



Orville Ortiz
Treasurer / CFO

A Sacred Work

The treasury department of the Southern California Conference serves a unique role and purpose in ministry as we administer the sacred funds donated by each member of our conference, to fulfill the sacred mission instructed by Jesus in Mathew 28:19 to “*make disciples of all nations, baptizing them*” thus advancing God’s Kingdom on earth while we await His return to be taken home where we will live for eternity. As I think of this awesome sacred responsibility, I am reminded of Nehemiah chapter 13, where Nehemiah re-established the tithing system and appointed several individuals listed by name in verse 13 because “they were considered faithful, and their task was to distribute to their brethren.”

Today, this responsibility means develop the conference budget, pay bills, bill institutions, invest available resources and report financial activities to governing boards. Additional duties include conducting church and elementary school audits, conducting annual church treasurer training classes, assisting churches and schools in acquiring property, processing loan requests and construction projects. We are blessed and feel privileged to contribute in this area of ministry of the church.



Chona Tupas-Torres
*Executive Assistant
 to the Treasurer / CFO*

Our Team



Jeff Mills
*Assistant Treasurer /
Information Technology*



Robin Smith
Assistant Treasurer / Payroll



Kathleen Diaz
Chief Accountant



Nick Perez
Senior Accountant



Claudia Stylc
Payroll Junior Accountant

Accomplishments

- Eliminated 5 million dollars of lines of credits and loans from the conference balance sheet, improving cash-flow management and reducing interest expenses.
 - Implemented participation of direct deposit and emailing of paystubs to employees, reducing mailing costs.
 - Transitioned to a web-based payroll system that gives each employee access to their pay and W-2 information 24-7.
 - Eliminated charging the local church for the church accounting software and absorbed the costs into the conference budget.
 - Gradually reduced of insurance premiums and started providing a discount for paying on time.
 - Expanded the annual treasurers training curriculum to two sites in the conference, increasing treasurer participation.
 - Developed a systematic plan to satisfy capital appropriations dating back to 1995.
 - Continue to maintain salary base increases.
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Audited Financial Statements

The General Conference Auditing Service completed a consolidated audit of the Southern California Conference. The full statements for the four years covering 2015-2018 are available on the SCC session website, under audited financial statements. Their opinion for each of the financial statements presented was “unqualified” which is the highest opinion possible. We thank the team of auditors who annually perform this vital service for the church.

Tithe Report

During the last four years, we have experienced relatively steady tithe for three of those years, with a spike in 2016 due to a 53-Sabbath year. However, in 2018, we experienced a significant increase. Several factors may have contributed to this, including a healthy economy and a year that began the first quarter of Sabbath school dedicated to the topic of stewardship. Overall, we saw a 2.5% increase in gross tithe over the previous term. We praise the Lord for His goodness and each of you who remained faithful to the Lord to continue the mission of soul winning for God's Kingdom.

Gross Tithe Comparison

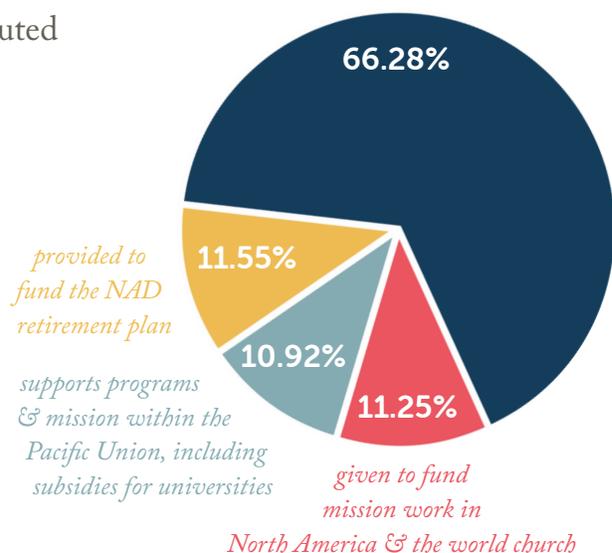


Year	Gross Tithe	Net Tithe	% Change Year over Year
2015	\$32,093,264	\$24,705,272	-1.40%
2016	\$32,833,784	\$25,362,454	2.31%
2017	\$32,098,058	\$24,954,821	-2.24%
2018	\$34,328,294	\$26,818,246	6.95%
Averages	\$32,838,350	\$25,460,198	1.40%
Totals	\$131,353,400	\$101,840,793	

