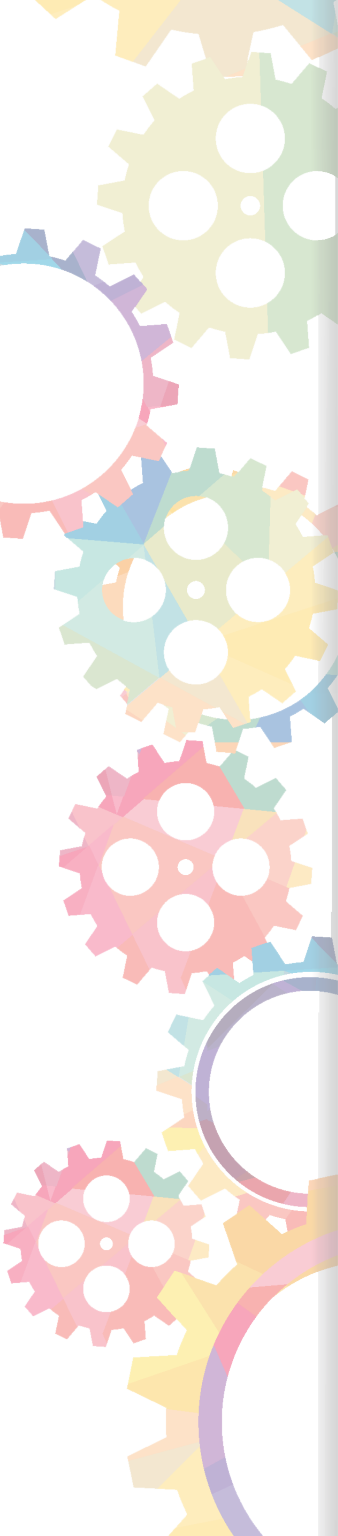


*noun*

in·sight

a deeper understanding of  
financial reporting matters



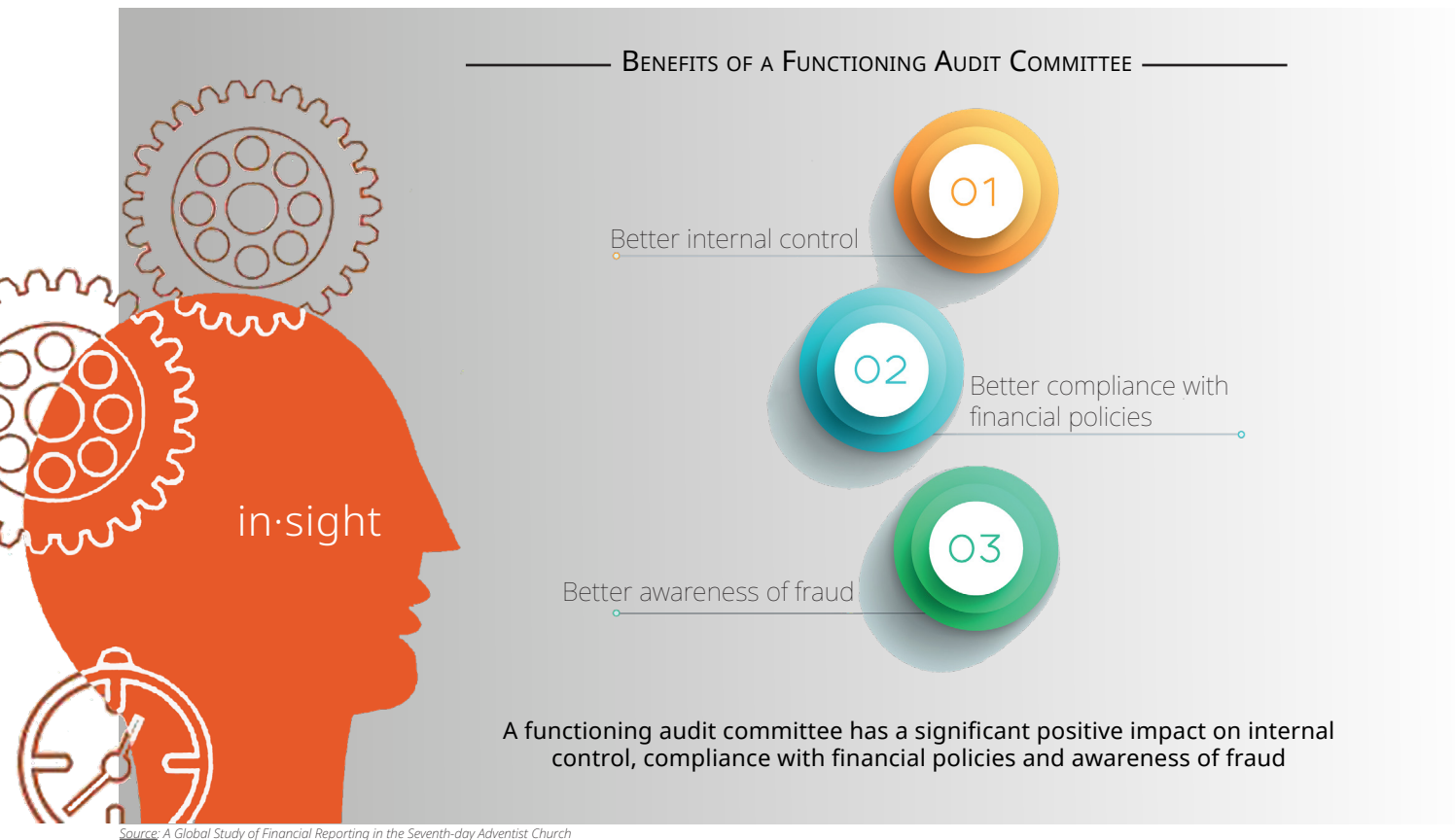


# vin-sīt

noun | in·sight

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## director's·message


**Delivering Excellence** motivates how we serve in our ministry of auditing for God and His church. We are committed to exploring new horizons of what excellence means to those we serve to ensure we are matching their expectations.

The work of auditors is designed to give reasonable assurance regarding the financial information presented by an organization's management. However, the 21<sup>st</sup> century has seen expectations grow beyond what a financial audit can provide. Now, organizations and their stakeholders want to receive insights regarding their financial information and the emerging signals for the future. Analyzing data of an organization is the mechanism used to provide such insights and identify emerging signals.

In the Spring of 2020, GCAS will publish a research report entitled **A Global Study of Financial Reporting in the Seventh-day Adventist Church** that is based on an in-depth scientific study of audited financial reports from church organizations around the world for a six-year period. The research report will present a set of insights for management and governing boards of church organizations to consider as it relates to their respective organization. Selected insights from the research report are shared throughout these pages for your information.

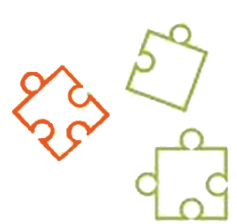
On a personal note, the GCAS family mourns the passing of John Stanley, a long-tenured board member, whose life and contribution to our organization have been the epitome of excellence. He will long be remembered as our friend and champion for the best of what our organization can be.

This GCAS Annual Report presents the summarized results of our work that have been communicated to the management and governing boards of church organizations. A sincere expression of gratitude is expressed to the approximately 300 professionals operating from 45 different countries whose work this Annual Report represents. Together we make **Delivering Excellence** our signature every day!

  
