Our Responsibility

The Credibility Cycle

Our Responsibility

Client Base: 2490

Relief Agency country offices and projects not audited by external auditors.
institutions at the secondary level or higher, and Adventist Development and
churches and their institutions, local conferences/missions and their educational
Conference institutions, world divisions and their institutions, unions/unions of
The client base includes all denominational organizations such as General
Adventist Church's preferred provider of auditing or financial review services.

Client Base—

GCAS to ensure that an appropriate level of service is provided to Church
comprehensive study is underway which addresses the resource needs of
excellent auditing services to the Seventh-day Adventist Church.  A

Transparency builds TRUST! The Seventh-day Adventist Church is committed
to timely and transparent financial reporting. Over a long period of time
trust is built and sustained. However, in a matter of moments this invaluable
trust is built and sustained. However, in a matter of moments this invaluable
currency of trust can be eroded requiring extended time and extensive

Recognizing that the audit process cannot be performed in isolation of client
participation, we have developed a shared responsibility model for Engagement Excellence. This model outlines the responsibilities of
both the auditor and client organization, with
associated timelines for audit preparation, performance and reporting. We believe
that sharing responsibility for the
quality and timeliness of
the audit engagement
will yield the best results and enhance
the important
function of oversight.

Our 2011 Annual Report provides an insight on our professional
activities by presenting the summarized results of audit
engagements performed from office locations around the world. These results were provided in detail to Church leaders and their constituent stakeholders as a part of administering their respective organizations.

A special thank you is extended to our approximately 250 professionals
operating from offices in 45 different countries who make Delivering Excellence our signature everyday!

Board Members 2010 - 2015

Svetlana Kara, CCIM
Lee Lay Representative
Philip Malanini, CA
1004 Lay Representative
Philip Mulvoya, B.Sc, CA
300 Lay Representative
Yunluang Oh, M.Sc, CPA
NICO Representative
Freely Pasitnilek, MBA, M.Sc
TED Lay Representative
Lettie Rapes, MBA, CPA
300 Lay Representative
John Stanley, Ph.D
1000 Lay Representative
Evelyn Will, BA
1000 Lay Representative
Vincent Zimbatagabazi, B.Com
ECD Lay Representative

Leadership Team

Jeremy T. Smith, BA CPA
Process Improvement
Maurice Wahlens, MBA CPA
Professional Development
Gary B. Blood, BS MCP
Technology
Robyn W. Kajura, BBA CPA
North America
Furaha Mpozembizi, BCom CA ACCA
Trans Asia-Pacific

Our Shared Values

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!
Our Resources
The engine for delivering excellence is fueled by the revenue we receive from billing our services to clients in North America Division and the allocation from the General Conference World Budget for our services to clients in the remaining world divisions.

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.

Our Qualified Team

<table>
<thead>
<tr>
<th>Human Resources</th>
<th>Professional Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female 25%</td>
<td>Certified 61% Non-Certified 39%</td>
</tr>
<tr>
<td>Male 75%</td>
<td></td>
</tr>
</tbody>
</table>

Types of Opinions

| Standard/Unqualified | The auditor concludes that the overall financial statements are fairly presented. |
| Standard/Qualified   | The auditor concludes that the overall financial statements are fairly presented, but the scope of the audit has been materially restricted or accounting reporting standards were not followed in preparing the financial statements. |
| Adverse             | The auditor concludes that the financial statements are not fairly presented. |
| Disclaimer           | The auditor concludes that he or she is unable to form an opinion as to whether the financial statements are fairly presented, or he or she is not independent. |

Types of Policy Compliance Reports

| Standard/Unqualified | The policy compliance report does not mention any instances of non-compliance with denominational policy. |
| Qualified            | The policy compliance report does mention instances of non-compliance with denominational policy. |

Emerging Issues

Professional Standards

Accounting
The coverage of country specific accounting standards to globally recognized International Financial Reporting Standards (IFRS) continues. All major economies have established time lines to converge with or adopt IFRS in the near future.

Expanded Note Disclosures
IFRS has expanded note disclosures to present management’s conclusions about risks associated with investments in financial instruments (credit risk, liquidity risk, market risk) and management’s responses to deal with those risks. This is subjective material and may present challenges to management and auditors.

Revised Standard on Consolidations
IFRS replaced former guidance to require more organizations to present consolidated financial statements. The criteria to present parent-only financial statements have become more restrictive. Auditors will be required to describe in their opinion the type of financial statements being presented by management.

Denominational Requirements

Accounting Manual
The General Conference extended the deadline for implementation of the new Seventh-day Adventist Accounting Manual (SDAM), with all entities expected to be in conformity on January 1, 2012. Educational seminars have been provided. The International Accounting Standards Board issued an optional abridged IFRS for small and medium-sized entities, which the denomination will study to determine what impact, if any, it may have on the SDAM.

Financial Reporting
The General Conference revised its policies to incorporate best practices related to the receipt, resolution and resolution of issues identified in audit reports provided by GCAS or by an external audit firm. This revision made to policy is intended to develop a common expectation of transparency and accountability for all denominational organizations. Included in the revised policies are expectations for each organization to have its financial records completed no later than 90 days after the close of its fiscal year-end, have the auditor issue a final report no later than 60 days after the close of audit engagement; and have each organization establish an audit committee that is comprised of members not in its employment.

