

North American Division



2016 **ANNUAL** REPORT



Our Shared Mission

We serve God by delivering excellent audit services to the Seventh-day Adventist Church!

Our Shared Values

Service We each share a personal commitment to Christian Service. Our attitude and actions incorporate integrity, respect, professionalism, and efficiency.

Integrity ▶ We are guided by moral and ethical principles which are reflected in our conduct

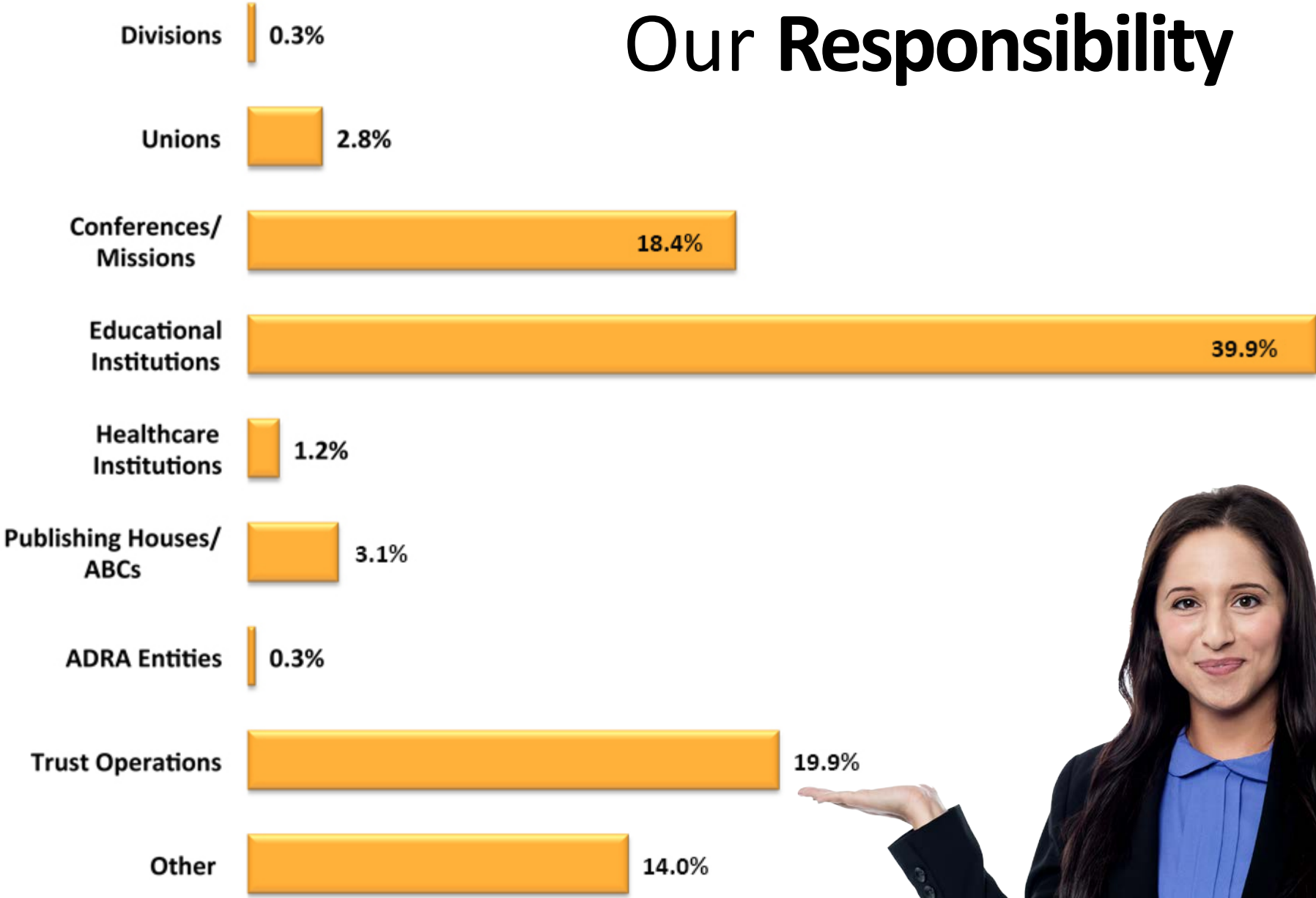
Respect ▶ We respect God by humbly dedicating ourselves to Him
▶ We respect our clients by valuing their opinions, understanding their needs, and supporting their mission.
▶ We respect our colleagues by valuing their contributions, understanding their needs, and supporting their professional growth.
▶ 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!