Paul H. Douglas, MBA CPA  
GCAS Director

  
Jack L. Krogstad, PhD CPA  
GCAS Board Chair





# A Tribute to Dr John Stanley

*An unrelenting pursuit of Excellence and Service*



First impressions are lasting impressions according to an old proverb. Franz Kafka cautions that first impressions are always unreliable. It was not so with John Stanley. The first impression was always positive and the more one became acquainted with him the deeper and more substantive the impression grew. Here was an individual of rare talent and exemplary character.

John's life touched countless people in varied ways: as friend, colleague, teacher, mentor, auditor, financial administrator, strategist, business consultant, philanthropist. Though very quiet, humble, and unassuming in personality, his work and relationships spoke volumes about fundamental commitments to honesty, integrity, fairness, equality, the pursuit of truth, and service to others. He was always learning and unstintingly sharing his expertise, time, and friendship.

Born in Trivandrum, Kerala, India, Dr John Stanley's positive influence reached far beyond his birthplace. He became well known and respected in leadership roles with the General Conference of Seventh-day Adventists (Southern Asia Division); in international health education and institutional development with the Pai Group of Companies; in Indian national life through membership on a prestigious committee with the University Grants Commission; and in international business development through the consultancy services of Quintesse Consultants, Pvt. Ltd.

At the time of his death Dr Stanley was serving in his fourth five-year term as a member of the General Conference Auditing Service Board.

His legacy is one of lasting attraction and value that illustrates the pursuit of excellence as a way of bringing honor and glory to God.

Lowell Cooper  
*Friend and GC General Vice President [Retired]*

**Dr John Stanley** was a principal consultant with Quintesse Consultants, Pvt. Ltd., and served clients in India, China, Indonesia, Middle East and United States. He served in senior financial administration and leadership positions in healthcare, education, and not-for-profit organizations.

