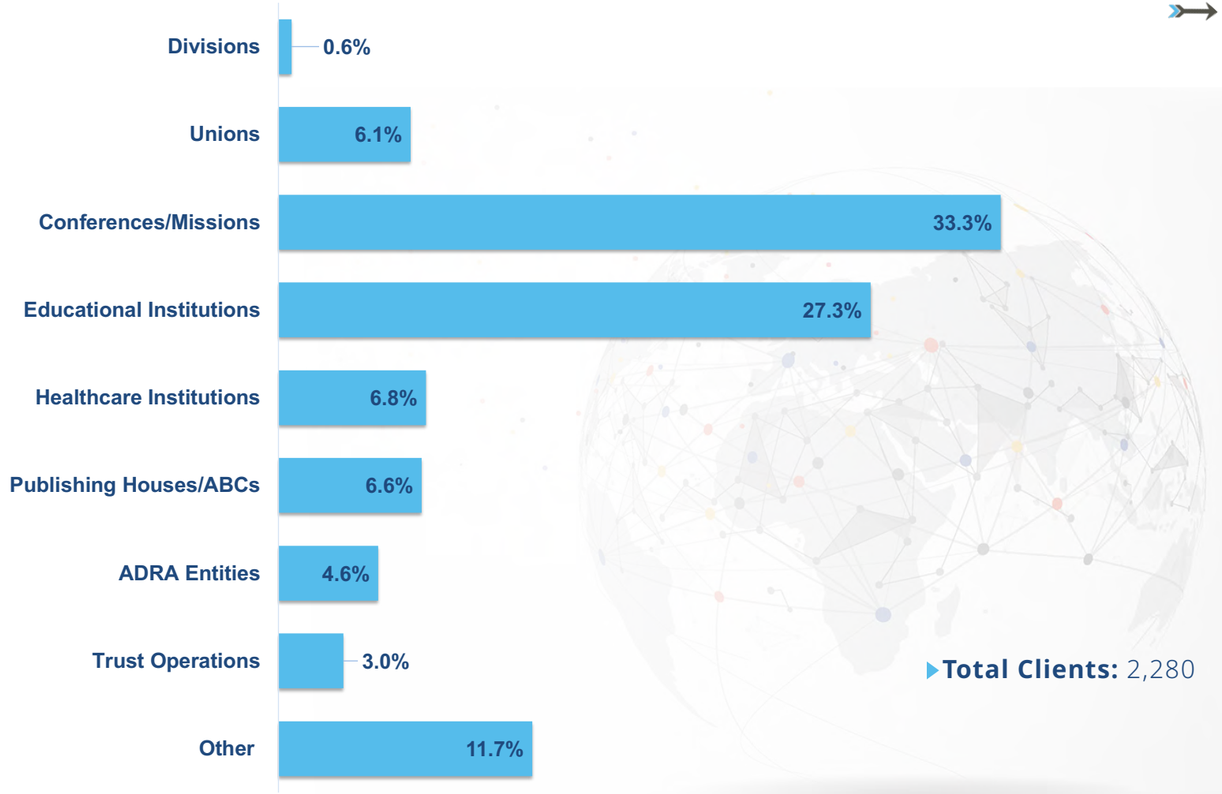
On behalf of the approximately 300 professionals operating from 45 regional offices around the world, we are here to serve you and we are committed to making excellence our signature every day.

Our Responsibility

Client Base

The General Conference Auditing Service serves as the Seventh-day Adventist Church's preferred provider of assurance and related services. The client base includes all denominational organizations such as General Conference institutions, world divisions and their institutions, unions/union of churches and their institutions, local conferences/missions/regions/field stations and their educational institutions at the secondary level or higher, and Adventist Development and Relief Agency country offices and projects not audited by external auditors.

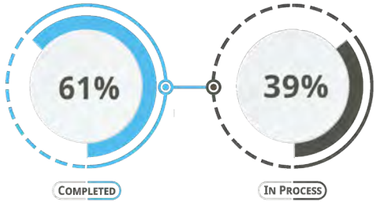
—General Conference Working Policy SA 05 25



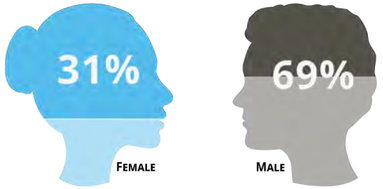
Our Resources

The engine for *Delivering Excellence* is fueled by an appropriation received from the General Conference and revenue we receive from billing our clients to recover the cost of the services to them.

