OUR CHURCH RETIREMENT FUND CRISIS

PART ONE OF TWO

Donald R. Pierson, administrator of the Seventh-day Adventist Retirement Plans, addressed General Conference, union, conference, and institutional leaders in attendance at the 1994 North American Division year-end meeting.

Pierson told the church officers that only $147,729,519 was in the funds. He disclosed that only 81.11 percent of the amount which should be there still remains!

There should be approximately $178 million in that fund. But the money is just not there.

You have probably read in the press that many corporations in America are dangerously lowering their retirement funds, in order to use the money elsewhere. This reckless use of funds has entered our own church. This is unfortunate.

Here is further information on this retirement fund crisis

THE 1979 DECADE-END AUDIT

As of 1979, that fund had a $400 million unfunded liability. That means, of the total amount in the investment fund, $400 million was no longer there!

Sometime back, we published an article on the increasing danger that we would soon not have enough money in our denominational retirement funds to pay worker retirees.

This present article is an update on that report.

For years, we have warned our leaders that their ongoing efforts to disfellowship or push out the most faithful historic believers—will result in an emptying of the church coffers. Well, it is happening. The tithe, offering, and Sabbath School funds are not coming in as they formerly did.

Yet, inexorably, the crowding out of historic believers continues.

Did you know that it has become so difficult to get lukewarm, new theology believers to do Ingathering—that the church is in the process of revamping this program?

Seven conferences are taking part in a pilot project, which began in fall 1995. Their members will go out Ingathering—and all (all) the funds brought in will be used solely "to help poor people" within their own territories. None of those funds will be sent overseas to mission areas or for evangelization.

The crisis has also reached into the retirement funds. This crisis has been accelerated, not only by a downward trend in church giving, but also by excessive dipping into dedicated retirement funds, in an effort to shore up other projects.

Here is the latest on our church retirement fund crisis.

Yet that fund is the retirement nest egg for 10,000 Adventist workers in North America. What are they to do when the fund is all spent?

More than 15 years ago, money began being siphoned out of those funds faster than they were being replenished. Yet, back then, there was no excuse for this. In the 1970s, new workers were being hired faster than older ones were retiring.

In 1979, an actuarial study was authorized by the General Conference, to see if the assets and payment liabilities (to both active and retired participants) were in balance. Such statistical studies are used to establish insurance risks and payment liabilities.

But that 1979 actuarial evaluation revealed that about $400 million was not there! No assets of any kind—liquid or investments—covered it! No cash, no securities (stocks bonds, or CDs), and nothing else!

The money had traveled somewhere. It is believed that part of it may have gone into unsecured loans.

THE 1989 DECADE-END AUDIT

On December 31, 1989, a second study was completed. This one was not a full actuarial study as the one in 1979. But, nonetheless, it revealed that the retirement fund crisis was getting worse!

An additional deficiency (un-

related to the $400 million missing in 1979) was found in 1989.

"The foregoing deficiency [$35,825,085.00, as of December 31, 1989] is unrelated to the unfunded accrued liability for current retirees and active participants, which was estimated by the Plan's consulting actuaries to be approximately 400 million as of the last actuarial evaluation in 1979."—*Auditor's Note 7, 1989 General Conference Financial statement Summary of North American Division Retirement Fund.*

In everyday language, that means that the 1989 audit found $36 million to be missing,—but it was a different amount and unrelated to the $400 million found to be missing in 1979!

As of December 31, 1989, the available assets for the fund's beneficiaries in the retirement fund were specified in that 1989 auditor's report to be $141 million ($140,586,249.38). Of that figure, $12 million ($11,913,792.68) were accounts receivable.

So we also have an additional problem: At the present time, the various union, conference, and other General Conference institutions—are in arrears on sending retirement money to the General Conference!

It is far too large an amount to be the payments in from a single month by the workers themselves. The amount of $4.6 million was supposed to have been sent by church entities to the General Conference each month in 1989. Therefore, the $12 mil-

If Loma Linda University or its Medical Center went into bankruptcy, our retirement funds might collapse.

Leadership continues to infuse massive amounts of money into Loma Linda University—and especially into its Medical Center—in order to help meet operating expenses and purchase new equipment.

LLMC is frantically trying to become the best-equipped acute-care center in the southwestern quarter of America.

Yet, ironically (as discussed earlier in some detail) the number of non-Adventist students at LLU continues to increase each year, and the number of Adventist students keeps dropping.