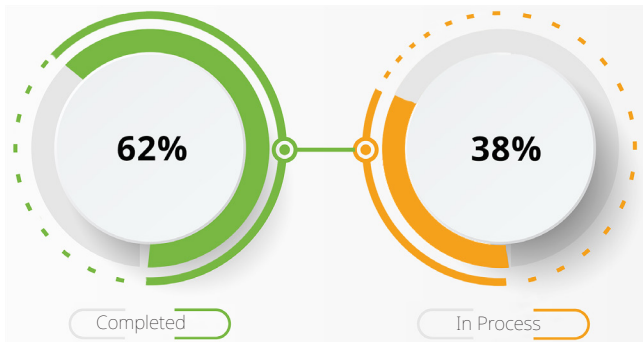
Dr Stanley held a doctoral degree in Educational Finance as well as academic and professional qualifications in financial management, company secretaryship, commerce, taxation, and law.





## our·resources

Our GCAS team is comprised of:



### Professional Certification



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.



Trans Africa Area Auditors and Leadership during their area seminar in Dar es Salaam, Tanzania

## our·responsibility

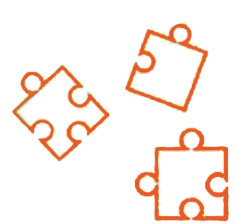
**Client Base**—The General Conference Auditing Service serves as the Seventh-day Adventist Church's preferred provider of assurance and related services. The client base includes all denominational organizations such as General Conference institutions, world divisions and their institutions, unions/ 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

**Total Clients: 2,360**



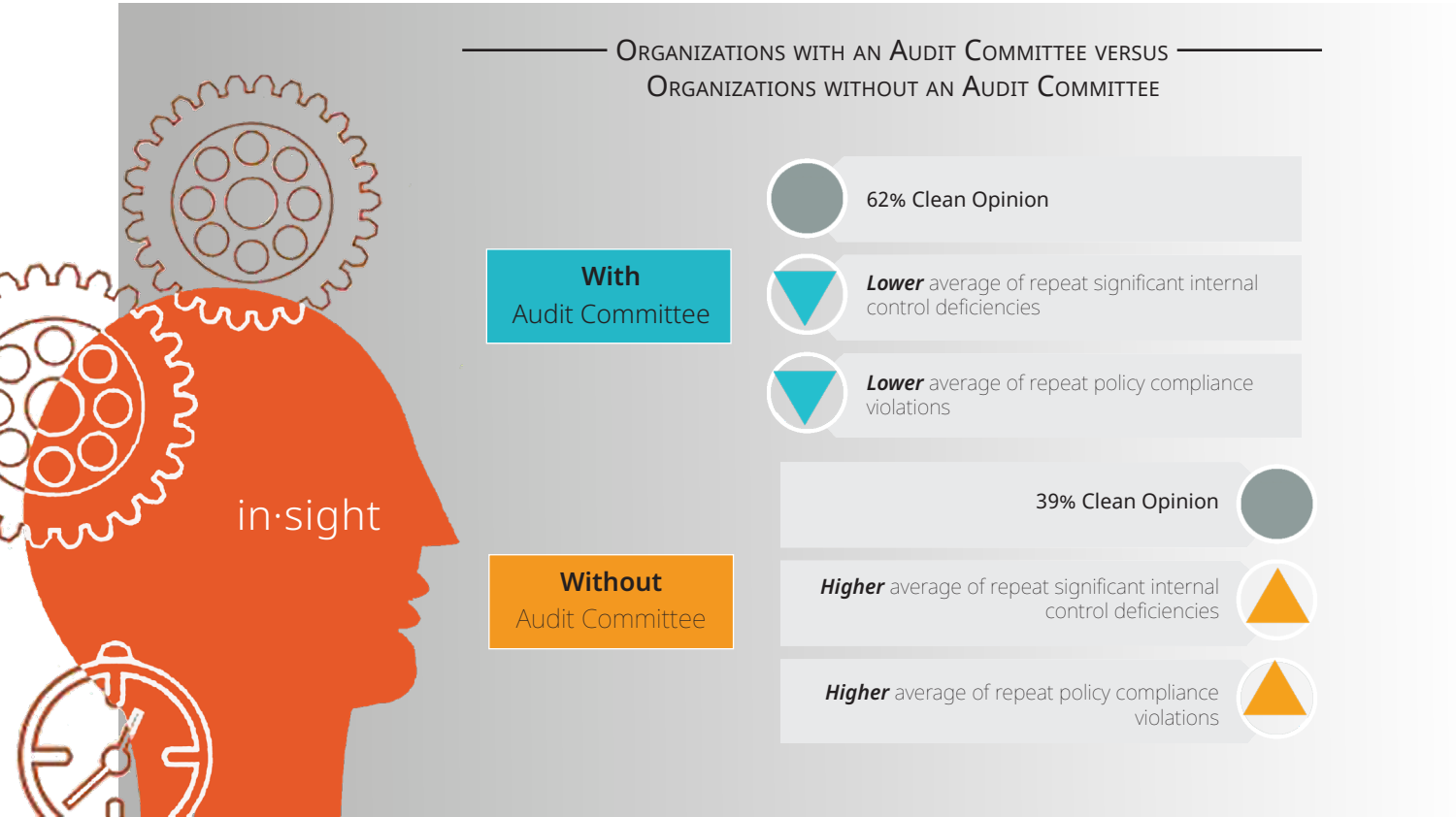




# our·shared·mission·and·values

## Service

We each share a personal commitment to Christian Service.  
Our attitude and actions incorporate **Integrity, Respect, Professionalism, and Efficiency.**



Source: A Global Study of Financial Reporting in the Seventh-day Adventist Church

### 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.

We each embrace these values enabling us to deliver excellence!