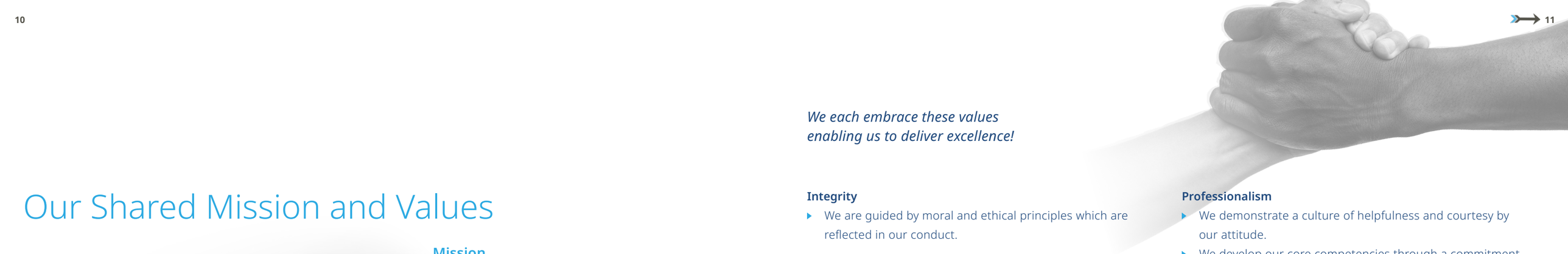
We provide these services with a highly qualified team, which is diverse in its composition and dedicated to the commitment of obtaining the highest professional qualifications in order to deliver excellence. Our team has responded to God's call to devote their talents to serving Him and His church.



Professional Certification



Demographics



Our Shared Mission and Values

Mission

We serve God by delivering excellent audit services to the Seventh-day Adventist Church!

Values

Service | *We each share a personal commitment to Christian Service. Our attitude and actions incorporate integrity, respect, professionalism, and efficiency.*

We each embrace these values enabling us to deliver excellence!

Integrity

- We are guided by moral and ethical principles which are reflected in our conduct.

Respect

- We respect God by humbly dedicating ourselves to Him.
- We respect our clients by valuing their opinions, understanding their needs, and supporting their mission.
- We respect our colleagues by valuing their contributions, understanding their needs, and supporting their professional growth.
- We respect our profession by applying its standards and best practices.

