

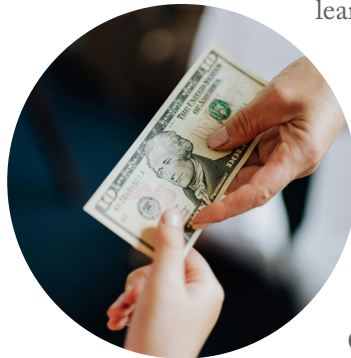


TREASURER REPORT

Kathleen V. Diaz
Treasurer/CFO

Dear Members,

Please receive greetings from the Treasury Department. The last five years were of great challenge. In the Treasury Department, we are blessed to see firsthand the faithfulness of our members. There are many people who come to my office and share their blessings with me. But there are some that have impacted my spiritual life. A lady came to my office and said, "I would like to support the mission of the church by setting up a trust that will benefit the conference." In conversation with her, she said, "At some point in life, I will die and my money will be of no use. I prefer leaving what I have to the church so I can support the continuation of the mission of the church." In addition to setting up a trust, this lady continuously supports missionary projects, education, and church ministries. In the Bible, it says, "Each of you should give what you have decided in your heart to give, not reluctantly or under compulsion, for God loves a cheerful giver" (2 Corinthians 9:7).



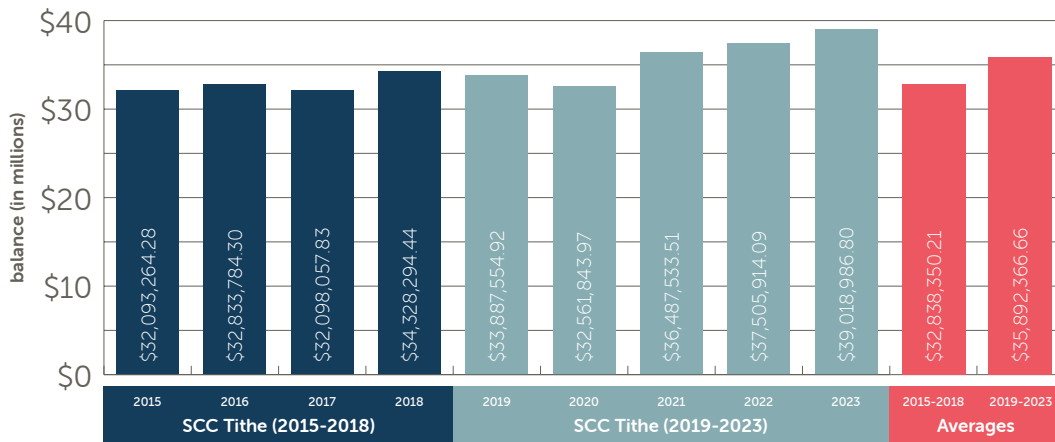
Thank you for setting aside funds to support each one of the ministries we have at the Southern California Conference. Without your support, we would not be able to carry on many of them. All contributions received these past years have been a blessing. When we learned about COVID restrictions for in-person meetings that would affect our churches in 2020, we were not sure how we would be able to continue operating as a church. But God had a plan. He showed us that this church is sustained by His power. In this report, we will be able to see the abundant blessings we have received.

God gives us an opportunity to be supporters of His church. We exist to *exalt Christ* because our purpose is to reflect Christ in everything we do. From the Treasury Department, I want to sincerely thank each one of you for your faithfulness. May God bless each one of you, and may we soon finish the work of sharing God's love with every person in our territory so we may see Jesus soon.

Tithe

Before I begin this report, I need to stop and pause for a moment to give thanks to God. The Lord has always been our Provider, but during the last five years we experienced a very challenging time. We were witnesses of how God sustained His church during a pandemic. As a nonprofit organization, we are mainly sustained through tithe, offerings, donations, and matured

income. Throughout the last five years, we have been able to see an increase in our conference tithe. With the faithfulness of our members, this increase has been significant to provide personnel to carry the mission of our church, resources to our churches and schools, evangelism projects, and scholarships.



SCC TITHE COMPARISON

2015-2018 Quadrennial & 2019-2023 Quinquennium

From the average, we can see there was a 9.3% increase when compared to the last report presented for the 65th Constituency Session.

TITHE AS RECEIVED BY REGIONS (2019-2023)

| | Asian/Pacific | Greater L.A. | Hispanic | L.A. Metro | West | Total |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Tithe Amount | \$33,983,151.16 | \$22,782,251.89 | \$49,088,890.59 | \$41,359,284.99 | \$28,975,687.96 | \$176,189,266.59 |
| % of Total Tithe | 19.29% | 12.93% | 27.86% | 23.47% | 16.45% | 100.00% |
| % of Total Membership | 15.60% | 17.85% | 30.84% | 21.75% | 13.96% | 100.00% |

*Conference church not included in this table

GROSS VS. NET TITHE

In 2017, a vote was taken by the General Conference and North American Division to reduce the percentage of tithe received by conferences. This has helped our conference retain a higher percentage of tithe and utilize these funds in the different ministries in our conference.

