



2021
Annual Report



Building on our **FOUNDATION**

Delivering our Promise



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Delivering our Promise
Presented at Annual Council 2022

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Building on our Foundation

Delivering Our Promise

Executive Director's Message

GCAS serves as the preferred provider of assurance and related services for the Seventh-day Adventist Church as stated in the General Conference Working Policy (GCWP). Yet during a global pandemic when travel is severely restricted and client organizations are struggling with various levels of lock-down, how does GCAS deliver on our promise of providing excellent service? This report is a testimony to strong foundations, dedicated professionals, and answered prayers.

As GCAS transitioned through staff turnover, leadership changes, and pandemic challenges in 2021, we praise God for His guidance. The promise from James 1:5 (*If you need wisdom, ask our generous God, and he will give it to you*) was a daily companion.

An example of God's guidance was our previous adoption of an audit platform that allowed audit teams in separate locations to work on audits together. This enabled our auditors and support staff to work from their homes in remote locations while offices were closed, and travel was limited. Audits continued for client organizations who could provide their documentation electronically through our secure portals. Some audits were delayed due to limitations on treasury staff because of lockdowns or limitations in their programs, and we appreciate the effort made to provide information. In other situations, audits were not possible because the clients' accounting systems and technology structure could not accommodate a remote audit.

As the pandemic conditions improved, GCAS transitioned to a more hybrid audit approach. This allowed for a smaller audit team at the client site, with additional support provided remotely. In addition to reduced strain on treasury personnel caused by an entirely remote audit, it also reduced travel costs.

The challenges of 2021 also presented opportunities. We recognized the need to improve our processes and enhance transparency within GCAS, so we implemented a new workflow platform. This helped us improve by identifying bottlenecks and inefficiencies. We were able to apply knowledge drawn from auditors' experience in meeting client needs in various areas of the world. Additionally, GCAS implemented a new client portal with additional security measures to combat ever-increasing cyber security risks and comply with global security and privacy regulations.

No matter how good the audit tools, they have limited value without the talented group of professionals who support the mission of the Adventist Church. This includes our leadership team, auditors, administrative support personnel, and information technology staff. Working from home during a pandemic introduced additional challenges for our employees who juggled multiple roles, tried to balance personal and professional lives, dealt with isolation, and limited workspace or equipment. Last fall, GCAS approved a chaplaincy program to help support our staff in difficult times. We also held multiple virtual training sessions and professional development seminars.

While much was accomplished during 2021, it was not possible to deliver audit reports for all organizations. Our greatest challenge now is how to address the gap between our Portfolio as defined by the GCWP and the Annual Workplan which is the number of audits we commit to perform each year based on current staffing. In 2021, the GCAS portfolio consisted of 2,306 organizations while the annual workplan was only 1,061 organizations. This gap of over 1,200 organizations represents a significant risk and challenge.

To address this challenge, we have three areas of focus:

- **Our first focus** is to find and retain excellent personnel. In late 2021, we began recruiting new and experienced professionals to increase our capacity to serve the Adventist church. Recruiting qualified and experienced Adventist professionals in a tight labor market is challenging given the constraints of the denominational remuneration scale. In addition, we are working with Adventist universities to recruit recent graduates. Our internship program is an investment in the future enabling us to cultivate future church financial leaders, not just for GCAS but for all levels of the church.
- **Our second focus** is to continue evaluating the best tools and processes to ensure efficient audits. Performing remote and/or hybrid audits saves time and money. This approach will prove successful with clients who make a similar investment in their accounting infrastructure allowing secure access to documents and accounting records. A new tool GCAS is evaluating is the use of data analytics and artificial intelligence to effectively analyze large amounts of data, improve audit quality, and deliver valuable insights to client organizations.
- **Finally, our third focus** is to evaluate how to expand services beyond what we currently offer to better meet the needs of Adventist organizations, fulfill the mandate of the GCWP, and accomplish our mission each year. These additional services could include engagements providing lower levels of assurance, consultation engagements, and other special engagements. We will continue to work with our clients and their stakeholders to best meet their needs, identify and address potential risks, and minimize audit costs.