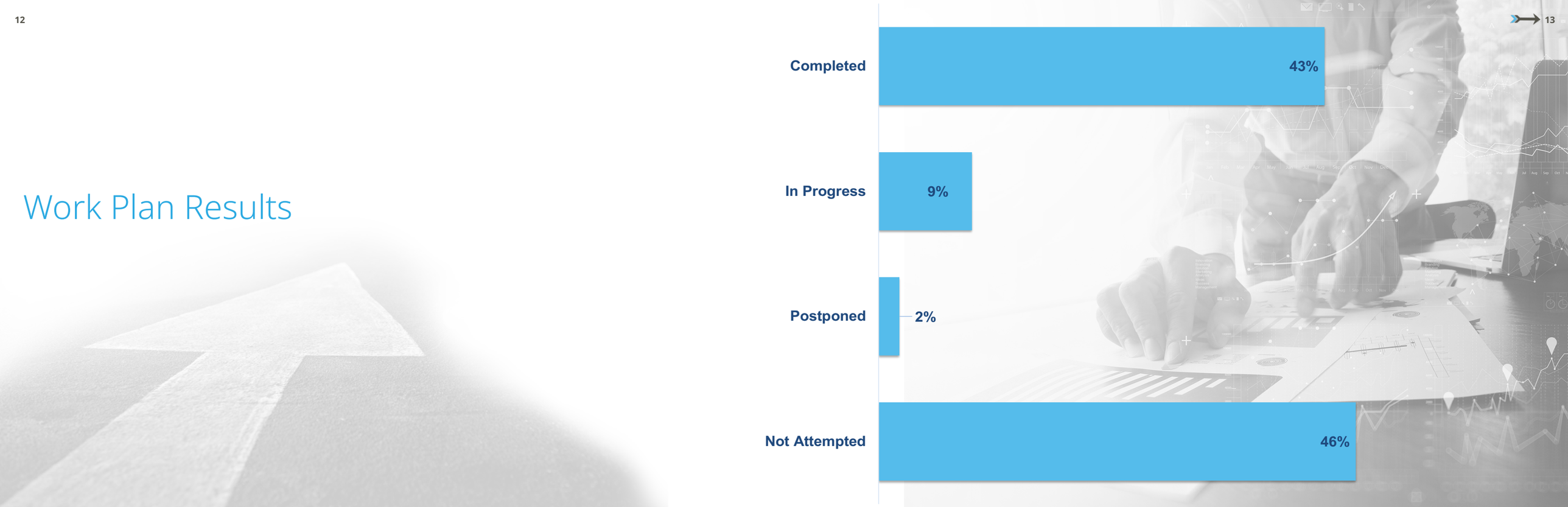
Professionalism

- We demonstrate a culture of helpfulness and courtesy by our attitude.
- We develop our core competencies through a commitment to continuous learning and obtaining the highest level of professional qualifications.
- We design our system of quality control to ensure our work complies with professional standards.
- We determine to communicate valuable information in an effective manner.

Efficiency

- We are committed to conserving church resources by providing the highest quality audits at the best economical value.

Work Plan Results



Analysis of Work Plan Results

Type of Entities	Total Portfolio	Engagements Completed	Engagements In Progress	Engagments Postponed	Engagements Not Attempted
Divisions	13	7	2	0	4
Unions	140	90	14	4	32
Conferences/Missions	760	372	93	13	281
Educational Institutions	623	251	49	3	320
Healthcare Institutions	154	54	10	3	87
Publishing Houses/ABCs	151	45	7	1	98
ADRA Entities	105	29	4	2	70
Trust Operations	68	15	20	1	32
Other	266	113	23	3	128
Total	**2,280**	**976**	**222**	**30**	**1,052**

Types of Financial Statement Opinions

Standard/Unqualified — 64%

The auditor concludes that the overall financial statements are fairly presented.

Qualified — 27%

The auditor concludes that the overall financial statements are fairly stated except:

- they contain a misstatement that is not pervasive, or
- the auditor is unable to obtain sufficient audit evidence to determine whether there may be a material misstatement, but confident that any potential misstatement is not pervasive.

Adverse — 1%

The auditor concludes that the financial statements are materially and pervasively misstated.

Disclaimer — 8%

The auditor declines from rendering an opinion on the financial statements because auditor is unable to obtain sufficient audit evidence and potential misstatements could be both material and pervasive.

Core Policies

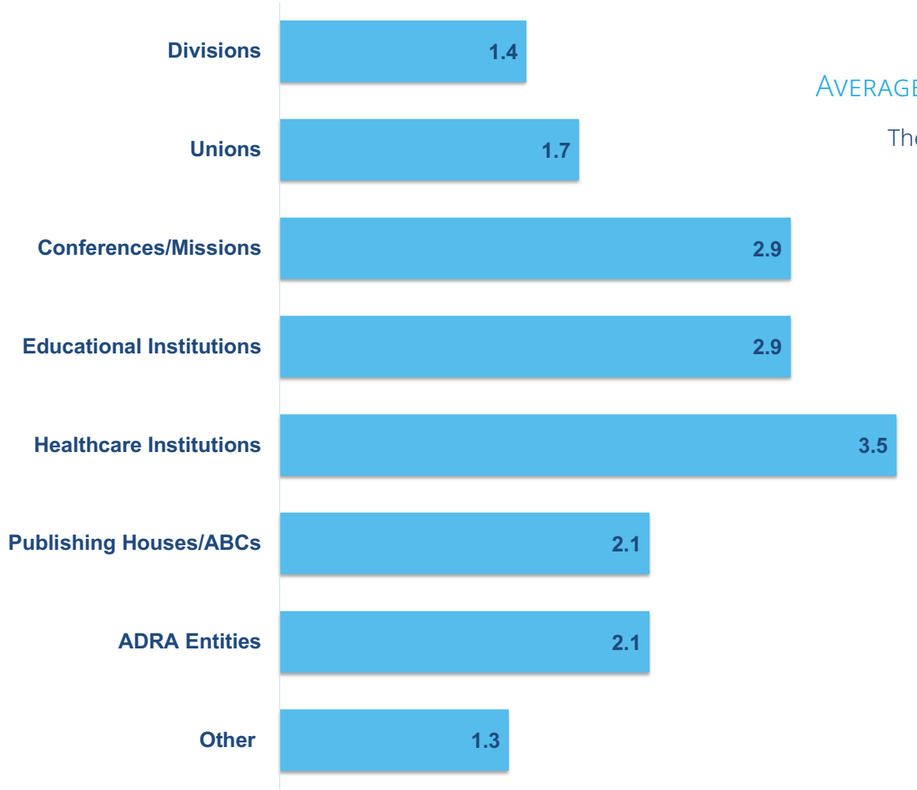
82% The percentage of policy compliance reports issued with at least one violation of the core policies enumerated in GCWP S 90

