GC Treasurers Report to the 2002 Annual Council

October 8, 2002

Property for Highway 29 Road Expansion

As many of you probably noticed when you arrived at the General Conference, there is a major construction project going on at the corner of Randolph Road and Highway 29. Unfortunately, in order for the State to build an overpass at the intersection of Highway 29 and Randolph Road and make additional improvements at the south end of the General Conference property, the State has taken approximately 8 of the 28 acres we originally owned. Dennis C Keith Sr, Associate Treasurer, along with Attorney Walter E Carson, have been working to minimize the amount of property taken and to maximize the return to the General Conference. Although negotiations continue in an effort to protect the value of our investment here at the General Conference headquarters, Elder Keith reports that we have received and deposited a check for approximately $4.1 million from the State of Maryland for the eight acres of land and the Park-and-Ride parking lot which has been taken.

Treasury Staff Changes

We are blessed with a great Treasury staff to work with here at the General Conference. Unfortunately, this year we have two key individuals on our Treasury team who have chosen to look towards retirement. Linda M de Leon, who has served as Assistant Treasurer and General Conference Session Manager, retired a few days ago. She will be greatly missed, but she has agreed to continue on a part-time contract basis through July 2005 (if the Lord has not returned) to help with the transition to our new meeting coordinator, Sheri Clemmer.

Elder Gary B DeBoer plans to retire at the end of this year. Gary has been an Associate Treasurer of the General Conference since the 1995 General Conference Session in Utrecht and has contributed greatly to the Treasury team. He has carried the heavy responsibilities of the investment office. We know that Gary and Alma will enjoy their retirement and the chance to be closer to their children and grandchildren in Canada. We will certainly miss them and the wide experience and expertise they have brought to their service here at the General Conference.

We have been blessed with the arrival of Elder Jose R Lizardo and his wife, Candida. Jose has now taken up his duties as Associate Treasurer with special responsibility for the Interdivision Employees as well as general treasury assignments. Our gain was the Eastern Africa Division's loss as Jose was serving as Treasurer of the Eastern Africa Division.

Genesis 41:4 NRSV

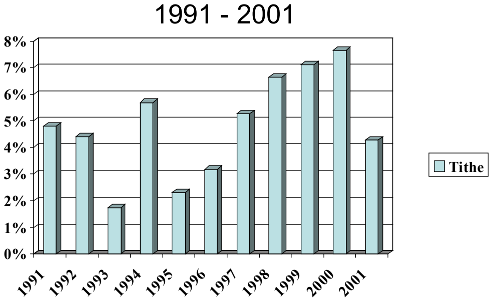
"And the ugly and gaunt cows ate up the fine looking and fat cows. So Pharaoh awoke."

Fat and Lean Cows

A few of weeks ago, Larry L Pitcher, President of Christian Record Services, in giving his report to the General Conference officers on the finances of Christian Record Services, began by reading Genesis 41:4 NRSV, "And the ugly and gaunt cows ate up the fine looking and fat cows. So Pharaoh awoke." Certainly, the financial markets and the economy over the last couple of years have been enough to wake anyone up. We hope that the analogy ends here and that we do not have seven lean years. We thank the Lord for the last six very strong years for the finances of His Church. Elder Robert E Rawson, when giving his report of God's blessings each year and commenting on the strong increases in tithe and returns from investments, has continually reminded us that there will be years that will not be as good.

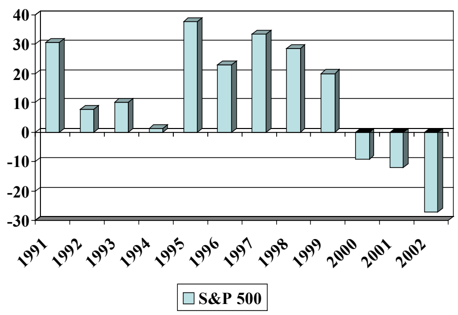
In graph #1 we can see the extraordinary tithe increases in the North American Division over the past few years. As tithe from the North American Division makes up approximately 55 percent of the total income of the General Conference World Budget, these increases have contributed greatly to the strength of the World Budget. The tithe increases in the other divisions were also impressive, but were muted somewhat when converted to US dollars by the strengthening of the US dollar against many of the world's currencies.