GCAS commitment to excellence encourages employees to embrace Christ's mission of service to our clients and our communities. During the pandemic, we found creative ways to serve through music, gifts, delivering groceries, mentoring youth, sponsoring students, and preaching Christ's message of hope and grace.

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.

Thank you for your prayers and support.



Robyn W. Kajiura

Robyn W Kajiura, BBA CPA
GCAS Executive Director

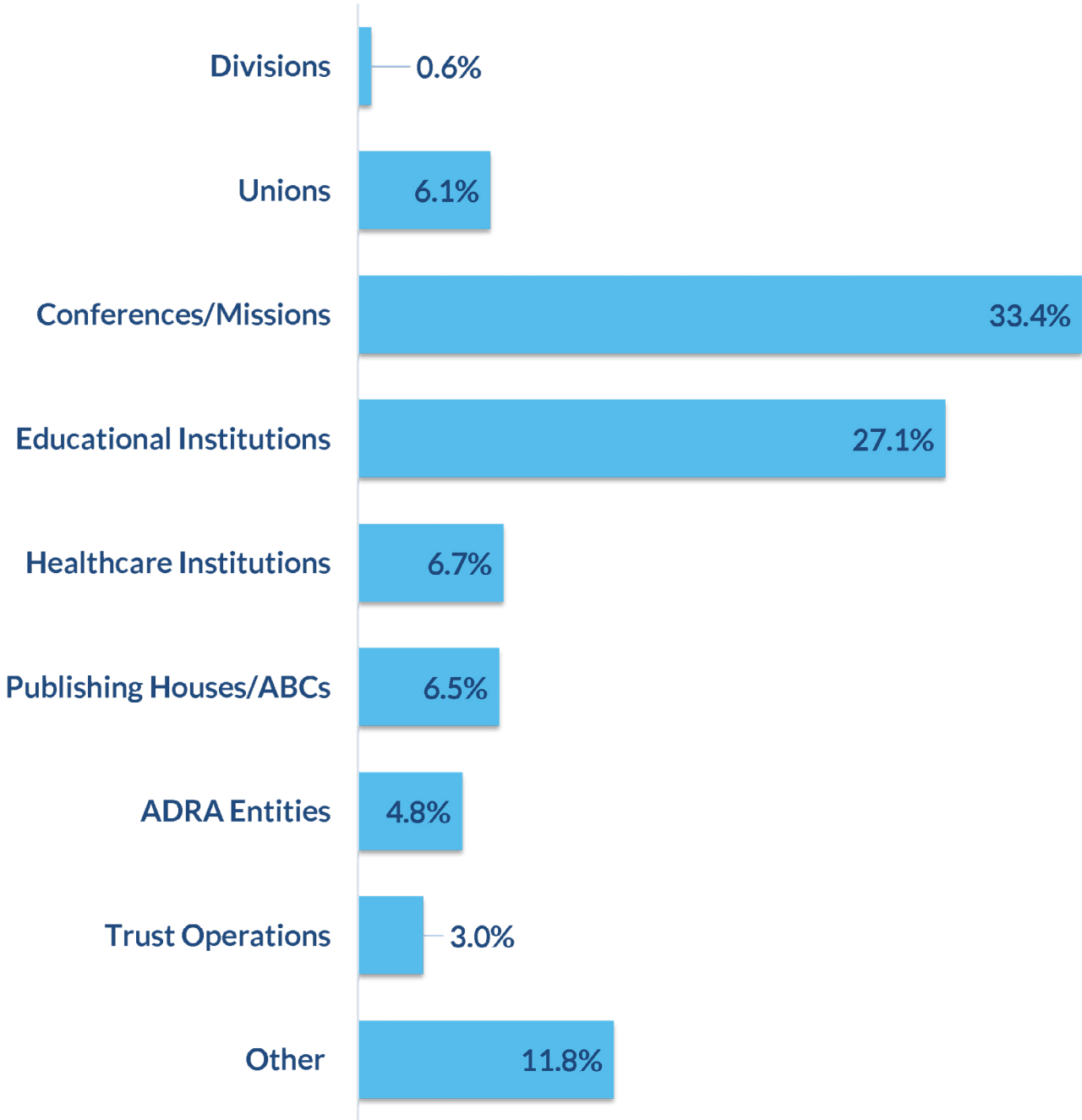
Our Responsibility

(Portfolio)

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



Total Clients: 2,306





Our Shared Mission & Values

Shared 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.