A Perspective on Violations

Core Policies

Average Number of Policy Violations

The average number of policy compliance violations reported by type of entity



Reporting Highlights

Most frequent reasons for providing a *modified opinion on financial statements*:

- Significant lack of evidence resulting in a disclaimer
- Misstatement of accounts receivable
- Lack of evidence for accounts receivable
- Lack of evidence for revenue
- Lack of evidence for inventory

Most frequent reasons for reporting a *violation of core policies*:

- Monthly financial statements not prepared and/or presented
- Audit committee missing or improperly constituted
- Conflict of interest statements missing/incomplete
- Insurance coverage not in harmony with working policy
- Service records not prepared as required

Most frequent reasons for documenting *internal control weaknesses*:

- Inadequate monitoring of operating effectiveness of controls
- Inadequate review/approval of journal vouchers and/or financial statements
- Uncollectable accounts receivable/evaluation of allowance not completed
- Reconciliation of accounts not consistently performed
- No fraud risk assessment performed

Daniel Herzel, BA CPA
Associate Director,
Professional Standards

Financial Reporting Matters

Accounting

Conceptual Framework

The International Accounting Standards Board (IASB) issued the Conceptual Framework for Financial Reporting in March 2018 as part of a project to provide a complete and updated conceptual framework to use when it develops or revises International Financial Reporting Standards (IFRS) and to help others better understand and apply IFRS. It was effective January 1, 2020.

Auditing

Auditor's Report

In January of 2015, the International Auditing and Assurance Standards Board (IAASB) issued new and revised standards, designed to significantly enhance confidence in the audit and the financial statements. These standards require certain additional information to be included in the auditor's report. The new standards require the opinion section of the auditor's report to be presented first, enhanced reporting on the appropriateness of management's use of the going concern basis of accounting, improved description of the responsibilities of the auditor, and for public entities, the auditor must report the most significant matters during the audit as "key audit matters," and must disclose the name of the engagement partner. The new and revised auditor reporting standards were implemented in 2017 because they were effective for audits of financial statements for periods ending on or after December 15, 2016. These new standards influenced the auditing standards in various jurisdictions and are still being implemented in some countries.

"A new formula for determining the recommended minimum amounts of working capital and liquidity."

Denominational

Financial Reporting Framework

The denomination's Financial Reporting Framework Committee has been meeting to update the supplemental guidance to international accounting standards for implementation by church related organizations. The committee is focusing first on redesigning the Seventh-Day Adventist Accounting Manual to be more dynamic in its response to changing accounting standards and publishing a multi-volume format tailored for user needs.

Working Capital and Liquidity

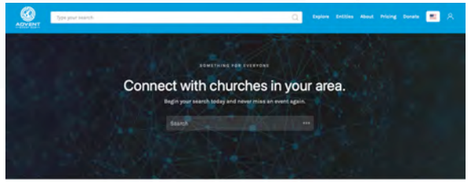
The Financial Reporting Framework Committee suggested amendments to General Conference Working Policy which were adopted by the Annual Council of the Executive Committee that created a new formula for determining the recommended minimum amounts of working capital and liquidity. The previous policy focused mainly on sufficient working capital and liquidity for operations and had multiple different calculations for different types of entities. The new policy while considering operations, focuses more on preparedness for unforeseen emergencies, and a single simple calculation that is easy to understand and apply, yielding a number of months of available working capital and the number of months of liquidity. This new policy is to be implemented for fiscal years beginning on or after January 1, 2022, with earlier adoption encouraged.