| Year | Gross Tithe | Net Tithe | % Change Year Over Year |
|----------|------------------|------------------|-------------------------|
| 2019 | \$33,887,554.92 | \$20,299,059.62 | -1.28% |
| 2020 | \$32,561,843.97 | \$19,436,530.63 | -3.91% |
| 2021 | \$36,487,533.51 | \$24,860,276.36 | 12.06% |
| 2022 | \$37,505,914.09 | \$23,020,365.59 | 2.79% |
| 2023 | \$39,018,986.80 | \$24,046,757.72 | 4.03% |
| Totals | \$179,461,833.29 | \$111,662,989.92 | 2.74% |
| Averages | \$35,892,366.66 | \$22,332,597.98 | |

FLOW OF TITHE

The flow of tithe is complex, but it is important that each member receive information on how our contributions support the mission of the church.

About total tithe, NAD Working Policy notes: *V 09 05 In His wisdom,*

God has involved human beings in the funding of His work around the world. Broad principles are laid out in the Bible and the writings of Ellen G. White showing clearly God's intention that all are to share together in this work.

The conference does not retain 100%, because as we are supported, we also share with entities around the world.

All churches receive tithe from our faithful members, and 100% is submitted to the conference office.

\$1 TITHE RECEIVED AT LOCAL CHURCH

\$1 CONFERENCE TITHE

Then the conference sends a percentage to the Pacific Union Conference, North American Division, and General Conference. The amount kept by the conference has been changing during the last five years. As we can see from the table, year after year we have been able to keep additional funds at the conference level due to a decrease in contributions toward higher organization. In this table, we can see on average how the gross tithe distribution has been allocated during the 2019-2023 term.

| To Support | Gross Tithe Distribution | % of Gross Tithe |
|----------------------------|--------------------------|------------------|
| GC/NAD | \$25,827,327.86 | 14.39% |
| Special Assistance | \$1,264,718.66 | 0.70% |
| Pacific Union | \$16,151,567.01 | 9.00% |
| Subsidies for Universities | \$4,096,578.40 | 2.28% |
| Fund NAD Retirement Plan | \$20,458,651.44 | 11.40% |
| Conference Operation | \$111,662,989.92 | 62.22% |
| Total Tithe | \$179,461,833.29 | 100.00% |

| Conference Operation Net Tithe | Appropriations Sent from NAD/ GC/Union to Conference | Total Retained Net Tithe |
|--------------------------------|--|--------------------------|
| \$111,662,989.92 | \$18,971,364.00 | \$130,634,353.92 |
| 62.22% | 10.57% | 72.79% |

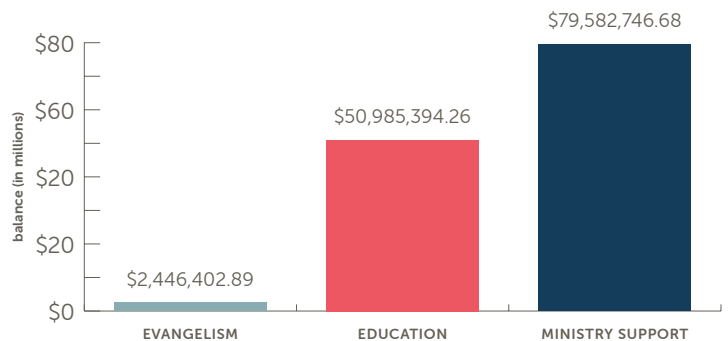
TITHE APPROPRIATIONS

Additional to the tithe that remains at Southern California Conference, we also receive appropriations from other entities, such as the General Conference, North American Division, and Pacific Union. These appropriations come to our conference for different ministries. From the years 2019-2023, we received a total amount of appropriations of \$18,971,364.00. After adding this appropriation back, the conference retained tithe from gross tithe percentage increase to 72.79%.

TITHE DISTRIBUTION

After analyzing how the tithe received has been distributed, let's review the distribution of the percentage of tithe that is retained in the conference.

Displayed in the graph to the right, you will see the total allocation for evangelism, education, and ministry support for the 2019-2023 term.



Our Three Primary Goals

After seeing a sharp decrease in tithe during the year 2020, when had to make some decisions. We reduced expenses and adopted a model to restructure our finances. We focused on three main goals:

- 1** Increase salaries according to North American Division Remuneration Factor
- 2** Restructure expenses
- 3** Increase reserves

1. INCREASE SALARIES ACCORDING TO NAD REMUNERATION FACTOR

Denominational employees have two components that make up their salaries. The first is the remuneration factor voted by the North American Division to be used according to a wage scale across the Division, and the second is the cost-of-living adjustment. For some years, we have not been able to pay our employees according to policy. We

would see increases voted every year, but we were not able to increase salaries at our conference. After taking notice of this, we started making great efforts to catch up to the voted remuneration factor. In the year 2022, we were able to be on par with the NAD, and we maintained the increase throughout 2023.