Graph #1
NAD Tithe Percentage Increase
1991 - 2001



Graph #2 shows the extraordinary returns and volatility in the US stock market as illustrated by the annual percentage increase (or decrease) in the S&P 500 Index over the past 12

Graph #2
S&P 500 from 1991 to 2002
(Percentage Increase or Decrease)



years. (The 2002 figures are only through the end of August.) With returns of over 20 percent per year from 1995 through 1999, one can surely see that these were very good years for the market. It is also not hard to see where the "lean years" started.

This is not a report of gloom and doom. There are certainly trends and issues that we must address, but the finances of the Church are strong. The Lord is still in charge. We do not know *what* tomorrow holds, but we do know *Who* holds tomorrow. The Lord has blessed His children both spiritually and materially. The tithes and offerings of our faithful members continue to provide the means needed to spread the good news of His soon return.

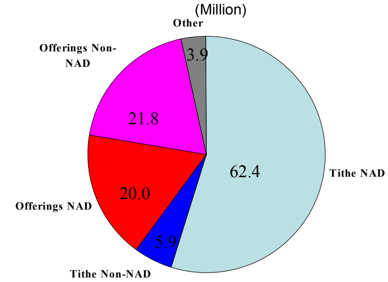
In order for us as the General Conference Executive Committee to better plan for the advancement of His work, it is important that we understand the impact of the new tithe sharing formula on the World Budget and on the operation of the world headquarters. It is also important to understand the effect that the volatile financial markets are having on the finances of the Church.

Trends and Composition of the World Budget

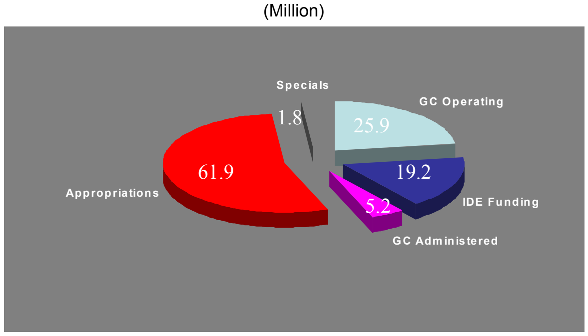
Before looking at the effect of the new tithe sharing formula and the investment picture, let us quickly review some trends and information about the size and composition of the General Conference World Budget.

Of the total of $114.1 million of revenue in the 2002 World Budget, graph #3 shows that the largest portion, $62.4 million comes from the 9.5 percent tithe sharing from the North American Division. The 1.4 percent tithe sharing from the other divisions totals approximately $5.9 million. The mission offering of $20 million from the North American Division and the $21.8 million from the other divisions are approximately equal.

Graph #3
2002 World Budget Revenue
(Million)



Graph #4
2002 World Budget Expenditures
(Million)



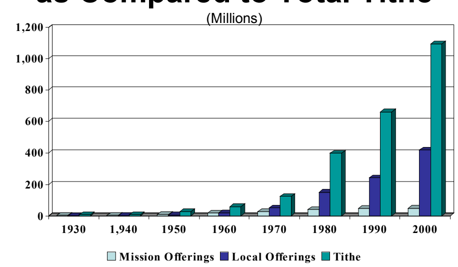
As seen in graph #4, the largest portion, $61.9 of the 2002 World Budget expenditures, goes for appropriations to the divisions and the General Conference institutions. A little over $25.9 million is budgeted for operation of the

General Conference office, and approximately $19.2 million for the General Conference's portion of the interdivision employee (missionary) expenses.

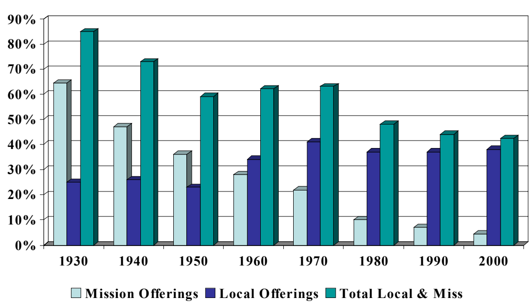
These next few graphs are just to remind us of some of the long term trends in tithe, local offerings, and mission offerings.

Mission offerings in actual dollars have not really increased since the 1980s, even though local offerings and tithe have increased substantially (see graph #5).