Why are we so heavily subsidizing a school which has so many faculty and students who are not of our faith? What is the purpose of our denomination in so heavily underwriting the bills at Loma Linda—especially when so many of its graduates are non-Adventists?

There is no doubt that becoming the most advanced leader in southern California modern medicine is clearly one of the Loma Linda's objectives, but that is not what the people put their money into the church for.

Every year, one of the major offerings taken in our churches throughout North America is the Loma Linda Offering. Each such offering totals millions of dollars, and is sent to Loma Linda University to help defray expenses. LLU and LLMC seem to have a direct line to the General Conference.

There is so much poverty in our work elsewhere in the world field, and so much wealth amassed in that one little town, yet the money keeps pouring in.

In the year 1990 alone, the General Conference transferred $10.7 million ($10,722,500) to LLU from the annual offering. That is a little over 6 percent of the entire General Conference world budget income! The world budget is to be used primarily for mission and institutional work throughout the world field (totaling $169 million). Why is so much of it poured into one little town east of Los Angeles?

But, in addition, to an entire annual church offering, the General Conference regularly loans large amounts of money, from entrusted funds, to LLU or LLMC for various purposes. Here are the loans for just three years:

In 1988, the General Conference loaned LLU $9.5 million from its funds. It was used for an electrical cogeneration plant.

In 1989, the GC Executive Committee voted an additional $8.3 million to help LLU make still more electricity. That was the second half of a $17.8 million loan needed to help LLMC produce additional electricity for its gigantic proton accelerator.

Another loan from General Conference funds, part of which was made prior to 1988, totaled $16.5 million ($16,500,000) by 1988 and $18.3 million ($18,-296,321) by 1989.

In addition to earlier loans for this purpose, another $14 million was loaned to LLMC for its new proton accelerator, at that time still under construction.

It is true that these particular loans are secured, but we should not be pouring so much into one center. LLU ought to be self-sufficient. Some of the wealthiest Adventists in the world live in the Riverside-San Bernardino area, yet we regularly give Loma Linda 6 percent of the church's world operating budget, plus immense loans, one after the other.

lion amounted to more than 2½ months worth.

It is possible that money is being held back to gain interest at local banks. Being in arrears by just one month on that much money would add quite a bit of extra money to many conference, union, and institutional bank accounts. But that is dishonest. The money was supposed to be sent in on schedule, so the interest could help strengthen the retirement funds. The strength of those funds is partially keyed to the regular accrual of that interest. Church leaders should maintain integrity in working with the funds entrusted to them, and transfer those when they are supposed to.

But the vast amounts totally missing from the retirement funds cannot be accounted for by delayed payments.

Of that $128 million, $124 million ($124,074,645.13) was invested in, what is called, the *General Conference Unitized Investment Fund.* We have a stock brokerage department at the General Conference that manages those stock and bond investment funds. As reported at length in one of our studies in the early 1980s, General Conference funds are invested in such things as Union Carbide (manufacturer of explosives) and 7-Eleven Stores (which at the time was selling pornography, and may still be). (See our *Finances Tractbook* for further information on this.)

But the 1989 report revealed that only 64 percent was invested in securities. Instead, the other 36 percent was either missing or handed out as unsecured loans. It is known, from our earlier study on General Conference stock and bond investments, that some loans were given from the investment funds to build or purchase homes for church leaders in the Takoma Park/Silver Spring area.

In addition, massive loans have been made by the General Conference to Loma Linda Medi-

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We know that our General Conference has a limited number of fund sources which it manages or passes on:

1 - Overseas funds: The Sabbath School mission offerings for overseas. / Those church service special offerings which are channeled toward or through overseas entities. / General Conference Ingathering funds for overseas use.

2 - Tithe funds: Tithe funds to be sent on by the General Conference to other entities. / Some of these funds are retained by the General Conference's own budget. According to a signed statement by Robert Nixon, their trademark lawsuit expenses were paid out of this fund.

3 - Special offerings: These come from offerings taken for special purposes (ADRA, Loma Linda, etc.), and are more quickly passed on.

4 - Retirement funds: We do know that, at a dramatically increasing rate, the General Conference has been loaning large amounts of money to various institutions, especially Loma Linda, and handing over large amounts to bail out foundering entities (such as our spendthrift health systems and its hospitals).

Where have those large loans and emergency appropriations been coming from? The above listing reveals they had to come either from retirement funds, tithe funds, or mission funds.