## GCAS·is·involved

On the final Sabbath of the evangelistic campaign, all 5 sites assembled in one location for a grand celebration and baptism. Through the power of the Holy Spirit, 77 individuals accepted Jesus Christ as their personal Savior and demonstrated their acceptance by being baptized into a new life with Him. The team considered it a privilege to be used as instruments to lead souls to an acceptance of Jesus Christ and the eternal life He has to offer.

Now, the Seventh-day Adventist Church is no longer an unknown to the Ogbona community. In fact, two churches have been planted; a church building is almost completed (see photos on right); and land has been secured to build another church. On a subsequent visit to continue growing this new fellowship of believers, the team intends to bring along health professionals who can provide free health services and partner with ADRA to build a well that can provide a sustainable supply of clean water. The Ogbona Village Chief, who was in attendance for all of the final Sabbath celebrations and baptisms commented – “The Seventh-day Adventist Church is interested in the wellbeing of my community and we will be forever grateful for their positive impact.”

Evangelism is Exciting and it is for Everyone! GCAS encourages its personnel to be involved in ministry at the local church; and also encourages its personnel to experience the dimension of public evangelism which is a life changing experience.



**Summer 2019**, the GCAS Director led a team of five GCAS personnel and joined George Egwakhe, a GC Associate Treasurer, and his wife to conduct an evangelistic campaign in their hometown of Ogbona, Nigeria. It was a profound life changing experience for everyone involved. The team traveled approximately eight hours east of the major city of Lagos to share the saving message of Jesus Christ. Meetings were conducted for two weeks from five different locations (three in church buildings and two in tents), with a total average attendance of 360 persons per night. The majority of persons in attendance had never heard about the Seventh-day Adventist Church and were very appreciative of our interest in their whole being for life now and for life when Jesus comes again.

In preparation for these meetings, local pastors and lay persons from neighboring states and one from Ghana came for several weeks and prepared the hearts and minds of individuals in the community to receive the saving message of Jesus Christ. Our preparation for the campaign was not without challenges. However, in every instance the mighty hand of God intervened beyond what we could ask or think and to Him we give the glory.