Graph #5
Mission and Local Offerings as Compared to Total Tithe



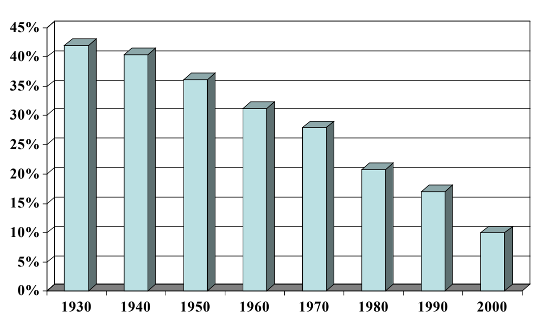
Graph #6
Mission and Local Offerings as a Percentage of Total Tithe



In graph #6 we see mission and local offerings as a percentage of total tithe. Mission offerings as a percent of tithe have decreased from over 60 percent in 1930 to approximately 5 percent in 2000. Local church offerings have increased from approximately 25 percent of tithe to over 40 percent in the same period. During the late 1980s and on through to the present, there has been considerable direct project giving to missions and mission projects—particularly from the North American Division. These donations are not reflected in these numbers as the funds were not handled through the normal tithe and offering reporting system. But even if all those amounts were added in, there would still be a decrease as a percentage of tithe.

With the shifting pattern of giving from world mission offerings to local church offerings and the overall decrease in offerings as a percentage of tithe, the size of the World Budget of the General Conference as compared to the total of tithes and mission offerings throughout the world, has decreased from 42 percent in 1930 to less than 10 percent in 2000. (See graph #7.) This certainly signals a

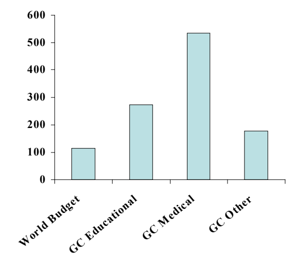
Graph #7
GC World Budget as a Percentage of Total Tithe and Mission Offerings



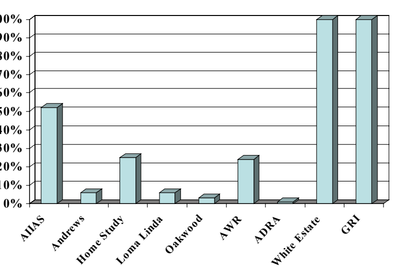
changing role of the General Conference budget in financing the work of the Church around the world. Although there are causes for concern in this trend, the increase in the financial resources available at the local level is a positive and allows the local church to better carry on its mission in the local area. On the other hand, as there are still large unentered areas of the world, we still need a strong World Budget that can provide help in penetrating these areas.

Graph #8 compares the General Conference World Budget to the operating budgets of General Conference institutions. As you can see, the General Conference World Budget is dwarfed by the operating budgets of some of the General Conference institutions. The assumption that may have existed at one time that if divisions or General Conference institutions got into financial trouble the General Conference would be in a position to bail them out, obviously, no longer holds true.

Graph #8
GC World Budget as Compared to Operating Budgets of GC Institutions
(Millions)



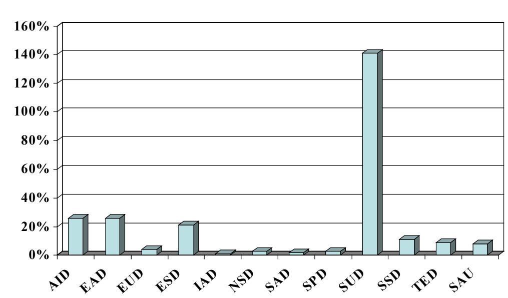
Graph #9
Percent of Appropriations to Total Income for GC Institutions



In graph #9 we see the percentage that the General Conference appropriations represent of total income for General Conference institutions. Some General Conference institutions are much more dependent on appropriations from the General Conference than are others. This does not show the size of the appropriation from the General Conference but rather the percentage the appropriation represents of the total operating income of the institution. Some of the institutions that show a small percentage are receiving large appropriations, even though the appropriations represent only a small portion of the total operating income for these institutions. Some General Conference institutions receive appropriations from other denominational entities, such as unions or conferences, in addition to appropriations from the General Conference and direct donations from church members.

Graph #10 helps us to understand the level of dependency of each division on the appropriations. It shows what percent the appropriations from the General Conference are of the gross tithe received within a division.