Our Responsibility



Our Resources

Human Resources

Female – 49%

Male – 51%

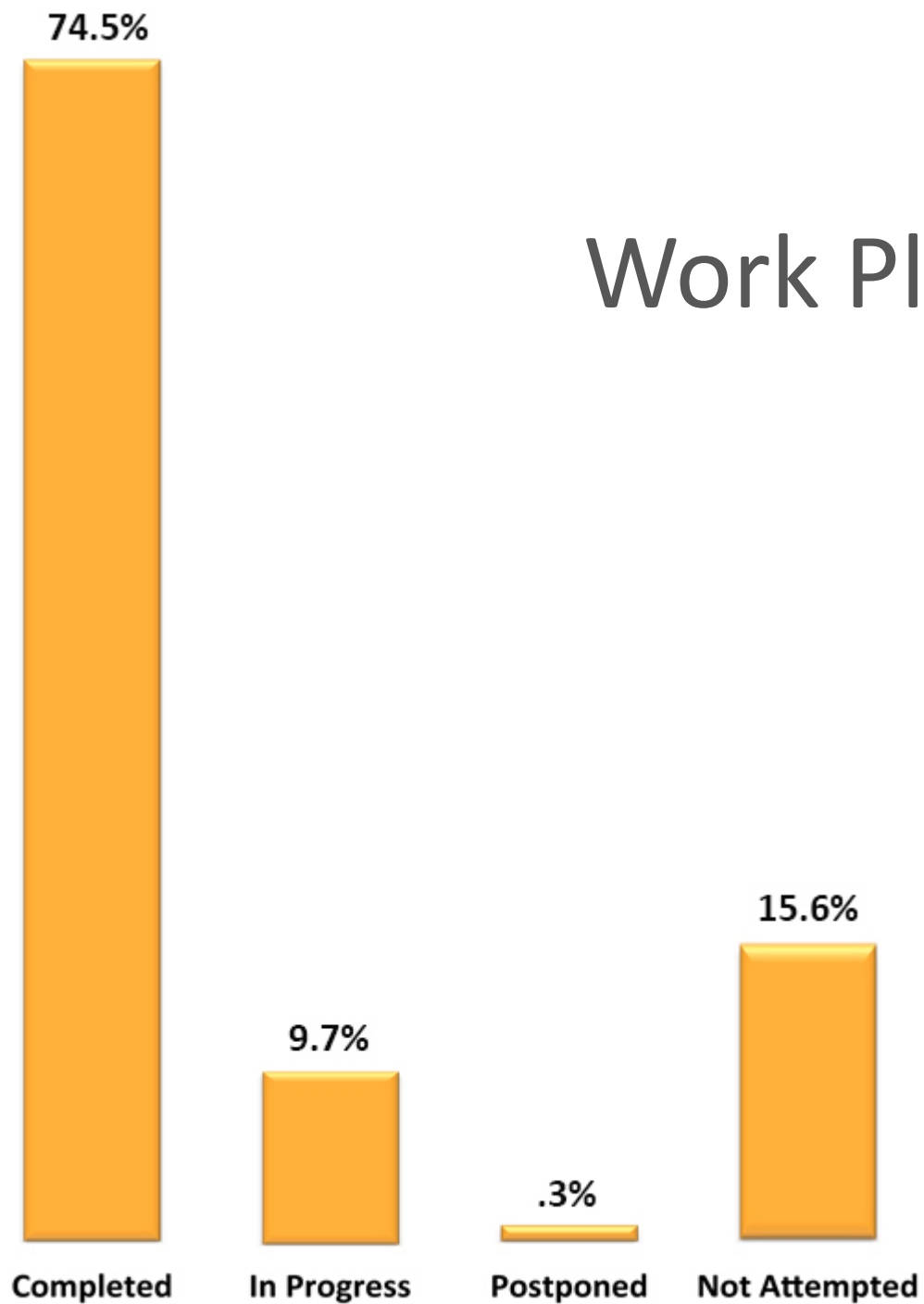
Professional Certification

Certified – 86%

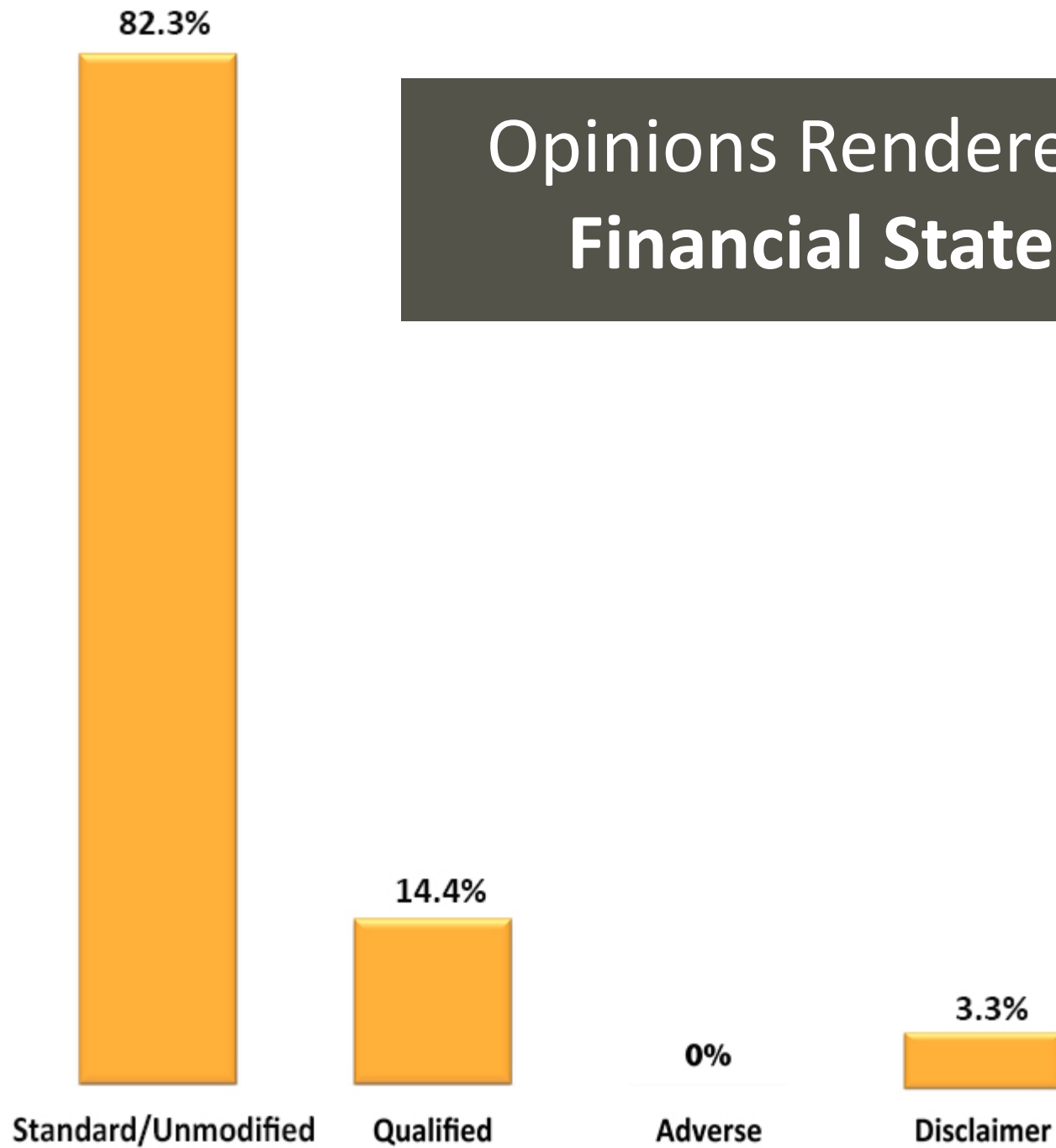
Non-Certified – 14%



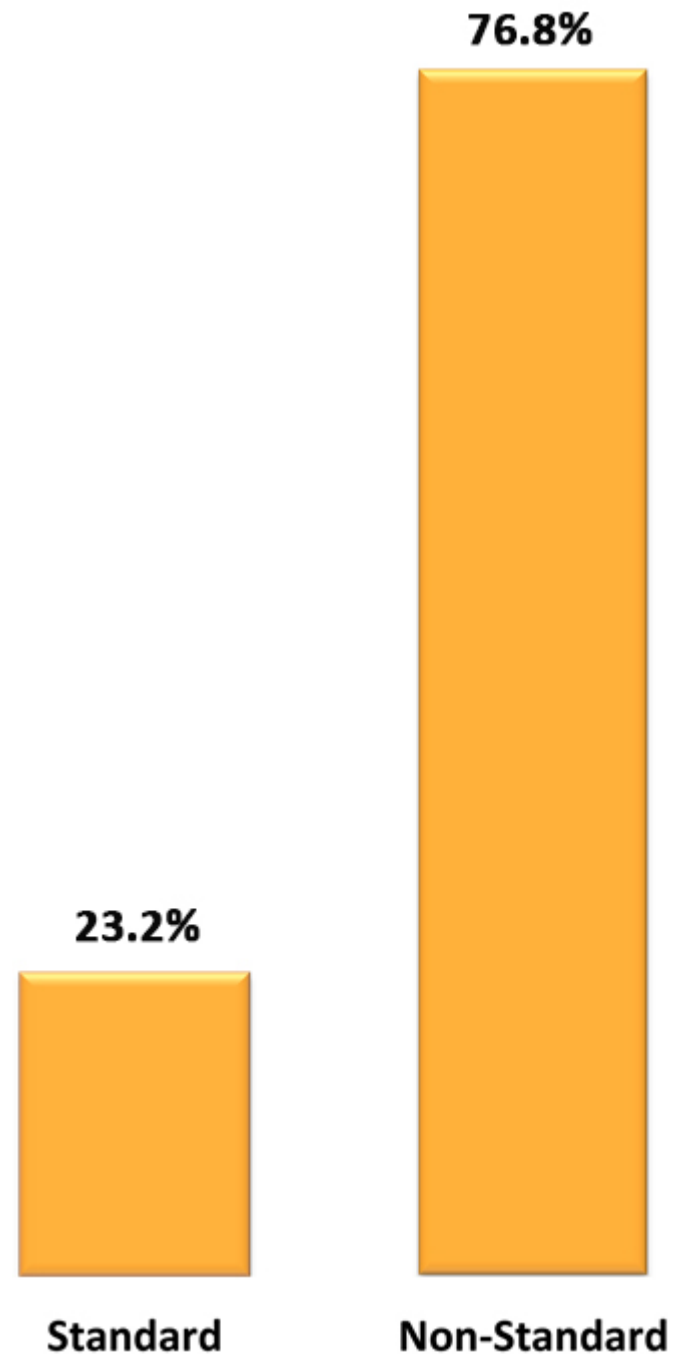
Work Plan Results



Opinions Rendered on Financial Statements



Reports Issued on Policy Compliance





Analysis of Reports



Top 5 reasons for a modified Opinion on Financial Statements:

- Misstatement of property, plant and equipment
- Lack of evidence in the account records leading to a disclaimer
- Lack of evidence for property, plant and equipment
- Lack of evidence to support recorded revenue
- Lack of evidence for cash and bank accounts

Top 5 reasons for a non-standard Policy Compliance Report:

- Missing or incomplete conflict of interest statements
- Investments, or investment procedures, not in compliance with policies
- Financial reports not provided to governance and/or management on a regular basis
- Budget plan not approved by committee
- Local church and school reviews were not performed at least biennially

Top 5 reasons for documenting internal control weaknesses:

- Segregation of duties was minimal or not adequate
- Missing or inadequate authorization for transactions
- Reconciliations of accounts were incomplete, not adequate, or not performed
- Ineffective oversight of the accounting and/or reporting function
- Documentation (missing or inadequate for sales, leases, rentals, or loans, etc.)