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.

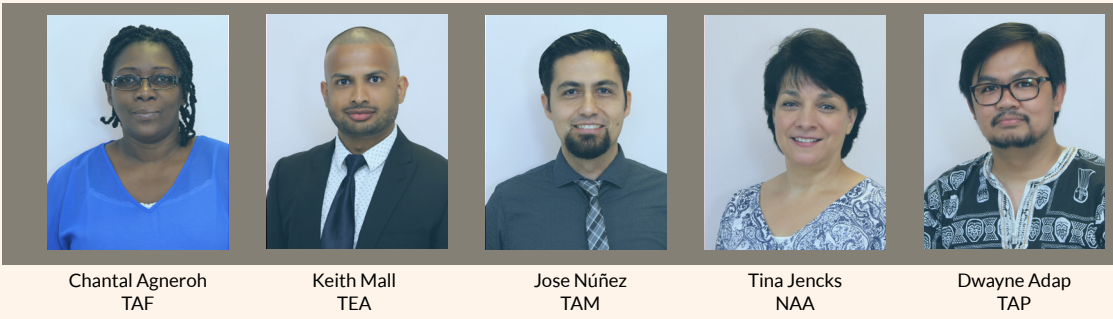
Professionalism

- 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

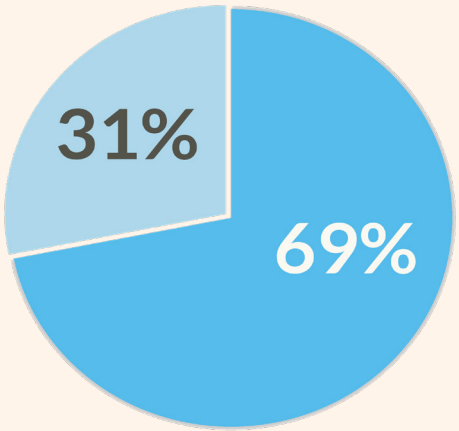
- We are committed to conserving church resources by providing the highest quality audits at the best economical value.

Our GCAS Team



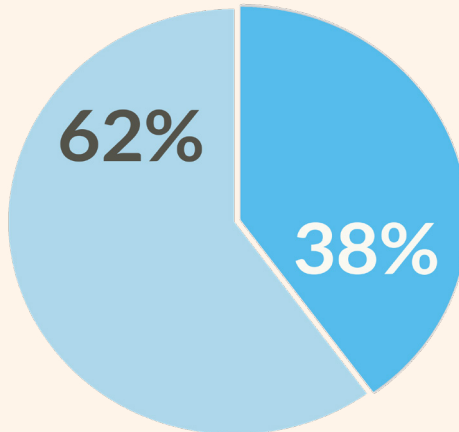
The engine for *Delivering Excellence* is fueled by an appropriation received from the General Conference and revenue we receive from billing our clients to recover the cost of the services to them.

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 business professionals include auditors, office managers, administrative support personnel, information technology support personnel, and our management team. Each member has responded to God’s call of devoting their talents to serving Him and His church.



Auditor Demographics

Our qualified audit team consists of **31% women** and **69% men**.