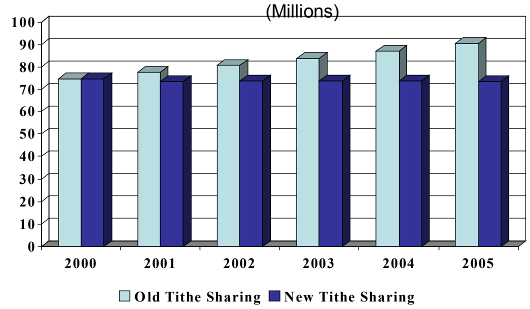
Graph #10
Appropriations as a Percentage of Tithe



New Tithe Sharing Formula

In 2000, the General Conference voted a new tithe sharing formula which is being phased in over five years. The tithe contribution from the North American Division to the World Budget will decrease from 10.72 percent of gross tithe in 2000 down to 8 percent in 2005. At the same time the contribution to the World Budget from the rest of the divisions will increase from 1 percent to 2 percent. The effect of this new formula will be a decrease in tithe from the North American Division of approximately \$21 million per year and an increase in tithe from the other divisions of approximately \$5 million per year.

Graph #11
GC World Budget Tithe Projections
(Based on 4% Increase in NAD tithe and 2% Increase in Non-NAD Tithe)
(Millions)



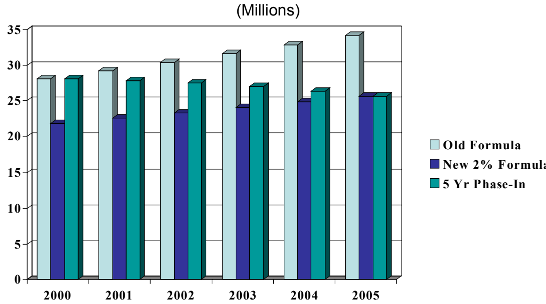
This net decrease of approximately \$16 million per year in the World Budget is depicted in graph #11. It was our hope that if the economy remained strong and if tithe increases continued at the rate they had over the last five years, we would be able to make it through the phase-in period without actually decreasing the dollar amount of appropriations to divisions and GC institutions and would not have to cut other programs and services. With the current economic trends and the poor investment markets, this will be very difficult. Tithe income in the 2003 World Budget will be approximately \$10 million less than it would have been under the old tithe sharing formula.

New General Conference Operating Cap

Also in connection with the new tithe sharing formula, there is a new General Conference Operating Cap formula.

In graph #12, the first bar in each group indicates what the cap would have been under the old formula. The second shorter bar shows the dollar amount of what the cap would be under the new formula. The third bar in each grouping indicates the desired phase-in over the five year period. You can see that there is an actual decrease in the dollar amount of the cap over the

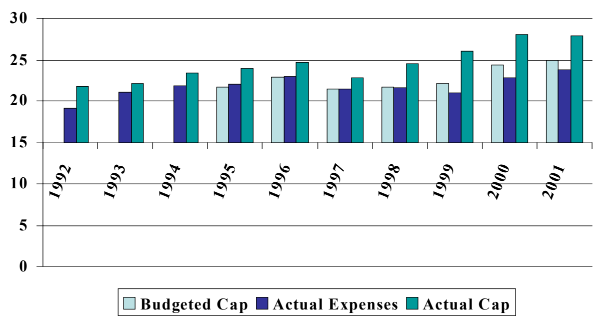
Graph #12
GC Operating Cap Projections
(Based on 4% Increase in NAD Tithe and 2% Increase in Non-NAD Tithe)
(Millions)



five years even when taking into account tithe increases.

It will be a challenge for the General Conference to meet the targeted five year phase-in to the new reduced cap.

Graph #13
GC Operating vs. Cap & Budget
(Millions)



Graph #13 shows the amount that the General Conference operated under the cap over the last ten years. The General Conference has maintained strict controls on spending increases so as to operate as far under the cap as possible and allow funds to flow to the Supplemental Budget. In the last couple of years the figures show the General Conference operating further under budget than would normally be the case as the General Conference was not paying the full category D wage factor indicated for the Greater Washington area. It was only in July 2002 that the General Conference and other entities in the Washington area moved to implement the full category D, Cost of Living Allowance, and even that does not fully reflect the increased cost of living in the area. The adjustment from the category C+ to the category D wage factor added over $1 million to the annual operating costs of the General Conference.

Since voting the new General Conference Operating Cap formula in 2000, the General Conference has not added any new positions at the General Conference headquarters. We have moved a few budgets from one cost center to another but have strictly adhered to the commitment not to increase staff even though at the time we were operating more than $4 million under the cap.