Use of Gross Tithe and Non-Tithe Funds

The conference received \$131,353,400 in gross tithe from 2015 to 2018. The tithe was distributed according to denominational policy as follows after accounting for tithe and non-tithe funds returned from the higher organizations:

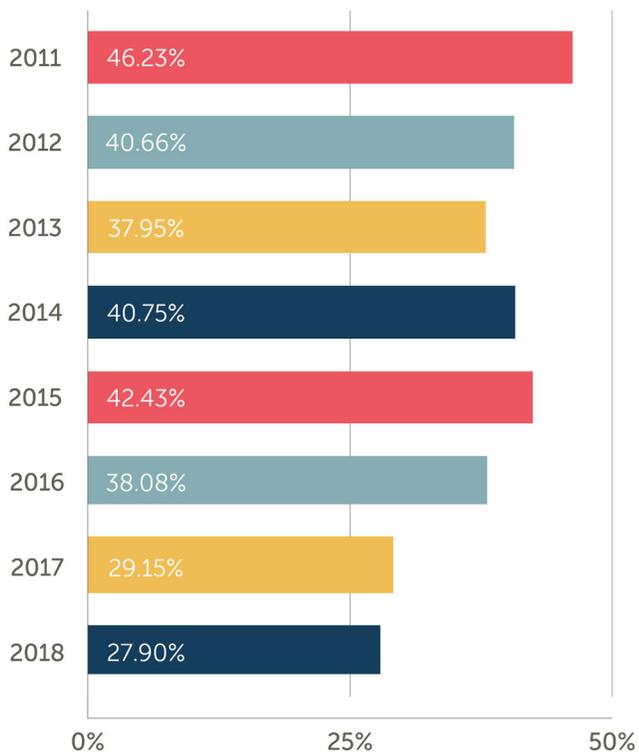
Use	Amount of Gross Tithe	% of Total
GC / NAD	\$15,167,841	11.55%
Union	\$14,344,765	10.92%
Retirement	\$14,779,509	11.25%
Conference	\$87,061,283	66.28%
TOTAL	131,353,398	100%



Tithe per Region (2015-2018)

Region	Tithe Amount	% of Total Tithe	% of Total Membership
Asian-Pacific	\$24,093,576	18.63%	15.21%
Greater L.A.	\$18,378,555	14.21%	16.53%
Hispanic	\$34,259,192	26.49%	30.93%
L.A. Metro	\$31,652,544	24.47%	21.59%
West	\$20,943,722	16.19%	15.75%
Totals	\$129,327,589	100%	100%

During the last four years, the Southern California Conference has spent \$1,816,486 in evangelism throughout the five regions.



Working Capital

To have adequate financial resources available for the sound operation of the conference, and to have sufficient cash for operations without borrowing during periods that have lower tithe with higher demand on cash, the conference should have adequate funds for emergencies for a period of 90 to 120 days. Working capital as defined by NAD's recommended policy is the amount of current assets in excess of current liabilities; when stated as a percentage of this recommendation, it has been variable with the current cash demands. Although it was challenging, we stopped borrowing to meet our day-to-day operations as of May 2017.