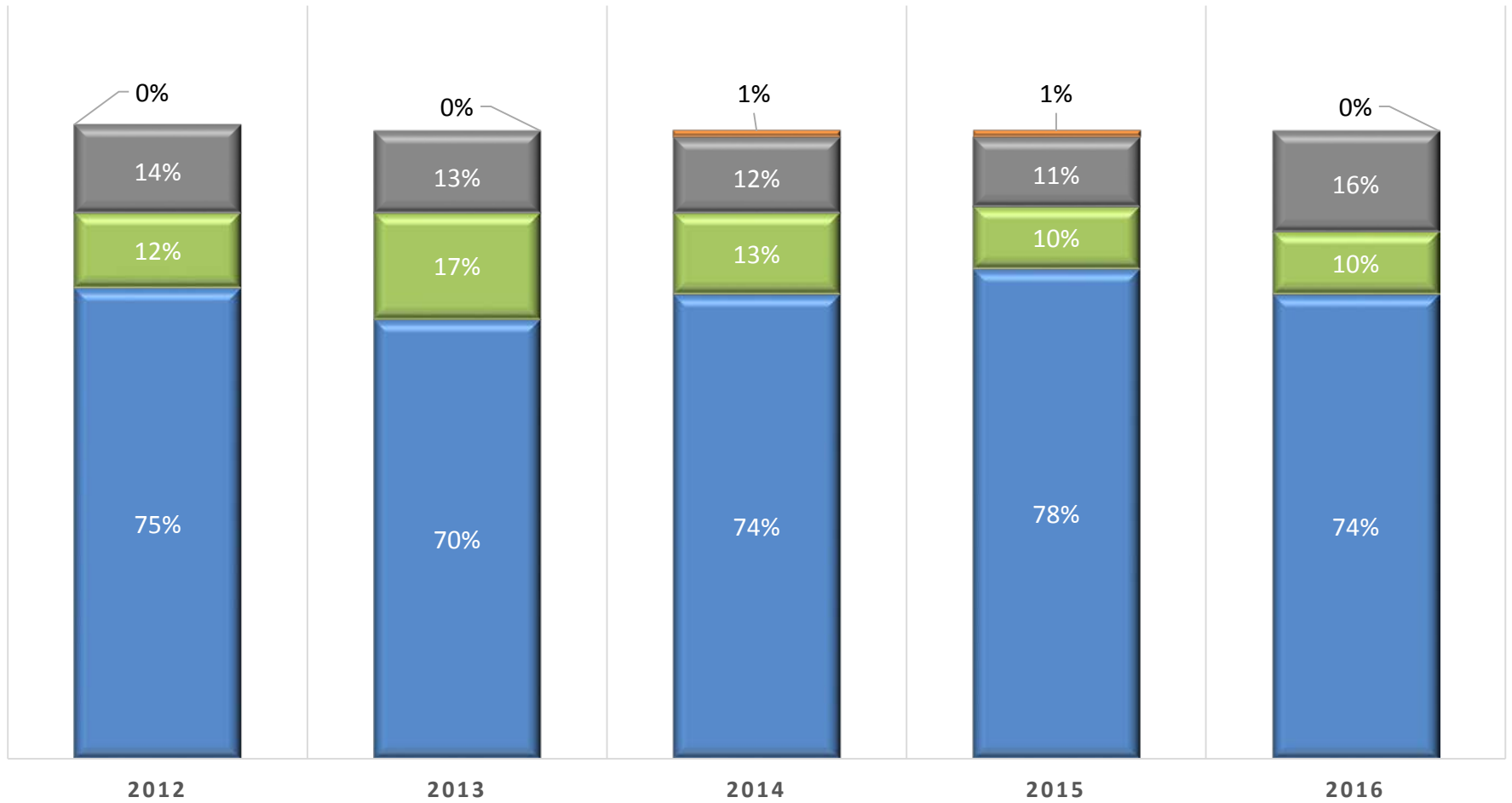


Trends in **Reporting**



WORK PLAN COMPLETED