Volatile Financial Markets

Probably the question we get asked most frequently these days is, "What are the markets doing to the Church's finances?" We cannot answer for all church organizations as we do not have consolidated information, but I think it would be helpful to take a look at how the markets have and are affecting the General Conference operations and the retirement funds held in trust by the General Conference on behalf of the North American Division. Let us first look at the investments of the General Conference Operating and Plant Funds and then at the North American Division Retirement Funds.

I have worked with Gary B DeBoer and the investment team to combine the numbers into groupings that hopefully will let us see the big picture. The investments are in a number of different funds with different goals and different types of investments. To use a forest analogy, if we try to look at each fund and its components we may get a good picture of how the individual trees are doing, but not the forest as a whole. In this high level summary we are saying there are evergreen trees and trees that lose their leaves, rather than there are spruce, pine, fir, oak, mahogany, and maple trees.

The combined General Conference Operating and Plant Funds have a total of $82.6 million in investments at market value as of August 31, 2002. This total is made up of the following general categories:

Large-Cap Stocks (The index which would most closely track this is the S&P 500) (Ownership interests in large US companies which are traded on the major exchanges.)	$16.8 million
Money Fund (Approximate current return of 1.75%) (Short term loans mostly held to maturity with approximately 90 day average to maturity and virtually no fluctuation in value)	35.0 million
Bonds (Average return of 5%) (Mostly intermediate length [4-6 year] obligations of government agencies and corporations.)	11.8 million
Other Notes and Loans (Average interest of 6%)	3.7 million
International/Emerging Market/Micro-Cap Stocks (1.8 Million would track EAFE Index [Morgan Stanley Capital International—Europe, Australia, Far East])	2.6 million
Special Donated and Purchased Stock (Have downside protection on most of this stock)	12.7 million
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Total Investments in Operating and Plant Funds	$ 82.6 million

Large-Cap Stocks—The performance of the $16.8 million in stocks will track fairly closely the S&P 500 index. On January 1, 2002, the S&P 500 was at 1,148 and at the end of August it stood at 916. This represents a decrease of approximately $4.4 million from January through August 2002 on the stocks held by the General Conference Operating and Plant Funds. Each point increase or decrease in the S&P500 represents approximately a $20,000 gain or loss to the combined General Conference Operating and Plant Funds.

Money Fund—The Money Fund is composed of short term investments that can be held to maturity, thus virtually eliminating fluctuations in the value of the investment. Funds held for building projects or other commitments that need to be able available for use in the near term are kept in the Money Fund. Although we have become accustomed to 5 to 6 percent, it is currently earning about 1.75 percent.

Bonds—The bonds have an average yield to maturity of about 4.5 percent and also tend to increase in value with declining interest rates.

Other Notes and Loans Receivable—The Notes and Loans receivable are paying an average of approximately 6 percent interest and mostly relate to denominational entities or property and are not traded.

International/Emerging Markets/Micro Cap Stocks—We have a small portion in international, emerging market, and micro cap stocks. The largest portion ($1.6 million) would track fairly closely the EAFE Index and an increase or decrease of one point in that index represents approximately $2,500.

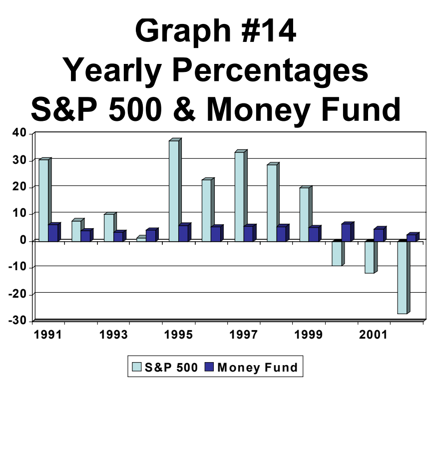
Special Donated and Purchased Stocks—We hold various donated and purchased stocks relating directly to donations and held based on agreement with the donors. In most cases there is downside protection on these stocks, but there may be some fluctuation in their value.

Conservative Investment Policy

Individuals sometimes ask, how can the General Conference experience more than a $6 million decline in market value if we are following the conservative investment policies outlined in the General Conference *Working Policy*? Don't the policies protect us from such declines? Aren't we precluded from investing in such "risky investments"?