The Value of Service and Ministry!

*Following are stories from GCAS personnel sharing their embrace of **I will Go**!*

"And this gospel of the kingdom will be preached in all the world as a witness to all nations, and then the end will come."

ADVENT EVENT HUB



www.adventeventhub.com

These words inspired me and encouraged me to do something with the gift God has given me during the lockdown in 2020. During that time Advent Event Hub was born, a website that allows for all churches, small companies, schools, and hospitals to share the gospel through videos that they are already streaming live in YouTube and Facebook. Think of it as the Netflix and YouTube of the Seventh-day Adventist church.

Let's hasten Christ's return!

Juan Cabrera
Cloud Products Manager

"Due to my husband's career, I have the blessing to always be involved with mission projects"

All photos submitted by: Irma Atencio

The second (and current) project is Bible studies for non-Adventist children. We currently welcome about 25 children, and share lessons from the *Friends of Jesus book*, which is the Faith of Jesus for children.

The first Project was a number of prayer groups for church members who suffered from COVID and for the relatives of those who went to rest. We prayed every day from June to November 2020 via Zoom and saw wonderful miracles in answer to our prayers.

Irma Atencio
TAM Regional Manager

All photos submitted by: Tina Jencks

At the beginning of the Covid-19 Pandemic, I read a request on Facebook for volunteers to assist "Shopping Angels" in our local area. Shopping Angels is a not-for-profit organization providing free delivery services to at-risk populations and patients undergoing healthcare recovery. I agreed to assist one time, but have continued as a regular volunteer. As a volunteer, I pick up food from a local food pantry, and deliver it to a family assigned to me. It has been such a blessing to know that I can help improve someone's quality of life with this ministry.

Tina Jencks
NAA Office Coordinator

As a singer and choir director, singing engagements have become rare due to lockdowns affecting events and gatherings. But when there are opportunities for projects or invites for allowed events, I couldn't say no! I've now been part of several virtual choirs and solos, and glad to have given music talks and shared God's word in my small sphere.

All videos submitted by: Zernan Diaz

Listen here: May 2, 2020 | https://www.youtube.com/watch?v=hZnVyUBOhmQ April 25, 2020 | https://www.youtube.com/watch?v=OaSb6tjE2dI&t=1s

The Manila Adventist Medical Center Church Choir was selected to sing in the 2020 Indianapolis GC Session, the choir's second selection. But COVID-19 happened, ending the choir's USA concert tour. But God still blessed! With the aid of technology, they produced three virtual choir renditions and released a music video shot the previous year. These videos were requested and played in churches and programs around the world, reaching audiences in Asia, North and South America, Middle East, Europe, and Africa. *All glory to God!*

Zernan Diaz
Operations Support Manager
(Shared Services)

All photos submitted by: Nancy Morris

Once a month for the past several years a friend and I fixed a homecooked meal for a local homeless shelter. This ministry isn't just about making food, but making connections with those served, the ones that run the shelter and the other volunteers (getting me out of my "Adventist Bubble"). During the pandemic many groups quit helping, but we just moved the food prep to my kitchen and provided sack lunches. Thank you to GCAS for allowing me to adjust my time to do this.

Nancy Morris
NAA Administrative Assistant

All photos submitted by: Romulo Halasan

Total Member Involvement does not require you to directly be involved in active evangelism. It encourages you to share even the smallest interactions with your neighbors, co-worker, and friends.

During the 2015 General Conference Session in San Antonio, Texas, the Church encouraged its members to get involved in soul winning, or Total Member Involvement. At that time, I was assigned to Indonesia, and felt the desire to share the knowledge of God with our local non-Christian friends.

During this past quinquennium, GCAS TAP Region D conducted six evangelistic series in different areas of Indonesia. It was a joy and pleasure seeing many of our non-Christian friends joining our Church through these endeavors. We've realized that many of these individuals are attracted to Adventism through our friendships. By building solid relationships, and small groups, we are able to share our lives and the gospel more naturally.

