



SEVENTH-DAY ADVENTIST CHURCH

South Pacific Division

10 August 2011

Members for Church Accountability Inc.
Southern California Chapter
9450 Jeffery Drive
Redlands CA 92373
USA

148 Fox Valley Road
Locked Bag 2014
Wahroonga, NSW 2076, Australia
Telephone: (02) 9847 3333
Office Fax: (02) 9489 0943
Admin. Fax: (02) 9489 1713
Internet: www.adventist.org.au
ABN 67 096 202 433

Dear Members,

As requested I am providing the current SPD Investment policy, letter to SPD members and the Grant Thornton report. The Board that is responsible for managing the investments has made a number of decisions over the years on the investment portfolio and strategy. The current policy will go through a substantial revision at the Division year-end meetings that will incorporate past Board decisions, changes to financial markets, input from the GC and professional investment managers. Under GC policy our investment policy also has to be approved by the GC. Until that policy is approved by the Division Committee I cannot release that but please read the current policy aware that it will be updated at year end.

The South Pacific Division has a very large institutional base with a large school system (over 55,000 students) operated by conferences/missions, aged care, hospitals and food industries. With the large institutional base tithes and offerings represents just a small portion of total denominational income. This Division has over 85% of its membership residing in the Mission territories of the developing countries of the South Pacific. What that means in resourcing terms is that the area that has less than 15% of the membership has to provide over 60% of the funds required to operate the church where 85% of the members reside as well as being a net contributor to the world church.

In the South Pacific Division we are fortunate to have national banking system that allows the pooling of denominational deposits from churches, schools, aged care, administrative offices and institutions. That money is then invested in various securities mainly issued by banks but with a spread of risk. The portfolio is highly liquid. The Board of Directors at each meeting is supplied with a full list of the investments held with an analysis of the portfolio by structure and earnings. While investment guidelines do allow for other investment types the Board has mainly directed investments to be in high grade capital stable bank based securities. The nature of the funds are short term and need to be liquid which means that shares are not a suitable investment class for us to use. A couple of organisations do have a longer investment horizon which has meant a slightly different portfolio construction.

Rodney Brady
Chief Financial Officer
South Pacific Division