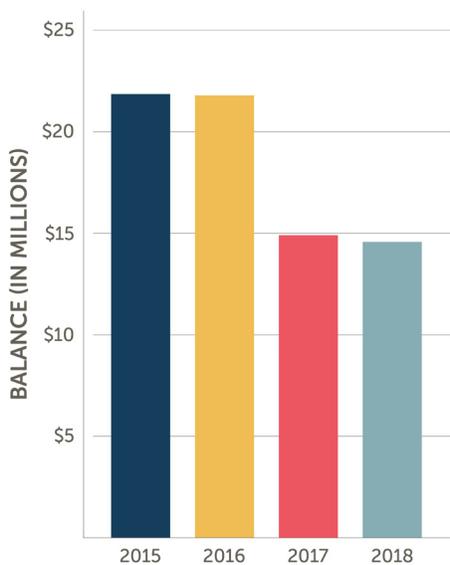
Operating Fund 2015-2018

Income			Expenses		
Net Tithes	\$101,840,793	70.71%	Retirement Plan	\$14,779,509	10.53%
Billing/Fees/Sales/Other	\$36,394,153	25.27%	Ministry Support	\$68,106,573	48.53%
Matured Trusts & Wills	\$3,693,408	2.56%	Education	\$32,388,176	23.08%
Offerings & Donations	\$1,621,257	1.13%	Departments	\$19,271,667	13.73%
Investment Earnings	\$483,536	0.34%	Administration	\$5,790,635	4.13%
Totals	\$144,033,147	100%		\$140,336,560	100%
Net Assets Increase: \$3,696,586.87*					

*The net asset increase includes \$1,291,346 in temporarily donor restricted income. This restriction could be time based or purpose driven and funds can only be used for those purposes. The remainder of the net asset increase has been driven by a combination of factors, mainly increased sales and fees activity, including Camp Cedar Falls, ABC, literature evangelism, youth department and growth in conference-pooled funds to assist with property, medical and liability deductibles. In addition to staff openings that have reduced the demand on expenses until positions are filled.

Debt

The Southern California Conference consolidated financial statement showed that the conference is highly leveraged. Careful management of cash flows and budget, and the closing of the Ventura Estates site, allowed for a 7 million reduction of debt. We praise the Lord for His goodness, as this significant reduction enabled the conference to address major needs by allocating resources for mission.



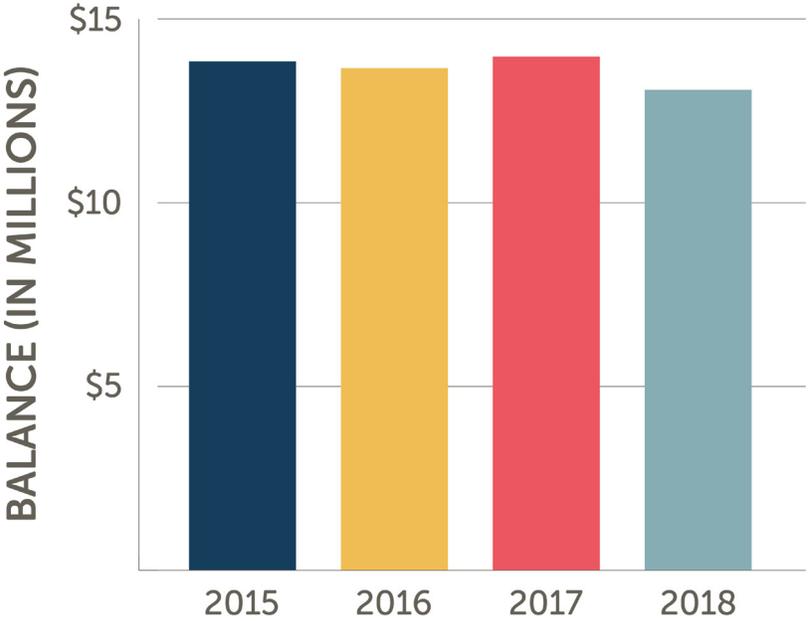
Year	Debt
2015	\$21,869,491
2016	\$21,797,429
2017	\$14,896,251
2018	\$14,571,159*

- \$13,607,434 Newbury Park Development
- \$299,601 Camp Cedar Falls
- \$279,765 ABC Building
- \$274,909 Miramonte SDA
- \$109,450 Xerox Lease

Pacific Union Conference Church & School and Income Fund Loans

The Southern California Conference churches participate in the Pacific Union Conference Church & School and Income Fund loans to borrow for capital improvement needs or acquisitions. There has been some slight fluctuation throughout the last four years in the number of entities borrowing and the amount outstanding, but as you see in the graph below, both the number of entities and outstanding amounts have been reduced. These loans are serviced by each individual entity.