Evangelistic team members



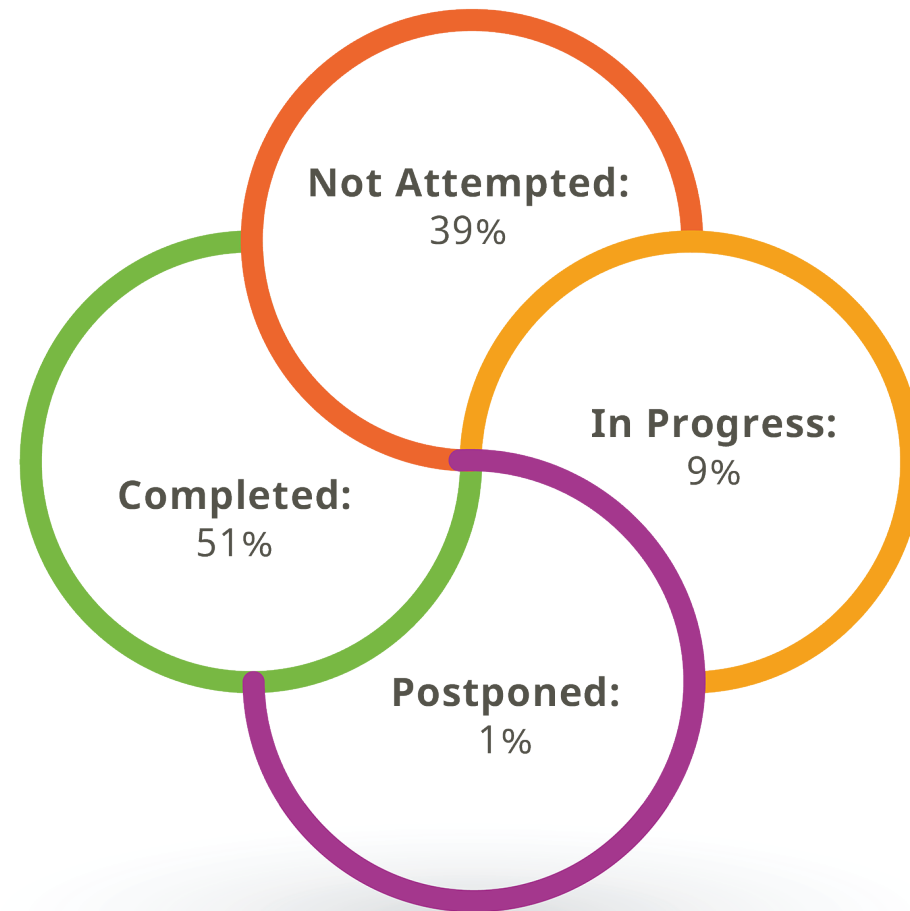
New church building



New church building



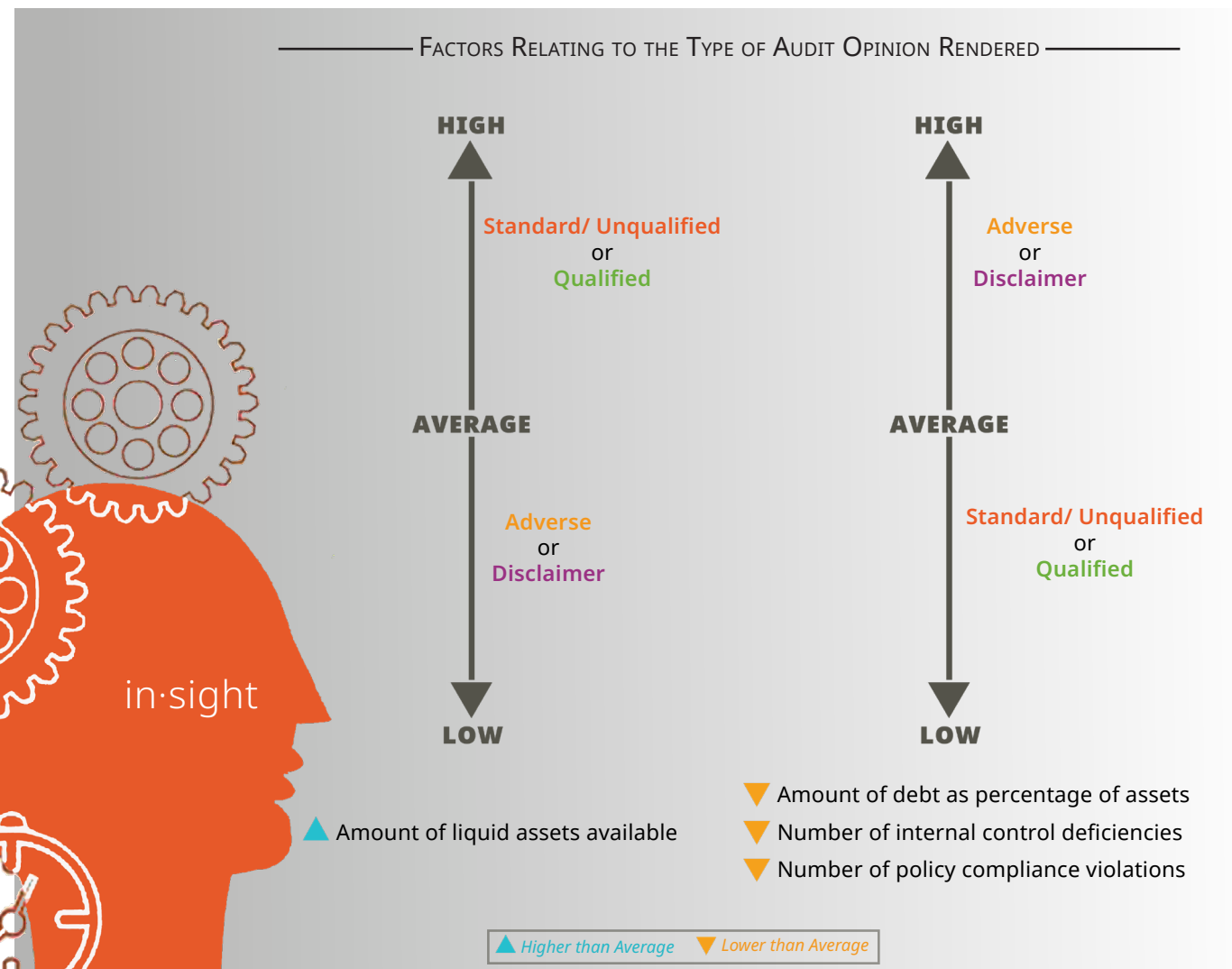
## work·plan·results



**60%** of our portfolio was either completed or in progress at the end of 2018.

	Total	Portfolio	Completed	In Progress	Postponed	Not Attempted
Type of Entities						
Divisions	13	10	3	0	0	
Unions	137	105	17	1	14	
Conferences/Missions	728	465	67	7	189	
Educational Institutions	718	267	60	4	387	
Healthcare Institutions	155	64	20	2	69	
Publishing Houses/ABCs	151	88	10	0	53	
ADRA	110	35	8	2	65	
Trust	69	40	3	0	26	
Other	277	138	19	1	121	
<b>Totals</b>	<b>2,360</b>	<b>1,212</b>	<b>207</b>	<b>17</b>	<b>924</b>	





Source: A Global Study of Financial Reporting in the Seventh-day Adventist Church

## types of financial statement opinions

### Standard/Unqualified

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

### Disclaimer

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.