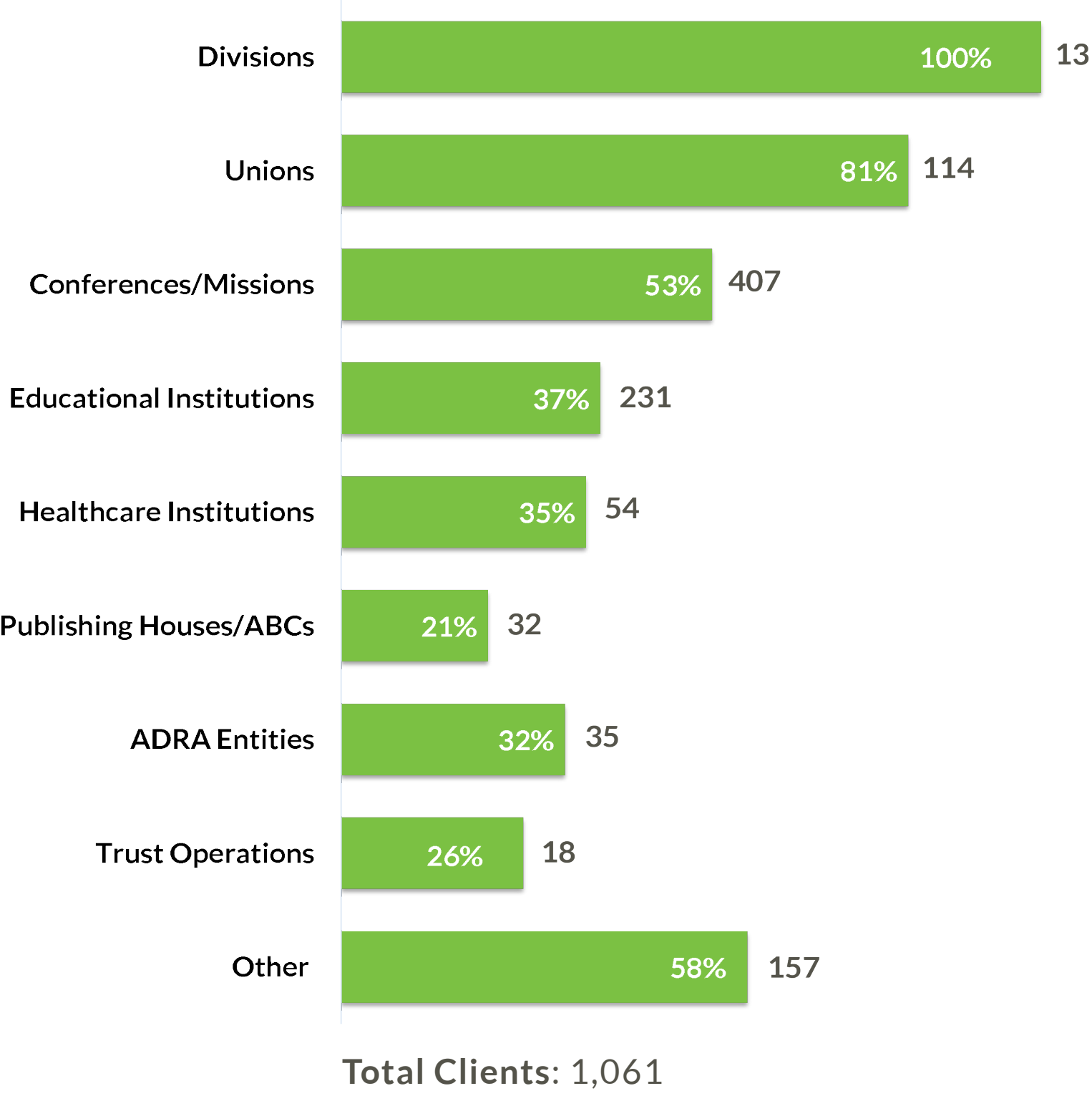


Professional Certification

Within this team, **62%** hold globally recognized professional accounting or auditing certification, and **38%** are working towards certification.