Loan Balances

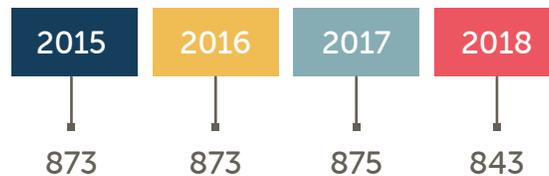


Year	Churches & Schools Balances	Entities
2015	\$13,843,380	55
2016	\$13,662,221	57
2017	\$13,972,974	60
2018	\$13,068,679	52

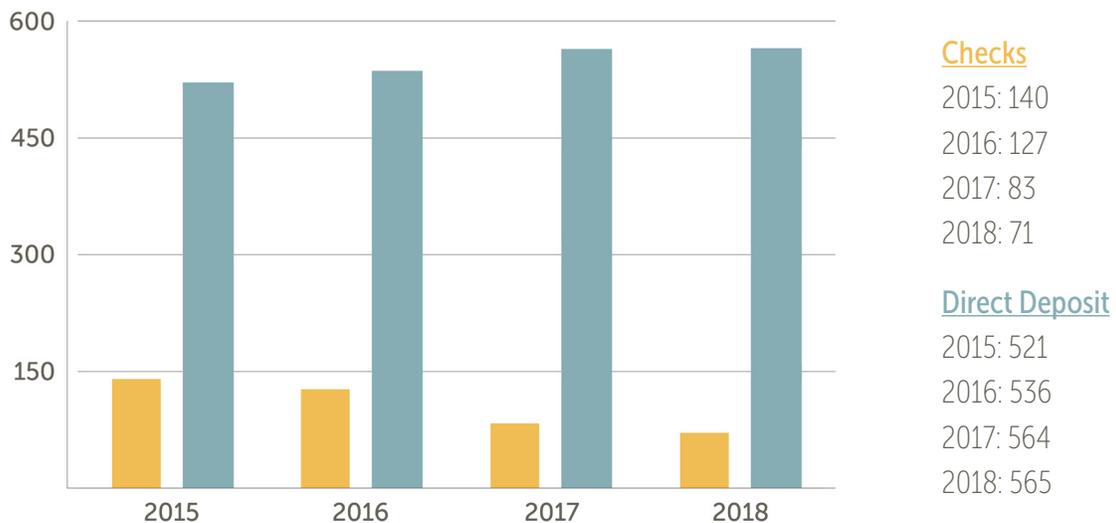
Payroll

Payroll is one of the most important aspects of the work treasury does for the conference. Payroll represents not just numbers and a paycheck, but a group of dedicated individuals: teachers, pastors, principals, administrative assistants, cooks, maintenance workers, camp staff and the list goes on. We recognize that each life represents a child of God and a worker worthy of his hire. It is with pleasure that we engage in this deadline-driven task of making sure each person receives their pay on a consistent basis, so that the resources God has placed before them can be used to supply the material needs of the home. We have two dedicated people in this area who ensure timely delivery, and for many years, a payroll has not been missed, which is also a testament to God's goodness through His people. You can see this is a very busy area, by the number of W-2s issued in the last four years and the average number of checks and direct deposits per payroll. The conference operates on a bi-weekly schedule, which means we issue these checks 26 times in the year. Many thanks to Robin and Claudia, the engine to make sure everyone is paid.

