



SEVENTH-DAY ADVENTIST CHURCH

South Pacific Division

14 November 2011

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Dear Gentlemen,

RE: Your letter dated October 4 2011

I am in receipt of your letter. The quote you refer to by Dr Paulsen is in relation to full disclosure to Boards. I am sure that you would agree that there is a difference in the information that is supplied to a Board and the information placed in the public domain. Information that Boards deal with is often subject to confidentiality agreements and can be commercially sensitive. This is the reason that Boards are appointed to act on behalf of a larger body. Those serving on Boards have to be able to maintain confidentiality on certain items and directors not doing that in denominational arenas is now creating other governance problems. Today information given to members has to be regarded as being in the public domain as evidenced by your enquiry coming from outside of this Division. This year end at the Annual General Meeting (the Division Executive Committee are members of this) the usual audited accounts are supplied plus a full report on this particular item is being given as the directors are appointed by that group thus are accountable to it.

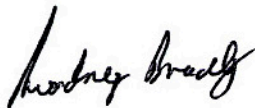
With regards to the matter you are making enquiries about, the Board has been kept informed and all transactions have been authorised by the Board. Grant Thornton investigated the records and prepared a detailed report that was supplied to all Board members. In the reports given to the Board and members, Grant Thornton said that due to commercial sensitiveness information should not be placed in the public domain. To promptly engage a professional independent auditing firm to prepare such a report is a display of accountability and demonstrates a willingness to answer member's questions in a responsible way. Even though your organisation or its officers are not constituents of the South Pacific Division we have responded positively to your request for information and have shared the Grant Thornton report with you which shows we are not trying to "filter" information. I can only answer your questions based on what is already in the public domain. What I can answer is:

1. The other party to the Cooranbong joint venture is Avondale Greens.

2. In Australia "administration" is used when a company encounters financial problems and rather than liquidate and shut down it can seek the services/protection of an administrator to take over the affairs of the company. This allows it to restructure or refinance while it still operates. In the case of JPG the administrator told creditors he thought JPG was a viable business but the issue was that banks, for their own reasons, wanted to withdraw funding. The administration process has now been completed and unsecured creditors agreed to reduced payment for their debts. Secured creditors continue to rely on their security and contracts. JPG has restructured and is making alternative financial arrangements with its banks.

3. JPG is owned by Mr Keith Johnson who is a church member. He is one of the largest private property developers in New South Wales. He is not a relative of the Division officers nor do they have any personal financial relationship with him or his companies.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Rodney Brady". The signature is written in a cursive, flowing style.

Rodney Brady
Chief Financial Officer
South Pacific Division