Most Frequent Reasons for a Qualified Opinion

• Assets not recorded on financial statements
• State of the accounting records
• Unable to obtain sufficient audit evidence
• Lack of evidence regarding value of investments and receivables
• Unable to verify numerous outstanding items on account receivables
• Inadequate provision for bad debts

Most Frequent Working Policy Violations

• Misuse or improperly constituted Financial Audit Review Committee
• Inappropriate use of tithe and ingathering funds
• Missing Conflict of Interest Statements
• Adequacy of insurance coverage
• Reviews of Local Church records not performed

Status of Audit Engagements

Policy Compliance Reports Issued

Our Report Analysis

Most Frequent Internal Control Deficiencies

• Management Override
• Inadequate segregation of duties
• Client personnel lack understanding of accounting principles
• Inadequate oversight and review of financial reporting system
• Opening of unauthorized bank accounts
• Bank and inter-organizational accounts not reconciled
• Tithe reporting from local churches not monitored
• Lack of authorizations for transactions

Service | Integrity | Respect | Professionalism | Efficiency

Service: The engine for delivering excellence is fueled by the revenue we receive from billing our services to clients in North America Division and the allocation from the General Conference World Budget for our services to clients in the remaining world divisions.

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.

Our Qualified Team

<table>
<thead>
<tr>
<th>Human Resources</th>
<th>Professional Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female 25%</td>
<td>Certified 61% Non-Certified 39%</td>
</tr>
<tr>
<td>Male 75%</td>
<td></td>
</tr>
</tbody>
</table>

Types of Opinions

| Standard/Unqualified | The auditor concludes that the overall financial statements are fairly presented. |
| Standard/Qualified   | The auditor concludes that the overall financial statements are fairly presented, but the scope of the audit has been materially restricted or accounting reporting standards were not followed in preparing the financial statements. |
| Adverse             | The auditor concludes that the financial statements are not fairly presented. |
| Disclaimer           | The auditor concludes that he or she is unable to form an opinion as to whether the financial statements are fairly presented, or he or she is not independent. |

Types of Policy Compliance Reports

| Standard/Unqualified | The policy compliance report does not mention any instances of non-compliance with denominational policy. |
| Qualified            | The policy compliance report does mention instances of non-compliance with denominational policy. |

Emerging Issues

Professional Standards

Accounting
The coverage of country specific accounting standards to globally recognized International Financial Reporting Standards (IFRS) continues. All major economies have established time lines to converge with or adopt IFRS in the near future.

Expanded Note Disclosures
IFRS has expanded note disclosures to present management’s conclusions about risks associated with investments in financial instruments (credit risk, liquidity risk, market risk) and management’s responses to deal with those risks. This is subjective material and may present challenges to management and auditors.

Revised Standard on Consolidations
IFRS replaced former guidance to require more organizations to present consolidated financial statements. The criteria to present parent-only financial statements have become more restrictive. Auditors will be required to describe in their opinion the type of financial statements being presented by management.

Denominational Requirements

Accounting Manual
The General Conference extended the deadline for implementation of the new Seventh-day Adventist Accounting Manual (SDAM), with all entities expected to be in conformity on January 1, 2012. Educational seminars have been provided. The International Accounting Standards Board issued an optional abridged IFRS for small and medium-sized entities, which the denomination will study to determine what impact, if any, it may have on the SDAM.

Financial Reporting
The General Conference revised its policies to incorporate best practices related to the receipt, resolution and resolution of issues identified in audit reports provided by GCAS or by an external audit firm. This revision made to policy is intended to develop a common expectation of transparency and accountability for all denominational organizations. Included in the revised policies are expectations for each organization to have its financial records completed no later than 90 days after the close of its fiscal year-end, have the auditor issue a final report no later than 60 days after the close of audit engagement; and have each organization establish an audit committee that is comprised of members not in its employment.

Most Frequent Reasons for a Qualified Opinion

• Assets not recorded on financial statements
• State of the accounting records
• Unable to obtain sufficient audit evidence
• Lack of evidence regarding value of investments and receivables
• Unable to verify numerous outstanding items on account receivables
• Inadequate provision for bad debts

Most Frequent Working Policy Violations

• Misuse or improperly constituted Financial Audit Review Committee
• Inappropriate use of tithe and ingathering funds
• Missing Conflict of Interest Statements
• Adequacy of insurance coverage
• Reviews of Local Church records not performed

Status of Audit Engagements

Policy Compliance Reports Issued

Our Report Analysis

Most Frequent Internal Control Deficiencies

• Management Override
• Inadequate segregation of duties
• Client personnel lack understanding of accounting principles
• Inadequate oversight and review of financial reporting system
• Opening of unauthorized bank accounts
• Bank and inter-organizational accounts not reconciled
• Tithe reporting from local churches not monitored
• Lack of authorizations for transactions

Service: The engine for delivering excellence is fueled by the revenue we receive from billing our services to clients in North America Division and the allocation from the General Conference World Budget for our services to clients in the remaining world divisions.

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.