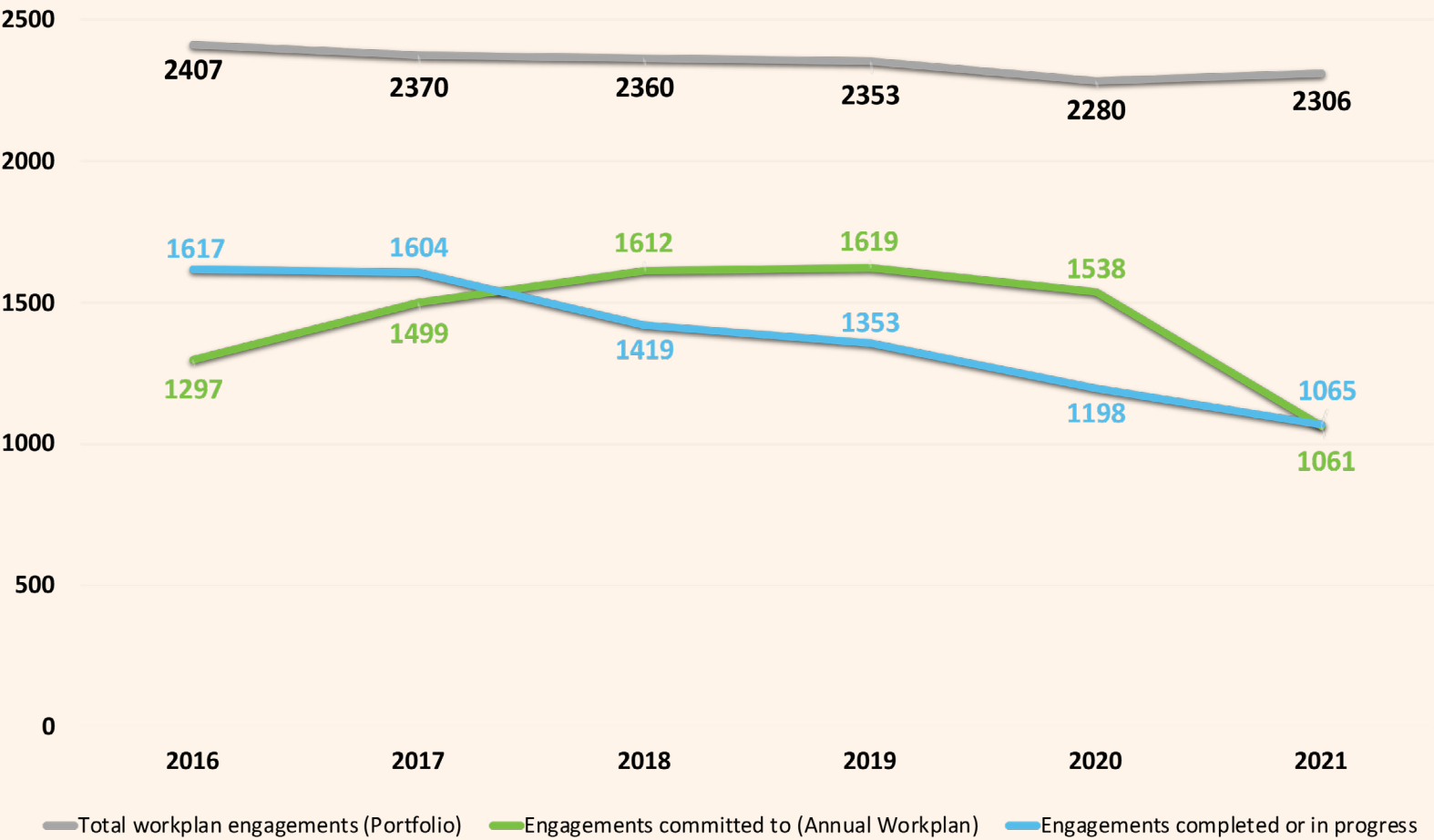
Our Commitment

Annual Work Plan



Workplan Results

GCAS Portfolio Summary



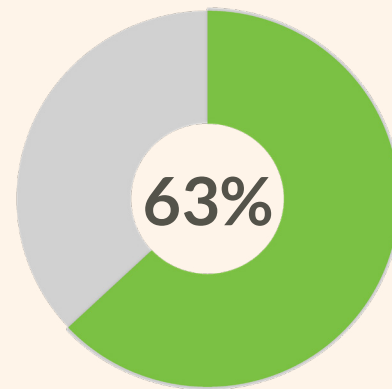
The GCAS portfolio of clients includes the client base of all denominational organizations such as GC institutions, world divisions and their institutions, unions/unions of churches/conferences/missions/ fields/regions/mission stations and their institutions, education institutions at the secondary level or higher, and Adventist Development and Relief Agency country offices and projects not audited by external auditors.

The GCAS annual workplan is a subset of the GCAS portfolio. The annual workplan are those engagements for which GCAS has the staffing and commits to complete within a given year. This group of engagements is determined each year by GCAS Leadership in consultation with division officers and in accordance with the priorities set by GC Working Policy.