How does our denominational retirement system compare with that of most businesses in America?

Poorly.

According to a three-page article in *Newsweek,* most private company retirement plans (with their $2.4 trillion in corporate pension fund assets) are doing all right. Only one third have difficulties, and only a few of those have serious underfunding problems.

Our church is in the same category as those few. Thus, we are not even doing as well as worldly businesses.

> "Last week the government's *Pension Benefit Guaranty Corporation* reported that, at the end of 1992, 50 major companies were collectively $38 billion short of the amount required to be able to pay all the promised benefits if they go out of business. Prominent among them were such household names as Westinghouse, Honeywell and Woolworth.
>
> "For most Americans, though, underfunding is no problem; three quarters of the nation's 67,000 federally insured plans have more than enough assets to meet their obligations, and most of the rest don't need much to bring their plans up to snuff."—*Newsweek, December 6, 1993.*

Two points should be noted here:

1. The article goes on to explain that the underfunded businesses usually got that way because of labor union pressure to increase retirement benefits. Our church cannot plead that excuse.

2. The pension funds of those commercial businesses are protected by the federal government. The retirement funds of our workers are not.

cal Center, to purchase exotic new equipment. If the LLMC ever defaults on those loans, it could reduce a number of General Conference funds to shambles. For years, Loma Linda has been spending faster than it earns.

This is a serious matter, and affects the entire well-being of our denomination. Share this report with laymen and church workers, and urge them to plead with church leadership on all levels to stand solidly with our historic standards and beliefs—when those principles are controverted or opposed by liberals. Only in this way can the best members be brought back—the ones who adhere to those historic beliefs and who, in the past, have been the most faithful financial supporters of the church.

THE 1990 AUDITOR'S REPORT

The following comment in a separate spring 1990 auditor's report reflects the gravity of the situation:

> "Underlying investments in intra-denominational loans comprising 36% to 35% of the net assets of the Investment Fund at Dec. 31, 1989 and 1988 respectively are valued at face value, which may differ from the Fair Value as required by generally accepted accounting principles."—*Maner, Costerisan & Ellis, P.C. of Lansing, Michigan; Independent Auditor's Report, March 16, 1990.*

An independent auditor's report is supposed to examine and evaluate each investment in a particular fund. After doing that, the net asset value of each fund would then be adjusted up or down. But these independent auditors did not follow that procedure. Presumably, they were asked not to do so.

In addition, the Michigan-based independent auditor did not investigate the worth and security of the loans made to denominational contacts. Those self-invested funds constitute 31.2 percent ($43.9 million) of the entire $140.8 million which is claimed to be available for retirement plan benefits.

THE 1994 ADMINISTRATOR'S REPORT

So far, we have only discussed various auditor's reports from 1979, 1989, and 1990.

Think not that the situation has now improved. As mentioned earlier in this report, Donald R. Pierson, administrator of the Seventh-day Adventist Retirement Plans, addressed our leaders at the 1994 North American Division year-end meeting. Let us now turn our attention to the facts he divulged:

Pierson presented the grave report that our denominational worker retirement plans are terrifically underfunded.

In November 1994, he reported that those funds totaled only $147,729,519, whereas they should amount to $178,000! They are 16.89 percent underfunded.

The funds contain 83.11 percent of the amount that should be in them to cover three years of retirement checks for the 11,854 retirees currently receiving benefits, as of the end of 1993.

It is generally agreed among retirement managers and consultants that comparable retirement funds should have a full three-year reserve.

This $30 million deficit is a major problem, yet our leaders hardly know how to go about solving it. Dipping into the funds has continued so long, that it is difficult to ascertain how to rectify the problem.

If the sustentation funds are so close to sinking, what has kept them afloat so long? ***It is the worker to retiree ratio, which is based on the amount of tithe paid in.***

Fortunately, there has been enough church growth in the past to make up for the siphoning.

In earlier years, the number of additional denominational workers increased a little faster than the number who retired. In 1989, alone, benefit payments to the retired totaled about $56 million.

But that ratio is a precarious fulcrum, on which to balance the pensions of all our workers! The fund is supposed to be full.

Indeed, Pierson's report shows that the situation is dramatically changing. From 1982

A financial report was distributed to the delegates in attendance at the 1995 General Conference Session in Utrecht.

It stated that **the current retirement plan for Seventh-day Adventist workers throughout the world field is underfunded by $1.3 billion, if U.S. actuarial standards are applied.** ("Actuarial standards" refers to how long a retired person lives, after he retires.)