2. RESTRUCTURE EXPENSES & ELIMINATE DEBT

Praise God for his blessings. As we saw our tithe increase, we realized we had outstanding debts. We targeted the following debts:

| Pacific Union Conference Open Loans | Funds Promised to Churches & Schools | Debt to Ridgewood & Associates |
|-------------------------------------|--|--------------------------------|
| ABC: \$210,090.91 | \$1,000,000.00 | \$900,000.00 |
| CCF: \$203,405.62 | <i>Paid by end of 2023. *Some churches received the funds in 2024.</i> | <i>Paid 2023</i> |
| <i>Paid May 2023</i> | | |

Part of this restructuring took in consideration shifting expenses to new departments that would give greater support to our churches and schools.

We eliminated some positions in our conference office to give space to new areas. New positions we opened include:

- Communication & Media Production Department: Associate Director for Media Production
- Children's Ministries Department: Director & Assistant

These two departments have been of great importance, and we have seen how our churches and schools have been blessed by adding these ministries to our conference office.

3. INCREASE RESERVES

During the year 2020, we saw a decrease in tithe, and we asked the Lord for wisdom. How would we be able to face such a challenge? Our reserves were close to nonexistent; unfortunately, we did not have the funds available to face a time such as the pandemic. We praise God because He provided a way by helping us be approved to receive the Payment Protection Plan, also known as PPP. The week we received the funds, we had almost depleted our reserves, but God always has a way of providing at the right time. We received \$3,361,029.00. Tithe started to increase in the month of July 2020. We finished with a loss of -3.91% that year compared to the previous year. The following year, we received news from our lender indicating we had been forgiven and the loan did not need to be paid back, due to being utilized to support payroll for our employees. Our tithe continues to increase as well as our reserves. We have seen an increase in our working capital, and with the funds provided, we have been able to set aside some

funds for times of need. According to the NAD working policy, as a conference we should have reserves to cover six months of our core expenses. This recommendation is set so that, in case of an emergency resulting in loss of cash flow, the conference would be able to continue meeting its obligations and have an appropriate reserve. Here is how we have been performing:

| Available Working Capital in Months | | | | |
|-------------------------------------|------|------|------|------|
| 2019 | 2020 | 2021 | 2022 | 2023 |
| 0.36 | 0.21 | 1.87 | 2.29 | 2.48 |

We are still behind in the minimum requirement, but we have been able to make great improvements. We have not required borrowing from any institution during the last five years. Even with the financial restrictions and challenges we have faced, we have been able to continue operations without incurring debt.

Conclusion

I marvel when I see people come to Christ. I have heard amazing stories, like someone receiving a GLOW tract and learning that God loves them. By reading that, they wanted to hear more about God and His love. There are many people in Los Angeles who still need to hear about Jesus.

As a conference, our main goal is to utilize the funds we receive and pour them back into the field by providing funding for pastors, teachers, scholarships, churches, evangelism, and all church ministries. We exist to exalt Christ. We believe in that powerful message; it's what keeps us engaged and motivated to keep preaching God's love.

God has entrusted us with the sacred work of keeping accurate record of all funds received at the conference office. This work has been completed with the support of valuable personnel in the Treasury Department. This work could not be diligently done without the attention to detail that each member of the team has demonstrated. I want to thank all the Treasury Department. The Treasury Department is one with the most personnel. Thank you to each one of our Treasury staff members in Accounting, Asset

Management, Auditing, and Trust Services. Each one plays a significant role in making sure our transactions are done not only according to policy but also with transparency.

I have been Treasurer of this conference for the last three years, and it has been a great blessing. There is still work to be done. During the next five years, we envision our conference will continue growing and developing new areas. We have a high interest in finding new opportunities to support our churches and schools, and we are also interested in creating events at Camp Cedar Falls that would bring people to Christ.

Pastors, thank you. Teachers, thank you. To all our church volunteers, thank you. Without your support, there would be no report to present. In our office, we distribute funds and budget the resources, but the work gets done only because of the endless hours each one of you pour into the spreading of the gospel.

From my office, receive my most sincere gratitude for your contribution toward this great cause.

Jesus is coming again—go tell the world!



Nick Perez
ASSOCIATE TREASURER



Jeff Mills
ASST. TREASURER/IT



Robin Smith
ASST. TREASURER/PAYROLL



Bob Cañete
CHIEF ACCOUNTANT
(through July 2024)



Mishelle San Felipe
SENIOR ACCOUNTANT



Claudia Style
PAYROLL JR. ACCOUNTANT



Eileen Legaspi
EXECUTIVE ASSISTANT



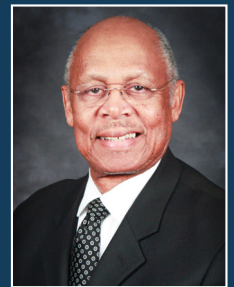
Chris Jordan
ASSET/RISK MGMT. DIRECTOR



Ewan Wonoprabowo
AUDITING DIRECTOR



Sam Rodriguez
AUDITING ASSISTANT



Linton Manier
TRUST SERVICES OFFICER

STAFF AS OF 12/31/2023