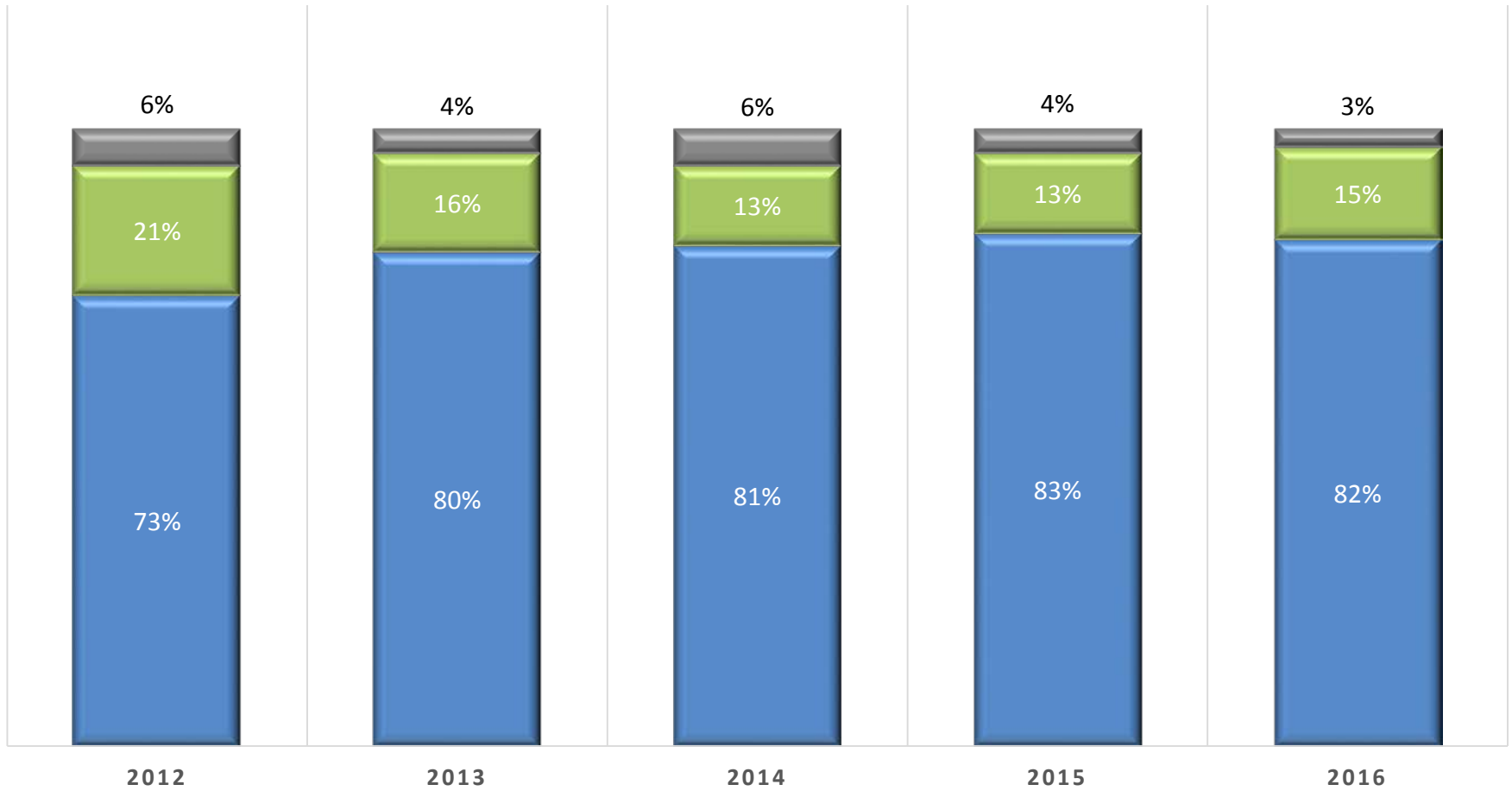
■ Completed ■ In Process ■ Not Attempted ■ Postponed