Continued on the next tract

OUR CHURCH RETIREMENT FUND CRISIS

PART TWO OF TWO

Continued from the preceding tract in this series

to 1987, there was a fairly rapid increase in persons receiving benefits, although increases through 1993 were not as rapid.

But, contrasting this, is the unfavorable fact that 855 people joined the retirement plan in 1993 (by retiring), while 386 dropped out (by dying). The developing trend is for far more additions than deletions to the plan each year.

Each year, the number of pensioners is getting bigger, and the number of workers is getting smaller; yet the amount paid in by the church into the funds is based on the number of workers, not the number of retirees.

The number of workers who will retire in the future is projected to gradually increase during the next 12 to 15 years. To make matters worse, the year 2010 will see a major increase when the baby boomers start to retire.

This is why Pierson made these statements in his report:

> "Trends are developing that give cause for concern . .
>
> **"Unless we prepare for this [accelerated increase in the number of annual retirees] well in advance, it could swamp our small resources and require drastic measures. We must avoid this potential problem."**

Thus we find that a time of reckoning is rapidly overtaking our retirement funds.

On one hand, our worker retirement funds are already drastically underfunded. The only thing that keeps them from collapsing right now is that there are more joining the ranks than are retiring each year.

On the other hand, in the near future there will be too many workers retiring, in relation to the number being hired. At that time our church retirement funds will come crashing down.

Our leaders having been spending money from the wrong piggy bank. Soon there will be no more coins to shake into the hands of our retired workers.

Leaders were borrowing from

Years before D.R. Pierson's 1994 report, it was clear to our leaders that we were headed for real trouble. Yet, oddly, enough, to date little has been done to solve the problems.

Consider these facts, known to our leaders before Pierson's November 1994 NAD year-end report:

1 - No complete actuarial studies have been made since 1979.

2 - The 1979 report revealed the existence of $400 million that was missing. The auditors called it "an unfunded accrued plan liability" or deficiency. Since then, that liability has increased an indeterminate amount.

3 - Since the 1979 study, a separate, unrelated deficiency was discovered. In one year alone (from 1988 to 1989), it grew by nearly $5 million, to a total of $35.8 million.

4 - An astounding 31.2 percent of the net assets have been doled out somewhere. Some of this money may be in the form of intra-denominational loans or receivables. In other words, their loan status is not known. Because they were not listed for the auditors to see, they may not be true loans—with attached interest, collateral, payment schedules, termination dates, etc.

5 - $124 million of the retirement fund has been commingled with *General Conference Unitized Investments* (placed in stocks and bonds). But the auditors were not asked to analyze the true worth (fair market value) of those unitized investment funds.

Some money from General Conference investment funds has been loaned out to officers to build houses, get institutions out of hock, and perhaps some of it is getting lost along the way. It is notorious how labor unions have stolen worker pension funds. Are we doing anything similar?

First, a clear-cut statement of these funds should be made available.

Second, the entire assets should be thoroughly analyzed by outside auditors.

Why outside auditors? Because, as a result of the 1995 Utrecht vote, church auditors can be directly fired if they do not issue reports favorable to the leaders.

the pension funds as long ago as the 1970s. But, back then, there were lots of workers being hired, and relatively few retiring.

In the future, retired church workers who are Americans will still have Social Security (until that collapses). But if they are overseas workers, they will frequently be left with nothing, but the mercy of their relatives. This is because worldwide Adventist retirement funds are also in trouble *(see the box below).*

As if the above news is not bad enough, there is more to come.

In the past, there has always been three sources of income for our denominational retirement funds:

1 - The tithe. In an effort to salvage the retirement funds before they come crashing down, a plan has been suggested to place 10 percent of all tithe given to each local and union conference into the retirement funds.

That sounds good, but it is too little too late. Data reveals that more members are giving less tithe each year. This relentless shrinking is drying up a primary source of money—both for retirement and many other church funds!

Year after year, our leaders have sided with new theology pastors who have derided historic beliefs, introduced liberal standards, and scoffed at the Spirit of Prophecy. When church members have arisen to politely protest to pastors, they have been rudely rebuffed. When those members have then turned to their local conference presidents for help, the presidents have rather consistently sided with the liberal pastors.

Repeatedly, the cream in the church has been driven out. And the cream has taken its tithe with it.

The skim milk members which remain are so homogenized in liberal sentiment, that they believe neither in doctrines, standards—or tithing.