The answer is, we do have conservative investment policies but that does not mean we are exempt from declines in the market. Sometimes the term "conservative" is mistakenly understood to mean investments that are not subject to market fluctuations. A prudent, conservative investment policy takes into account that there are two types of potential losses. There is loss of principal and loss which comes as a result of missed opportunities to earn income. The length of time you expect to keep the investments and the level of fluctuation in value that you can tolerate influence investment decisions. Funds invested in the Money Fund are to cover projects and items where the funds need to be available in the short term. Funds invested in stocks represent the portion of the operating capital, which we feel can be held for a relatively long period of time. Let me illustrate this by looking at the $16.8 million in Large-Cap stock held by the General Conference that would fairly closely track the performance of the S&P 500 index.

Graph #14 shows the annual percentage rates of return on the S&P 500 and the Money Fund over the past twelve years. (I am treating the 2002 data through August as a full year.) The first thing you will notice is that the return on the S&P 500 fluctuates dramatically. There were six good years, three poor years, and three dreadful years. The

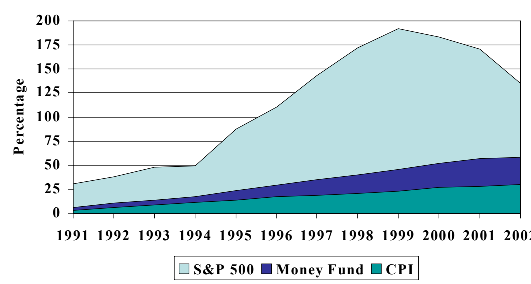


returns fluctuated between 37 percent positive and 27 percent negative, with the mean rate of return over 13 percent per year. On the other hand, the Money Fund, which over the same twelve year period fluctuated between the current year estimate of 2.25 percent and 6.40 percent annual rate of return, averaged only 4.89 percent. If instead of just the last 12 years we go back to 1980 and look at the last 22 years, the same pattern still holds with an average rate of return of 12.3 percent for the S&P 500 and 5.4 percent for investments similar to those in the Money Fund.

If we take the $16.8 million that we have in stocks and assume a return for 12 years at a 13 percent average annual rate of return (without compounding because gains would be appropriated), we would earn $26.2 million as compared to $9.9 million for the same amount in the Money Fund at an average 4.89 percent. The difference is $16.3 million. And that is after taking into account in the average return all the losses in the market in the last three very bad years.

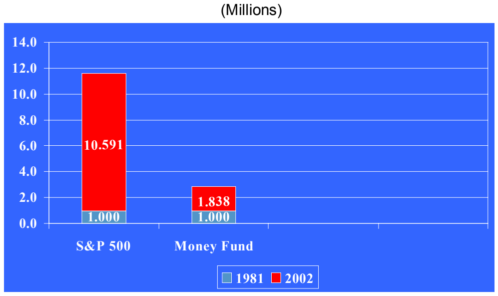
Graph #15 illustrates the cumulative percent return without compounding for the past 12 years. It also shows the amount of inflation for that period of time. And when inflation is deducted from both income streams the net relative difference is even greater.

Graph #15
S&P 500 vs. Money Fund
(Return on $16.8 Million)



If we had not distributed any of the extra earnings but keep them invested in fixed income investments and accounted for them in an allocated function, it would take only about 12 to 15 years for the difference between the rate of return on the S&P 500 and the Money Fund to be an amount equivalent to100 percent of the original investment. We could then have the value of the stocks go all the way down to zero and still be ahead for having invested in stocks rather than just short term fixed income instruments. We have not been that conservative but have set aside in an allocated function approximately 25 percent of the value of our fluctuating securities held by the Operating and Plant Funds. The current balance of the Securities Fluctuation function is $5.9 million.

Graph #16
Stocks or Money Fund - Last 22 Years
(Millions)



When making investment decisions for retirement funds, which are held for long periods of time and include compounding, the performance difference is even greater. Graph #16 illustrates this for an original investment of $1.0 million 22 years ago in the S&P 500 as compared to investments similar to those in the Money Fund. Both amounts assume annual compounding.

An evaluation by the committee responsible for the asset allocations for the North American Division hospital employees and Church employees retirement funds was made. Since these funds are frozen and include benefits that may not be paid for another 50 or more years, the committee set the combined target allocation for all stock classes at 80 percent for both plans. We estimate that a one point shift in the S&P 500 indicates a change in the value of the North American Division general retirement plan Large-Cap stocks of approximately $170,000 and a change in the North American Division hospital retirement plan of approximately $700,000.

The historical comparisons I have shared must be understood with the standard reminder that past performance is not necessarily indicative of future performance. I cannot predict what the markets will do, but I would like to suggest that for the next several years we should plan for more modest returns on all investments. Annual returns on money funds may not exceed the low single digits (2 to 4 percent), bond returns will likely be in the middle single digits (4 to 6 percent), and stocks may not reach double digits (6 to 9 percent).