Type of Entities	Total Portfolio	AWP	Engagements				*PY Engagements Completed
			Completed	In Progress	Postponed	Not Attempted	
Divisions	13	13	10	2	0	1	2
Unions	140	114	85	10	0	45	11
Conferences/Missions	771	407	368	50	3	350	55
Educational Institutions	624	231	228	47	0	350	22
Healthcare Institutions	155	54	39	8	0	107	4
Publishing Houses/ABCs	150	32	29	2	1	118	2
ADRA Entities	111	35	21	5	0	85	0
Trust Operations	69	18	26	5	0	38	0
Other	273	157	113	17	0	143	11
Total	2,306	1,061	919	146	4	1,237	107

* PY Engagements = Additional engagements completed in 2021 for the same organization relating to prior years

Types of Auditor's Reports



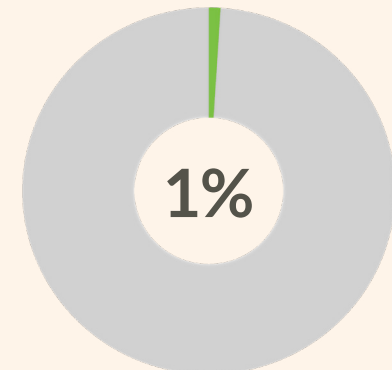
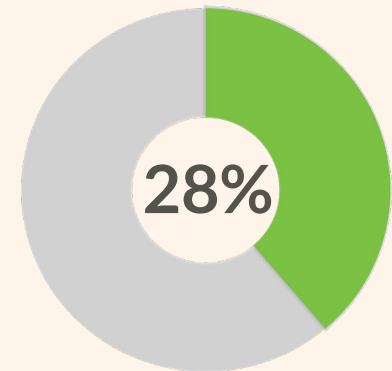
Standard

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

Qualified

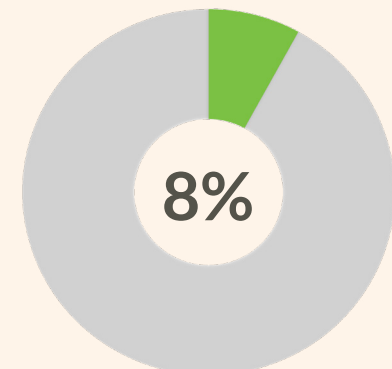
The auditor concludes that the overall financial statements are fairly stated except:

- 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

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



Disclaimed

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.

Reporting Highlights

Most frequent reasons for providing a modified report on financial statements:

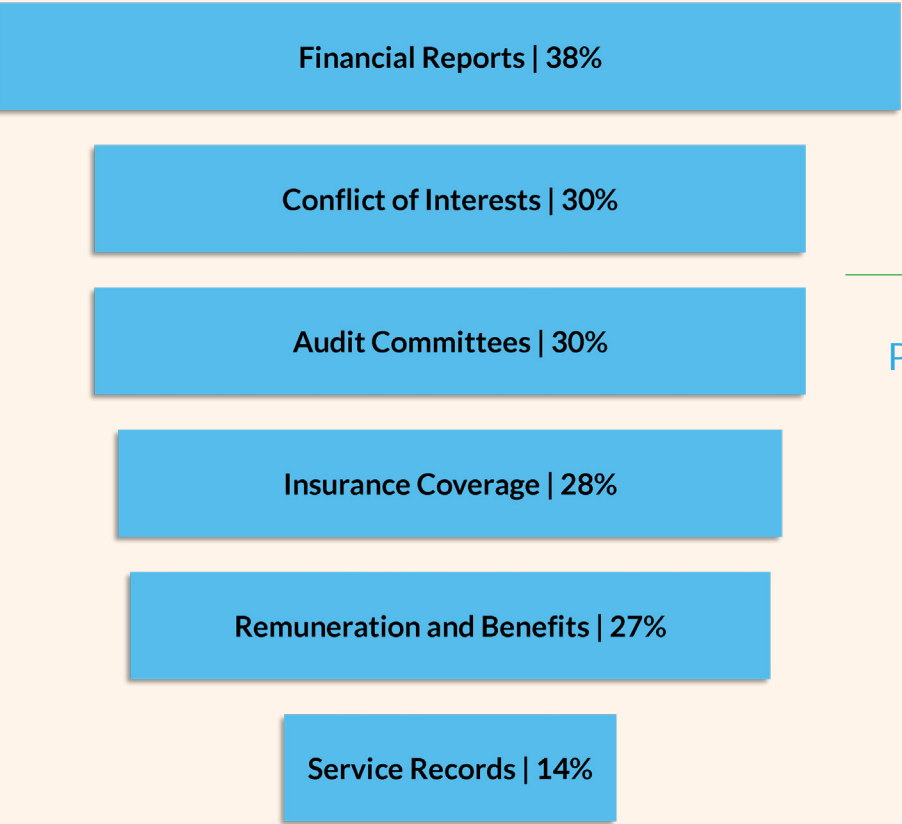
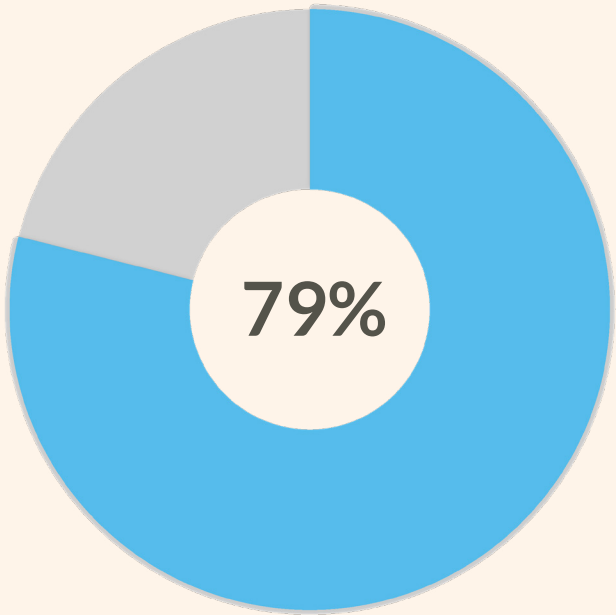
- Significant lack of evidence resulting in a disclaimer
- Misstatement of accounts receivable
- Lack of evidence for accounts receivable
- Lack of evidence for property, plant and equipment
- Lack of evidence for inventory

Most frequent reasons for documenting internal control weaknesses:

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

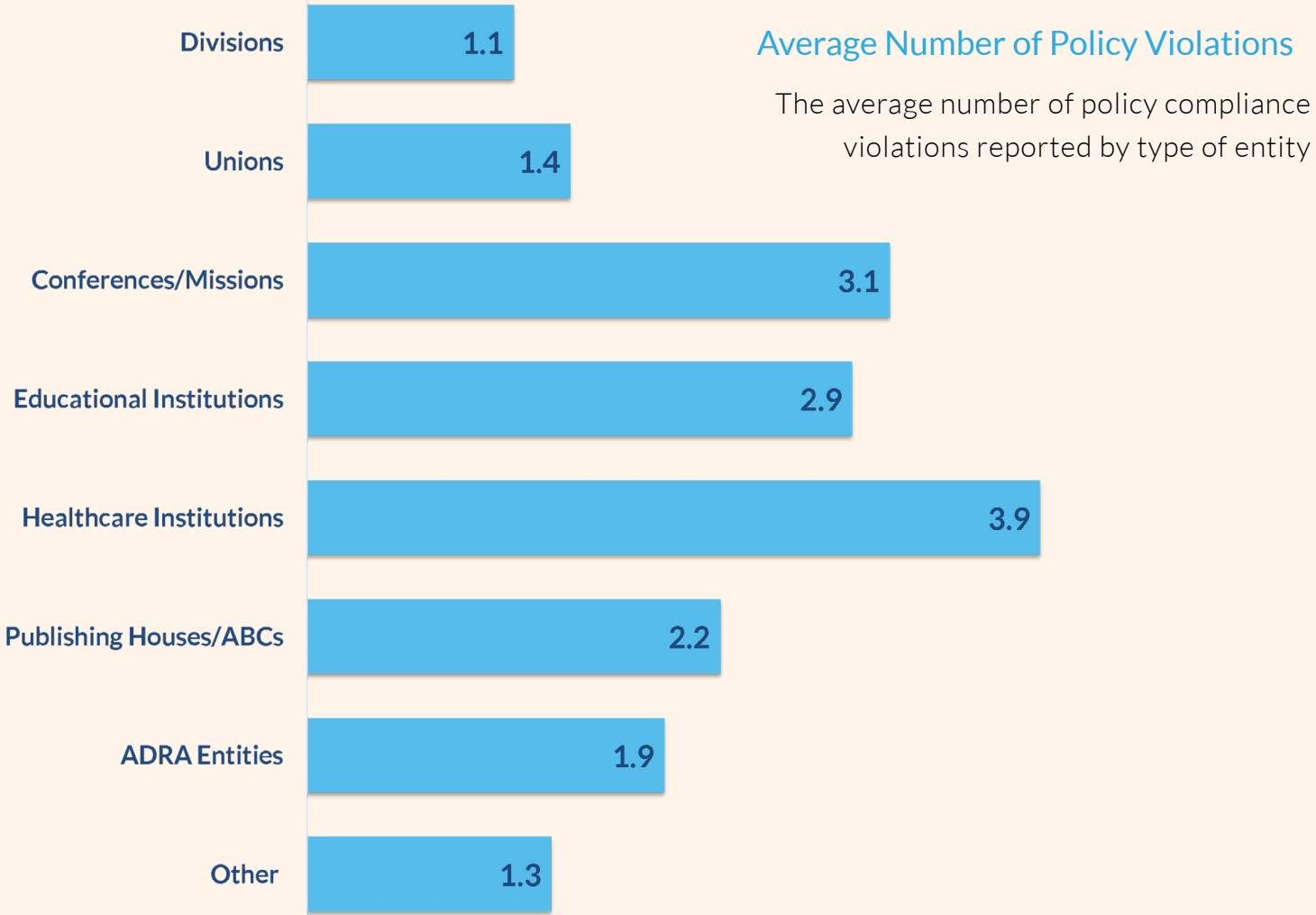
Core Financial Policies

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



Percent of reports which contain these Policy Violations

Most commonly reported policy compliance violations



Average Number of Policy Violations

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

Reporting Highlights

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
- Remuneration and/or benefits not in harmony with policy

Current Auditing & Accounting Matters



Auditing

Quality Management

In December of 2020, the International Auditing and Assurance Standards Board (IAASB) issued new standards related to quality management for organizations that perform audits or other assurance related services. International Standard on Quality Management (ISQM) 1 sets the standard for organization's internal system that provides reasonable assurance that the entity and its personnel fulfill their responsibilities in accordance with professional standards, and applicable legal and regulatory requirements. The eight components of quality management are, the entity's risk assessment process, governance and leadership, relevant ethical requirements, acceptance and continuance of client relationships and specific engagements, engagement performance, resources, information and communication, and the monitoring and remediation process. ISQM 2 sets the standard for organization's own engagement quality reviews. Both ISQM 1 and ISQM 2 are effective for audits beginning on or after December 15, 2022.

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 the 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 being implemented for fiscal years beginning on or after January 1, 2022.

Financial Oversight

The denomination is developing an additional level of financial oversight to supplement financial audits, financial reviews, and local church audits. This new level of financial oversight will be referred to as a financial "inspection" and is expected to include a report with recommendations. This level of service is intended to be suitable for smaller and less complex organizations for which a higher level of service would be out of scale with the associated risks.




Daniel Herzel, BA CPA
Associate Director, Professional Standards



GCAS Team

Including GC Session 2022 Elections

Board Members

- 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*

Patrick Bob Ojera, CPA, PhD, MBA | *ECD Lay Representative*

Vacant | *ESD Lay Representative*

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

Ventsislav Bosev, M.Sc. | *EUD Lay Representative*
- John Satelmajer, CPA | *NAD Lay Representative*

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

Ailton Dorl, MBA | *SAD Lay Representative*

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

Annette Barlow, B.Com, CA | *SPD Lay Representative*

Jeffrey Eman, BA | *SSD Lay Representative*

Victor Singh, CA, CMA | *SUD Lay Representative*

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

Kwaku Danso-Abeam, FCCA, CA, MCIT | *WAD Lay Representative*

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, BBA CPA | *Workflow and Innovation*

Guillermo Leal, BA CPA | *Quality Management*

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*