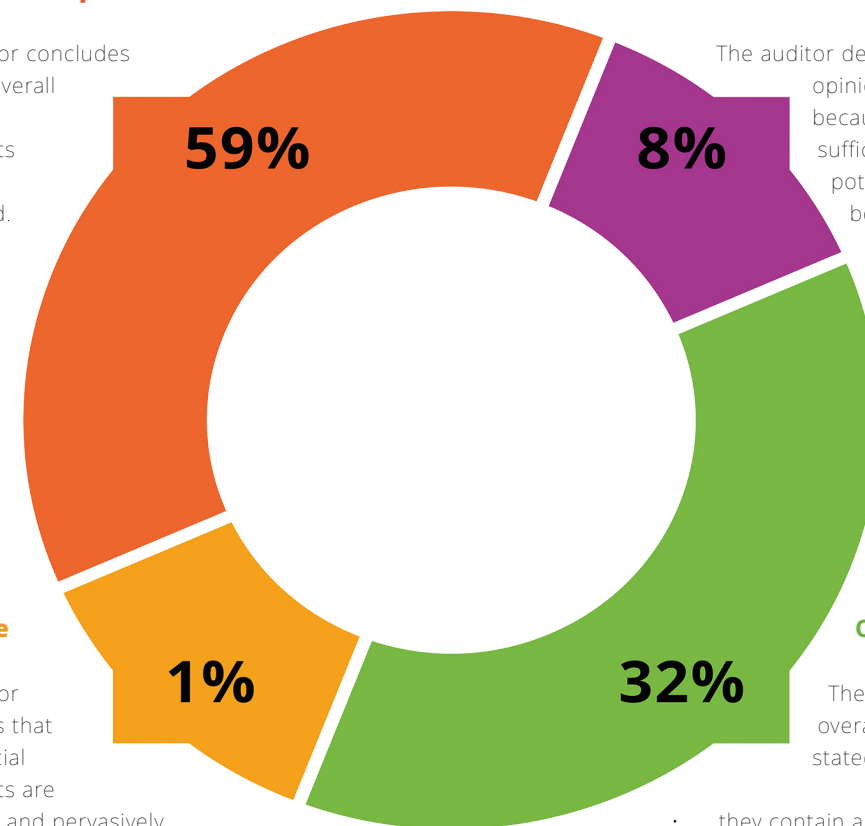
### Adverse

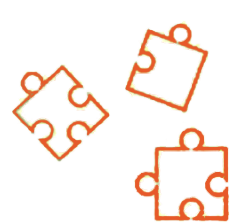
The auditor concludes that the financial statements are materially and pervasively misstated.