NAD FIVE-YEAR Trends

OPINIONS ON FINANCIAL STATEMENTS

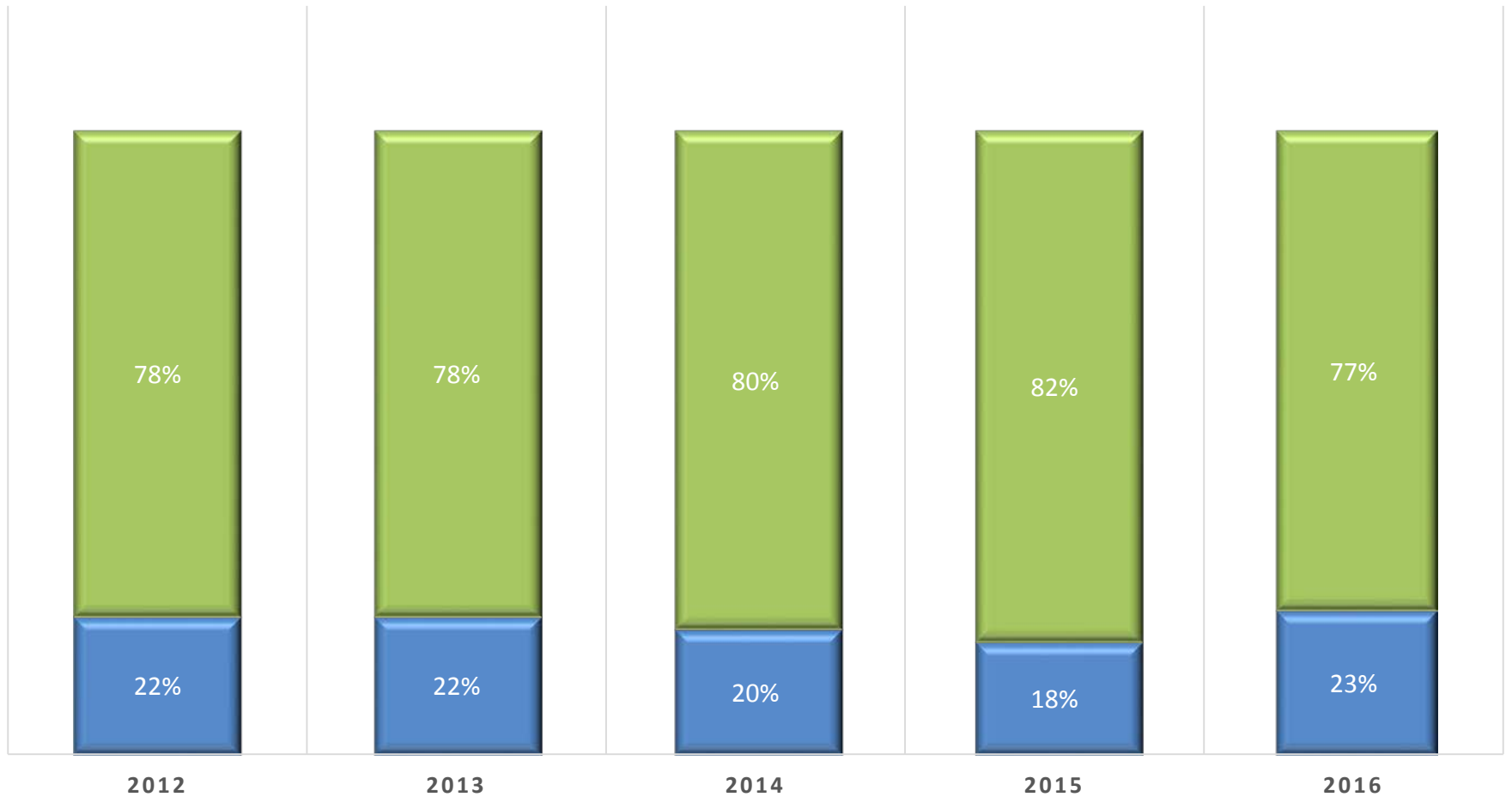
■ Standard ■ Qualified ■ Disclaimer ■ Adverse (0)



NAD FIVE-YEAR Trends

REPORTS ON POLICY COMPLIANCE

Standard Non-Standard



NAD FIVE-YEAR Trends

UPDATES

- NFP Financial statement presentation changes for fiscal years starting after 12/15/2017
- Revenue recognition framework for NFP entities for fiscal years starting after 12/15/2018
- Leases – changes for fiscal years starting after 12/15/2019





General Conference
Auditing Service
Delivering Excellence!