How Much Money Does the General Conference Investment Office Manage?

The General Conference investment office manages investments for the General Conference, the North American Division Retirement Plans, and many other Seventh-day Adventist organizations, including local churches. Sometimes individuals mistakenly think that the over $1.5 billion managed by the General Conference investment office belongs to the General Conference. The job of the Undertreasurer, Steven G Rose, to manage the budget would certainly be a lot easier if that were the case. Only a little over 5 percent of those funds actually belong to the General Conference.

The General Conference investment office manages the following funds:

GC Operating and Plant Funds	$ 82 million
GC Endowments and Annuities	23 million
NAD General Retirement Funds	214 million
NAD Hospital Retirement Funds	845 million
Other Entities	379 million
Total	1.543 Billion

Why does the GC Need $82 Million in Investments?

The General Conference *Working Policy* requires the General Conference to keep in working capital an amount equal to 30 percent of the previous year's unrestricted income plus 100 percent of the long-term payables, gross allocated funds, and capital additions function balances. What is the reason for requiring this amount of working capital?

1. 30 Percent of Unrestricted Income—The 30 percent of unrestricted income is essentially the same as saying 30 percent of a year's operating expenses. About one-half of the

General Conference's income comes in during the last three months of the year. If the General Conference did not keep some working capital, it would not be able to pay employees on an even basis throughout the year, but rather would have to tell the employees that they will get only a portion of their normal salary in January, February, and March but that it will be made up to them in December. The divisions would not be able to receive their appropriations on a regular monthly basis. The required working capital was 20 percent, but was increased to 25 percent a few years ago, with a 1 percent a year increase until it reaches 30 percent in 2003. In 2002 the requirement is 29 percent, which equals $38.2 million.

2. Long-Term Payables—The General Conference does not have any long-term payables at this time.

3. Gross Allocated Functions—These are funds that were either restricted by the donors or designated by the General Conference Executive Committee for special projects. We must keep funds on hand to cover the full amount of these commitments. They include funds held for items such as Global Mission projects, 10/40 Window initiatives, Security Fluctuations, General Conference Session costs, etc. At this time the donor restricted funds total $17 million and the committee allocated funds amount to $33.6 million.

4. Capital Addition Functions—This is the funded depreciation and funds set aside for replacement of buildings and equipment. The current balance is $13.5 million.

Were any Funds Set Aside During the Recent Good Years?

Given the strong financial picture during the five years between 1995 and 1999 and the release of some previously blocked currencies in 1998, what actions did the General Conference take that might help it through the current lean years?

We wish that the Lord had chosen to provide a dream as He did for Pharaoh and a prophet to interpret the dream so we could have known to set more aside. But there were decisions taken and obligations cared for that did help in "filling the barns" so that there might be provisions for the lean years.

1. Not only was the working capital brought up to 100 percent of requirement, but a decision was also made in 1998 to phase in an increase in the required working capital from 20 percent to 30 percent of the previous year's unrestricted income. We are at 29 percent for 2002, which represents an $11.0 million increase in working capital available.

2. Through a supplemental budget in 1998, the General Conference cared for all outstanding commitments from specials to divisions and General Conference institutions. This allowed institutions to pay down debt they had on some of the projects to the tune of $10.3 million.

3. In 1990, at the time of separating the accounting for the North American Division and the General Conference, the North American Division was not set up with its share of the working capital. The 1996 Annual Council voted to transfer over $7.6 million from the General Conference's Working Capital to the North American Division as its share.

4. Operating endowments for Adventist World Radio of $2 million and the Geoscience Research Institute of $1 million were set up to help reduce the amount of future appropriations needed to support their operations.

5. The amount in the Securities Fluctuation "Reserve" was brought back up to $5.9 million, even though policies no longer required organizations to maintain a reserve equal to 25 percent of fluctuating securities.

6. Funds in excess of $24.5 million were passed on to divisions and General Conference institutions in the supplemental budgets to help strengthen the work in the field.

7. Depreciation was funded and funds from the sale of several properties were added to the Plant Fund, increasing the Unexpended Plant Fund Balance to $10.3 million.

8. Allocated Functions for various programs and services at the General Conference have increased by $17.6 million since December 31, 1995. This includes provisions for items such as General Conference Session, the Council on Evangelism and Witness, Adventist Television Network, etc.