### Qualified

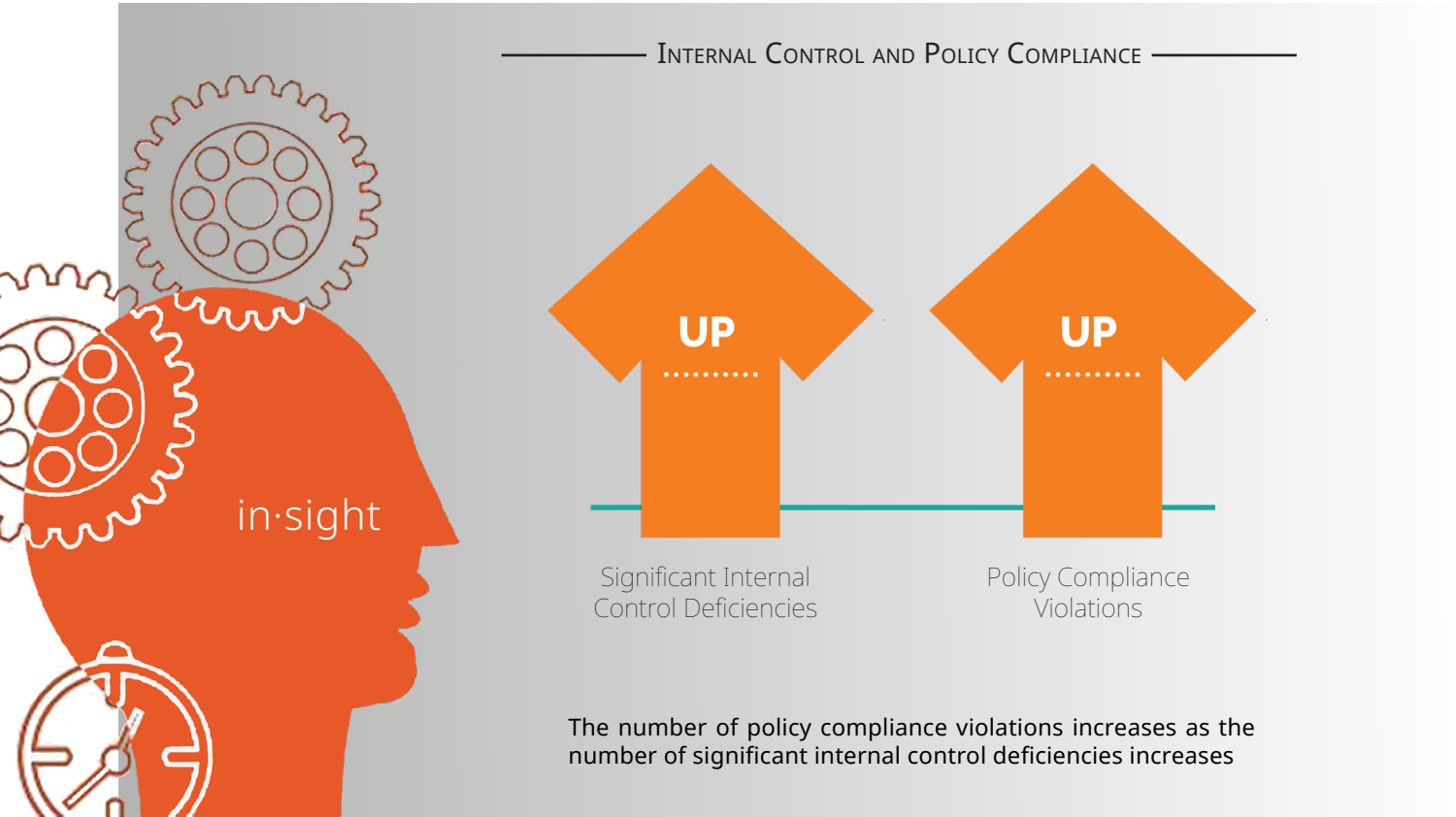
The auditor concludes that the overall financial statements are fairly stated except:

- 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.



