

TREASURY

The last four years have found this country and this Conference's members in some challenging financial times. We still find the country trying to recover from the economic crisis that began in 2008. In 2010 unemployment was 9.4%. In 2011 unemployment was 8.5%. The unemployment for 2012 was 7.9%, and we ended 2013 at 6.7%. In spite of slow economic improvement, the conference saw a 5% loss in tithe in 2013, which has been our greatest financial challenge for this quadrennial.

However, the Lord continues to bless His church with the resources needed just in time. I have seen the Lord work miracles at least three different times in three separate years this quadrennial. The Lord continues to bless His people and His work here in the Northern New England Conference, because ultimately, it is you, the members of this Conference, who return to the Lord means through which the church grows and prospers-through tithes and offerings. All meaningful giving is motivated by love. Ellen White's lifestyle and writings demonstrated that she understood this principle well. Her counsel in the December 17, 1901 issue of the *Review and Herald* was clear: *"Let believers in the truth bring to God a faithful tithe, let them bring Him peace offerings and thank offerings for the great love wherewith he hath loved them. Then there will be no dearth of means in His treasury."*

This report will share necessary financial detail, facts, figures, and information for you to understand the financial position of our Conference.

TITHE

The primary source of income to this conference for its operations is tithe. As such, tithe is the key indicator in the financial health of the Conference. I am thankful to report that during this quadrennial (2010 – 2013), the tithe income totaled \$22,867,860, which represents a 5.4% gain (1.35% annually) over the previous four years (2006 – 2009 offering of \$21,691,186). Shown in Chart#1 is the trend in tithe during this quadrennial. Included in the graph is the Consumer Price Index tracing how tithe compares with inflation over the same period.

As Treasurer, I am ever thankful for the faithfulness of God's people in returning their tithes and offerings to the Lord, and for the way the Lord has blessed in the past. Your faithfulness as constituents of this Conference makes the job of being Treasurer easier in that we have the funds to carry on the work of the church in Northern New England.

For the year 2013, tithe per capita giving(Chart#2) in the Conference was \$1,057 per member. The average per capita tithe giving in the Atlantic Union for 2013 was \$869 per member. For the North American Division, it was \$813 per member. This places the Northern New England Conference among the leading conferences in the North American Division in this category.

As reported above, tithe is by far the major financial resource of this Conference. As members return 10% of their increase to the Lord, it is put to use in support of the gospel ministry here in the Conference and around the world. Our Conference operates on approximately 60% of the tithe received, with the remainder sent on to the world field. However, NNEC does receive approximately 5% in appropriations from large

organizations plus funding for retirees. Leviticus 27:30 says tithe is holy, and is handled as such. One of the major responsibilities of the Treasurer is to ensure the proper use of the tithe.

Purposes for which tithe may be used:

- Support of pastors, evangelists, and soul winning support personnel
- World missions through tithe sharing
- Conference operating expenses
- Subsidies for evangelistic activities
- Evangelism equipment
- Employee retirement fund
- Bible/religion teaching and support personnel in schools

Purposes for which tithe may not be used:

- Capital expenditures for buildings and facilities
- Equipment (except as noted above)
- Local church operating expenses
- School operating expenses

Shown in Chart #3 is a chart indicating the use of tithe in the Northern New England Conference for 2013, the most recent year of the quadrennial. The chart shows a breakdown of how tithe funds were spent with the largest portions being amounts forwarded to the Atlantic Union, North American Division, the General Conference, and for pastoral ministry.

World Mission offerings totaled \$557,299 in the past quadrennial. Chart#4 shows the Conference's World Mission giving pattern over the last four years. I pray that we can continue to support our brothers and sisters in foreign lands.

The Conference Budget/Advance offering received during the past quadrennial totaled \$374,415, as compared to \$367,042 for the previous four years' offerings. This represents a 2.0% increase. If you look Chart#5 tracking the Conference Budget/Advance offering over the past four years, it is below the Consumer Price Index, indicating the offering is not keeping up with inflation.

Your Conference Budget/Advance offerings have supported evangelism, education, Camp Lawroweld, campmeeting, and academy worthy students. The percentages allocated to each are shown in Chart#6.

Except for a one-time donation in 2012, the Conference Budget/Advance offering is trending downward, from \$84,579 in 2010 to \$76,165 in 2013. This is a decrease in re-occurring annual conference budget offerings of 11.1% in four years. I have asked myself, *'what if every tithe-returning person in our conference were to give a conference budget offering of even half a percent?'* The conference budget offering would be 3.6

times more than it currently is. My challenge to you as a member of this conference is to give at least half a percent of your income to this offering as the Lord blesses you.

Evangelism offerings during this past quadrennial totaled \$432,954, compared with the previous four years offering of \$413,433. This represents a 4.7% increase in evangelism giving over the past quadrennial. Thank you for your generous support in spreading the gospel of Jesus in the Northern New England Conference.

Ingathering offering (Hope for Humanity) has seen a slight decline. Chart#7 shows amounts of both Evangelism offerings and Ingathering offerings over the past quadrennial.

OTHER FUNDING SOURCES

In addition to the tithes and offerings, there are other important sources of funds we refer to as non-tithe sources of income(see Chart#8). Appropriations from the General Conference, North American Division, and the Atlantic Union, help to fund education, pastoral ministry, and youth work. Rental income from the Brunswick Retirement Village continues to be an important source of non-tithe income along with interest and investment income. Also, the income from wills and trusts help to fund the operations and growth of our Conference.

Another important source of funding is the payments for teachers by the local church schools. Of the total cost of a teacher, the local church school funds around 65% of the cost and the conference subsidizes the remaining 35%. One significant challenge which the Conference faces is budget control for the local schools. Chart#9 shows that from 2010 to 2013, our school notes receivable increased from \$565,507 to \$834,285. Our auditors advised us to increase our allowance for bad debt from \$35,000 in 2010 to \$344,682 by the end of 2013 due to the significant increases in school debt owed to the conference. We as administration continue to monitor local school budgets closely.

In May 2010, Northern New England Conference purchased a campground in Freeport, Maine called Cedar Haven Family Campground. The campground was in need of many repairs and upgrades and did not operate in 2010. Chart#10 shows Cedarhaven income and expenses for the past four years. The campground has since been slowly recovering and we are hopeful that it will break even in 2014. It is also an opportunity to witness to the many visitors who come to Maine in the summer season.

OPERATING CAPITAL AND LIQUIDITY RATIOS

As of December 31, 2013, Northern New England Conference has 32% of working capital as recommended by the General Conference of Seventh-day Adventists(See Chart#12). The Conference's percent of liquid assets to commitments stands at 147% in 2013. The trend as shown in the graph below shows decreases in both of these ratios.

FINANCIAL STATEMENT

Included with this document is a copy of the audited financial statements covering the years of this quadrennial. Accompanying these financial statements are footnotes providing valuable insights into the operations of the Conference and explaining the various funds and assumptions built into the financial statement presentation. These statements report the financial activity in the Conference for 2010 – 2013 as summarized by the General Conference Auditing Service. The General Conference Auditing Service provides internal auditors to audit our books on an annual basis in accordance with Generally Accepted Accounting Principles (GAP). During the session you will hear from me and from the auditor as we explain the financial statements by way of an illustrated report.

I am blessed to have very capable and competent staff, with Aubynn Kilbourn as Assistant Treasurer, Diane Kane as Junior Accountant and Administrative Assistant for the department. Each one of these people contributes so much to making things in Treasury run so smoothly. I want to thank each one for their work.

Daniel Battin