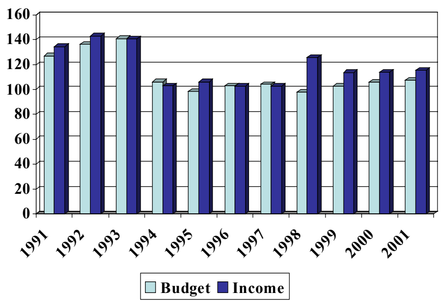
9. Working Capital in excess of requirement at the end of 2002 in the amount of $5.8 million has been held to help cover the costs of the Africa reorganization and provision for a division headquarters office in Nairobi, Kenya.

It is always difficult to know how much to set aside for future use when there are so many pressing needs in the field. We must be prudent and make sure that the organization has the funds needed to sustain the mission of the Church during turbulent financial times and yet at the same time commit all possible resources to finishing the work as quickly as possible. We constantly ask the Lord for guidance in knowing how to properly allocate funds.

The Future

Given the specter of decreasing tithe income through 2005 under the new tithe sharing formula, the poor performance of the financial markets and loses sustained to date, the large increases in insurance costs since 9/11, how should we plan for the next five years? There can be a tendency to feel that all plans and programs must be put on hold and that nothing big can be accomplished until we get through this period of adjustment. We must tighten our belts and reduce costs where possible. We may even experience some losses during the next three years.

Graph #17
Tithe & Offerings Income to Budget
(Millions)



We have budgeted very conservatively on the income side by not budgeting more than the actual income from two years earlier. With good tithe increases each year, that has meant that we have experienced income in excess of budget by more than $9 million per year for the past four years. We have operated under budget on the expense side so there have been substantial gains each year. Graph #17 shows how actual income has exceeded budgeted income for the last 12 years.

It may be wise for us to budget a little less conservatively for the next three years and even risk the possibility of having only break-even operations or even a slight loss each year, rather than budget so conservatively on the income side during this transition that we cut appropriations and programs drastically and then end up with operating gains for the year. Unless the stock market improves between now and the end of this year, we will definitely have a loss for 2002. It will not have been from operations, but rather from market fluctuations.

The Undertreasurer, Steven G Rose, will be presenting the recommended budget which addresses some of these issues and is a little less conservative in setting the budgeted income for tithe.

Make Big Plans

We must be careful not to underestimate God's power. He can provide the funds needed for His work. The cattle on a thousand hills are His. He has means that we cannot even imagine for providing for His work. But we must also never make the mistake of thinking that we can hire enough workers to finish the work. It is not God's plan that we sit back and turn in our tithe and offerings to pay to have someone else do the work. Even if every member returned a faithful tithe and liberal offerings, it would not be enough to employ even one worker for every 20 members. God intends that all of us, both full-time gospel workers and lay workers be actively involved in finishing the work.

The only way the work will be finished is for all of us to get involved. In the areas where the laymembers and the pastors are working closely together, the message is reaching millions. There are exciting new lay initiatives around the world. *Go One Million*, small group ministries, one-to-one evangelism, and even greater plans and opportunities lie ahead. We must reach the point where the laymembers are bringing in the people so fast that the pastors can't even keep up with the baptisms. This Church started as a lay movement and I am convinced that it will finish as a lay movement.

Some individuals feel that unless there are new funds for doing new things that nothing can be done. They think that if we do not have funds to add new budgets and hire additional individuals, we cannot do anything new. Making the budget follow the strategic plan is not so much changing where the funds are going as it is changing our job descriptions.

God may even have to let us struggle at times to bring us to the realization that it is not money that will finish the work. If it were, He would have provided more than we could use. God gives us the opportunity to show our faithfulness in returning our tithe so as to remove selfishness from our lives, not because He needs the funds. In Bible times most of the offerings were burned as sacrifices, not used for "finishing the work." This is not to say that the tithes and offerings should not be spent wisely in His work. But we must understand that "religion is not a thing that money can buy" and it is also not a thing that "money can sell." No amount of marketing or promotion will convert a single soul. It is the quiet witness of a spirit-filled life and the testimony of what God has done in our lives that will draw souls to Him.

The servant of the Lord wrote: "There is no limit to the usefulness of the one who, putting self aside, makes room for the working of the Holy Spirit upon his heart, and lives a life wholly consecrated to God."—*Southern Watchman*, Aug 1, 1905

May there be no limit to the usefulness of any of His children is my prayer.