Sure, not to pay tithe is sin, but their pastors have been teaching them that they will be saved in their sins anyway—so why bother. According to the error, they were saved 2,000 years before they were born.

Such policies of driving out the faithful tithe payers produce harsh statistics: In 1993, tithes increased only 1.7 percent over 1992. Yet the Consumer Price Index rose 3 percent in the same time period.

While North American Division membership grew by nearly 300,000 from 1975 to 1993 (it nearly doubled), tithe did not increase at the same rate.

Other income sources are headed downward also:

Between 1980 and 1993, per capita Sabbath School offerings have gone down from $31.09, per year, to $25.19.

In that same time frame, per capita General Conference offerings for the General Conference budget have gone down from $75.33 to $41.78.

Does that afford you some idea of what is happening in our denomination? Yet our leaders will not wake up. They continue graduating new theology ministerial students from our liberal colleges; they continue backing them when they try to ram errors, lessened standards and Celebrationism down the throats of our church members.

2 - Required institutional payments. Another source of worker retirement funds has been contributions from Adventist institutions.

Some may not be aware of the fact that Adventist colleges, academies, publishing houses, etc., donate a certain percentage to the retirement fund for each employee.

But church leaders have now to face the fact that ongoing downsizing and staff cutbacks are being made in nearly every department and institution in

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Fortunately for the General Conference (and unfortunately for U.S. denominational workers), the North American Division portion of our retirement funds are not under U.S. Government regulations. In other words, we are not required to do things right.

Because the retirement fund losses have increased for nearly two decades, they will probably continue to do so.

But, as noted elsewhere in this study, certain factors will dramatically intensify the problem within the next few years.

The reader will recall our lengthy history of the Donald Davenport fiasco *(The Davenport Syndrome, now in our Financial Tractbook).* In that in-depth analysis, it was clear that Davenport only survived as long as he did—because more money kept coming in on new incoming loans than was going out in loan payments. Our General Conference retirement funds are in a somewhat similar position.

our ranks.

This has sharply curtailed the total amount being paid into the retirement funds by that source.

The workforce in the North American Division, alone, hit a high point in 1976. At that time it reported 14,256 workers.

In 1993, the number of workers had shrunk to 9,374. The worker to retiree ratio is worsening every year. If time lasts, when the baby boomers retire, that will finish off the retirement fund entirely.

By then, the liberals will make sure that tithing is a thing of the past. Few workers will be left, and the retirees will demand pension money which is no longer there.

And why? All because church leaders decided to side with liberal college teachers and liberal pastors. Our liberal colleges churned out liberal pastors, and they, in turn, mowed down the conservative members.

It did not have to end this way, but it will.

3 - Investment dividends. There is yet a third source of income for the retirement funds. This is dividends from investments of the fund balance itself.

But, for brokerage and market reasons quite apart from our present study, investment dividends are diminishing, and are expected to diminish still further.

One factor is that, with the retirement funds having a $30 million deficit, there is far less return on the smaller amount invested.

Unfortunately, this increasing deficiency comes at a time when the retirement funds are depending more and more on the division's securities to make up the slack lost by the other two aspects: increasing tithe income reductions and worsening worker to retiree ratios.

As a result of these various factors, our worker retirement funds, which have been in bad shape for a number of years, have now reached crisis proportions. If you question that, consider this:

In 1983, the total contributions paid into the General Conference-managed denominational retirement funds (from both tithe income and institutional payments)—was $3.8 million ($3,827,853) short of meeting its obligations. In that year, investment income, which was better back then, picked up the slack.

In 1990, the shortfall was $6.9 million ($6,891,612).

In 1992, it had increased to $10.2 million ($10,219,850).

Can you see where we are headed? It is serious business to get rid of the best and most faithful of the church members: the conservatives who believe in our old-fashioned standards and beliefs.

What are the possible solutions?

The best would be to restore the confidence of the church members in the workforce.

A retired Adventist minister recently completed a ten-month tour of the world field. *I learned just this week that, upon his return to the United States a month or so ago, he reported to friends that, wherever he went overseas, he was asked: "Where do I pay my tithe now? I cannot pay it to these liberal ministers and church leaders, who are trying to change our beliefs and practices!"*

So, you can see, the financial crunch is not unique to North America; it is worldwide, and spreading rapidly!

Another good idea would be to stop ridiculing and disfellowshipping the very members who are the most faithful in paying tithe and offerings.