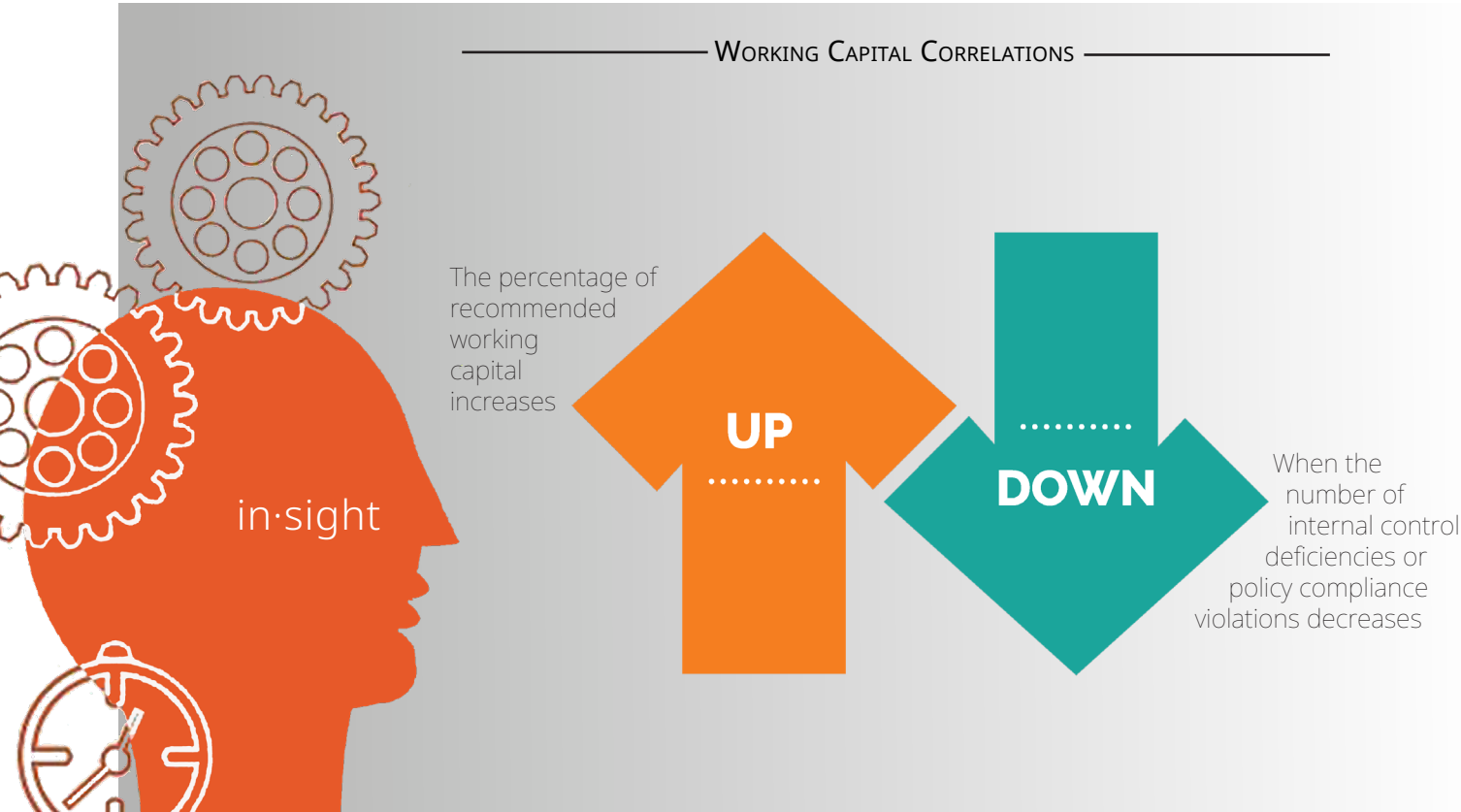


# types of policy compliance reports



Source: A Global Study of Financial Reporting in the Seventh-day Adventist Church





Source: A Global Study of Financial Reporting in the Seventh-day Adventist Church

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

- Lack of evidence resulting in a disclaimer of opinion
- Misstatement of property, plant and equipment
- Lack of evidence for accounts receivable
- Lack of evidence for revenue
- Lack of evidence for property, plant and equipment

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

- Insufficient monthly financial statements submitted to governing committee and administration
- Audit committee missing or improperly constituted
- Conflict of interest statements not signed by all committee members and other designated employees
- Insurance coverage not in harmony with requirements
- Service records not all updated and signed

## Most frequent reasons for documenting internal control weaknesses:

- Lack of reconciliation of accounts
- Lack of internal controls related to accounts receivable
- Lack of authorization of transactions
- Lack of internal controls related to inventory
- Segregation of duties minimal or inadequate







## board·members

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

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

Paul H Douglas, MBA, CPA | *Secretary/GCAS Director*

Ted N C Wilson, PhD | *GC President*

G T Ng, PhD | *GC Secretary*

Juan R Prestol-Puesán, PhD | *GC Treasurer*

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

Lyudmyla V Chyzhevskya, 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*

John Stanley, PhD, LLB | *SUD Lay Representative*

Frensy Pannefle, MBA, M.Sc | *TED Lay Representative*

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

## leadership·team

Paul H Douglas, MBA CPA | *Director*

Daniel E Herzel, BA CPA | *Professional Standards*

Maurine Wahlen, MBA CPA | *Professional Development*

Paul J Edwards, MBA CPA FCCA | *Process Improvement*

Kimberly J Westfall, BBA CPA | *Quality Control*

Gary B Blood, BS MCP | *Technology*

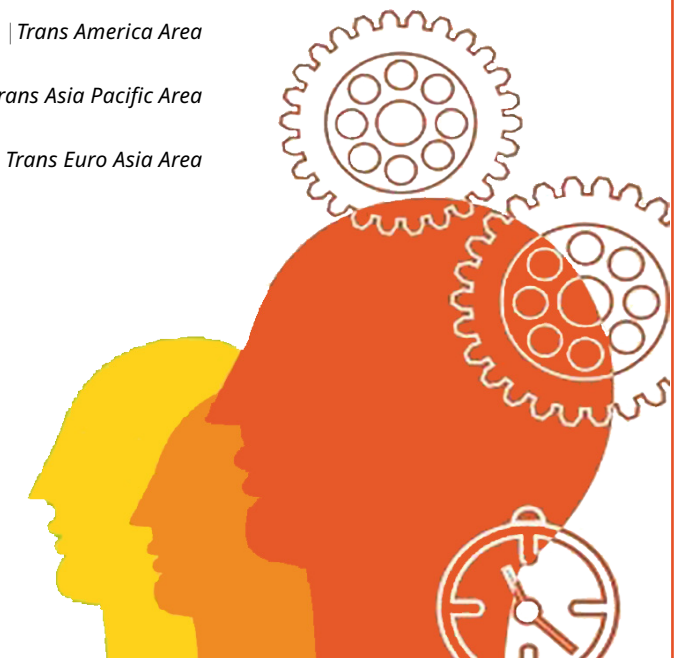
Robyn W Kajiura, BBA CPA | *North America Area*

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*





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