W-2s Issued



Average Checks and Average Direct Deposits per Payroll





Treasurers Training

We revamped the curriculum for treasurer's training focusing the classes in areas of management and enhancement of technical skills, in addition to adding a second site to facilitate attendance to the training in different geographical areas of our conference. We had more than 130 participants in 2018 (including treasurers, pastors and elders) from attendance at both sites: Glendale Adventist Academy and South Bay Junior Academy. The training sessions focused in the following areas:

- The role of the treasurer in the church and the church board.
- How to set up proper internal control procedures to manage the tithe and offerings count to deposit process.
- Jewel software training for beginners.
- Dedicated a full session to each of the following areas with the contribution of these departments:
 - Human Resources
 - Asset/Risk Management
 - Auditing

Although some classes are specifically dedicated to the treasurer, we are making an effort to include material that will be of benefit to all church board members. We encourage pastors, elders or any church board member to attend as we discuss church policies that affect how the church does business — and anyone who has this responsibility to care for the business of the church would benefit from the presentations.

Stewardship Ministry

Stewardship seems to be an elusive concept in the Adventist Church because we have so tightly connected it to money. However, money is a single aspect of stewardship. Merriam-Webster's online dictionary reveals the broader meaning: "the conducting, supervising or managing of something; especially: the careful and responsible management of something entrusted to one's care." The first two chapters of Genesis give the account of God creating the world, everything in it, and humanity — us. God told Adam what he could eat to provide sustenance to his body and entrusted His full creation to him by putting him "*in the Garden of Eden to work it and take care of it*" (Genesis 2:15, TNIV). God entrusted to Adam his own body, as well as all the land, seas, vegetation and animals that were created. Later "*the Lord God made woman from the rib He had taken out of the man, and He brought her to the man,*" and Adam was entrusted with a family. Even after man disqualified himself, God added another charge: He trusted man to "*preach the gospel to all creation*" (Mark 16:15, TNIV). I invite you to collaborate with God in the spreading of the gospel. This is the single most important act of the Christian after giving the heart to God to mold, change, purify and save for eternity. Not all can preach or give Bible studies, but all can collaborate with resources for the salvation of souls. We look forward to the opportunity to expand this ministry in SCC and create a stronger ministry that encompasses all aspects of stewardship.

Goals for the Next Four Years

- Find opportunities to increase support of ministry budgets for our local SCC churches & schools.
- Satisfy remaining outstanding capital appropriations made to churches that purchased new buildings.
- Continue to decrease the use of debt to preserve monies for ministry and other conference projects.
- Create efficient channels of communication between our churches and schools to process payroll and other needed reports.
- Maintain employee pay at North American Division wage scale levels.
- Development of a balanced budget and an increase in reserves for emergencies or special projects.

Conclusion

It is an honor to serve in ministry with a team of dedicated individuals in the departments and regions that make up the Southern California Conference whose careful management have made possible the execution of plans to further ministry and improve the financial position of the conference. I am grateful for the guidance of those who serve in the budget & finance committee and the executive committee who are committed to furthering God's kingdom and have been instrumental in providing direction of the needs of the conference. I appreciate their dedication, support and love of ministry.

This treasury work was possible because of a dedicated well-trained team of professionals who handle the day-to-day operations making sure all the business activities are met. The team is composed of Jeff Mills, Robin Smith, Kathleen Diaz, Nicholas Perez, Claudia Style and Chona Tupas-Torres; these are people who love the Lord, believe in the ministry of the church and are actively involved in their home churches.

I also want to thank those who served the conference during the past four years. I am grateful for God's people in this conference who made a decision to be faithful to the Lord with their tithe and offerings and have considered giving to be a sacred worship experience. God used each of you to accomplish much in His name.

I would like to leave you with this quote from Counsels on Stewardship, p. 15: *"In commissioning His disciples to go 'into all the world, and preach the gospel to every creature,' Christ assigned to men the work of extending the knowledge of His grace. But while some go forth to preach, He calls upon others to answer His claims upon them for offerings, with which to support His cause in the earth. He has placed means in the hands of men, that His divine gifts may flow through human channels in doing the work appointed us in saving our fellow men. This is one of God's ways of exalting man. It is just the work that man needs; for it will stir the deepest sympathies of his heart, and call into exercise the highest capabilities of the mind."*

In His Grace,

Orville Ortiz

Treasurer / CFO

Southern California Conference