However, we are told that church leaders are thinking, not of getting to the core of problem by getting rid of the liberals in the church,—but putting patches on problem, in the hope of holding it together a little longer.

One possibility, we are told is to move the retirement age for workers from 62 up to 65 or 67. This is a very real possibility.

Another is, for the first time, to require the workers to directly contribute part of their wages to the retirement funds. We predict that this will begin in the near future.

Yet a third possibility will be to cut benefits; that is, reduce the amount paid monthly to each retiree. This may occur also.

Yet, even if all three bandages were applied, the wound in the retirement funds would not be healed.

It matters not how many partway solutions are considered, the funds will keep shrinking.

The people are taught by their leaders that they were saved at the cross, that it is all right to sin, and that no act (such as church membership or tithe paying) has any relation to salvation. That teaching is coming home with a vengeance, and will continue reducing the inflow of funds into the church, as the conservatives are pushed out.

The errors of the new theology are eating away at the foundations of our denomination. If

people do not have to keep the ten commandments, because to try to do so is "perfectionism," then why bother to pay tithe, either. We might be perfectionists if we also do that!

The reduced inflow of tithes and offerings will keep lessening the number of workers joining the ranks each year, and increasing the number of layoffs and cutbacks.

That, in turn, will keep reducing the amount of money in the funds, so returns from investments will keep diminishing.

THE SITUATION IN CANADA

Because they are required by Canadian law to do so, the Canadian Union is pumping far larger amounts into its retirement funds. But it will still require 15 years to bring theirs up to normalcy.

To do that, will cost the Canadian Union $46 million. That is an immense amount of money! It will require severe cutbacks in various activities and functions for over a decade. But Canadian law requires that it be done.

Yet, at the same time, the ominous elimination of conservative church members, and withdrawal of support by liberal ones, will continue in the Canadian Union. At the rate things are going, even if time were to last, the Canadian Union would not be likely to achieve its goal.

But the real shocker comes when we consider what it would take to restore the retirement funds for other areas of the world field. Consider North America, for example:

To properly fund North American Retirement Funds, for its current 11,854 retirees, *would cost over half a billion dollars!* About $581 million would be required! That figure is four times the current $147 million in the retirement fund.

Yet, that $581 million would only fund the number of retirees we now have. Earlier we noted that the number of retirees would rapidly increase, while the number of payments coming in for current workers is, because of cutbacks and layoffs, decreasing.

Donald R. Pierson, administrator of the Seventh-day Adventist Retirement Plans, speaking to the 1994 year-end meeting of the North American Division, said these solemn words:

> **"Obviously, we cannot move rapidly toward full actuarial funding without a major disruption to the ongoing work of the church."**

His point here was that, if we did try to take the amount of money needed, to keep our retirement funds from destructing, from other denominational funds, we would cause the ultimate financial crash to become even more widespread!

So either the entire church collapses or the retirement money of our workers will not be paid; one or the other. Take your choice.

Then he immediately added, that, somehow, we must still try to save the retirement funds:

> "It is important, however, that we maintain a large enough reserve to avoid a crisis that would injure morale among retirees and employees.
>
> "We must plan ahead now, and make some changes if we are to avoid a crisis later on."

We agree. To the leaders of our church on all levels, we say: Begin planning ahead. Stop mollycoddling the liberals and getting rid of the conservatives. Stop teaching church members how to avoid the law, when you should be teaching them how to avoid sin. Stop downgrading Bible-Spirit of Prophecy principles, when you should be upholding them.

The writing is on the wall, and now clearly spelled out in committee reports. If you do not return to obedience to the Inspired Writings, the final collapse will take you down with it.

God will not be mocked.

Our first loyalty must be to obedience to His Written Word.

"The business manager is to see that the expenditure does not exceed the income. He is to know what there is to depend on, so that the work here shall not be burdened with debt as it is in Battle Creek.

"The condition of things there need never have existed. It is the result of men not being under God's rule. When men are under God's rule, the work moves harmoniously; but when men of strong temperament, who are not controlled by God, are placed in responsible positions in the work, the cause is imperiled; for their strong temperament, who are not controlled by God, are placed in responsible positions in the work, the cause is imperiled; for their strong temperaments lead them to use money which is only in prospect."—*Counsels on Stewardship, 275-276.*

"Again and again, by his deceitful, alluring projects, Satan has blocked the way against advance . . Much money has been invested in a few places."—*7 Testimonies, 283.*

Continued on the next tract