In Kacematan Tanjung Sari (a district of Cape Sari, part of Bandar Lampung), where most of the locals are farmers, my wife Lucy and I, were joined by our friends Mardianto Marphaung and his wife Esther. These meetings, the first of their kind held here, were supported by three pastors from the South Sumatra Mission and six small neighboring churches. We truly appreciated how welcoming and accepting this community was, not only to the message, but to our group. The attendees were mainly non-Christians, and our Adventist members (converted thru previous small groups). We journeyed nine hours by train from Palembang to Bandar Lampung, followed by another hour in a car, to reach the district of Tanjung Sari.

During this series, 14 individuals accepted the message and were baptized. I had the pleasure to meet brother Widodo, who like many Indonesians, only has one name (no surname). Widodo and his wife invited us to their house for dinner one evening, where during our group conversation, he shared that he became an Adventist when an Adventist pastor lent him an Alkitab (Bible). He studied it for a year, while comparing it to other literature. After a year, he requested for Bible studies which led to his baptism.

The local religion has a very strong hold on the Indonesian community. This is even more so since Christianity is not encouraged because in many cases, converting means that your family will no longer accept you. Most of the time, our new members would have to transfer to another area to find employment.

One of the unique restrictions we faced required us to conduct the meetings in specific hotels or Christian centers. These venues were allocated by the government.

At our series in Samarinda, 13 individuals accepted the message, while two families are actively receiving Bible studies. We are hopeful and prayful that they will soon also be baptized.

I had the pleasure to meet brother Andy Saleh, a well-known Adventist Indonesian businessman in Kalimantan. He has warehouses scattered throughout Kalimantan, which allows him to employ many workers. He unselfishly donated funds to build the new church where we had the baptism. One of our new baptized members was a direct result of brother Andy's active small groups.

These experiences confirmed to us that every action, *no matter how small,* can be used by Christ to reach all those around us!

Romulo Halasan
TAP Regional Manager

GCAS Team

Leadership Team

Robyn W Kajiura, BBA CPA | *Executive Director*

Daniel E Herzel, BA CPA | *Professional Standards*

Maurine Wahlen, MBA CPA | *Professional Development*

Boris R Cardenas, BA CPA | *Workflow and Innovation*

Kimberly J Westfall, BBA CPA | *Quality Control*

Gary B Blood, BS MCP | *Technology*

JoJean Birth, BBA CPA | *North America Area*

Furaha Mpozembizi, BCom CA FCCA | *Trans Africa Area*

Rogelio Cortez, BBA CPA | *Trans America Area*

Jeremy T Smith, BBA CPA | *Trans Asia Pacific Area*

Sandra C Grice, MBA CPA FCCA | *Trans Euro Asia Area*

Board Members

Jack L Krogstad, PhD, CPA | ***Chair/NAD Lay Representative***

Thomas Lemon, MDiv | ***Vice Chair/GC Vice President***

Robyn W Kajiura, BBA CPA | ***Secretary/GCAS Executive Director***

Ted N C Wilson, PhD | ***GC President***

Erton C Köhler, MTh | ***GC Secretary***

Paul H Douglas, MBA, CPA | ***GC Treasurer***

Esther G Abayo, MBA, CPA | ***ECD Lay Representative***

Lyudmyla V Chyzhevska, D.Ec, CPA | ***ESD Lay Representative***

Roberto Maggiolini, DIP | ***EUD Lay Representative***

Hyden Gittens, M.Sc, CPA | ***IAD Lay Representative***

Masao Yanaga, BA, LLB, CPA | ***NSD Lay Representative***

Ailton Dorl, MBA | ***SAD Lay Representative***

Philip Ndlovu, B.Sc, CA | ***SID Lay Representative***

Margaret Dines, B.Ec, CPA | ***SPD Lay Representative***

Elirie S Aranas, CPA | ***SSD Lay Representative***

Vacant | ***SUD Lay Representative***

Frensly Panneflek, MBA, M.Sc | ***TED Lay Representative***

Martin N Onyenmuru, MA, MBA, FCA | ***WAD Lay Representative***

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