

**REPORT OF THE INTERNATIONAL EXECUTIVE COMMITTEE
ADOPTED BY
INTERNATIONAL EXECUTIVE COUNCIL**

INTRODUCTION

And Jesus came and spoke to them, saying, "All authority has been given to Me in heaven and on earth. Go therefore and make disciples of all the nations, baptizing them in the name of the Father and of the Son and of the Holy Spirit, teaching them to observe all things that I have commanded you; and lo, I am with you always, even to the end of the age" (Matthew 28:18-20).

This Scripture has been called "the Magna Carta of the church," "the marching orders of the church" and "the last great mandate." It has formed the basis of slogans such as "The last command of Christ is the first priority of the church;" and "If the commission of an earthly king can be considered an honor, how can a commission from a heavenly king be considered a sacrifice;" and "Any church that is not seriously involved helping fulfill the Great Commission has forfeited its biblical right to exist."

The members of the International Executive Committee are convinced that God is calling His people to be a missionary people and His church a missionary church. The church will fulfill its purpose by a great commitment to the Great Commission.

Before the foundation of the world, God decided the death of His only Son would not be in vain. More people are alive on Planet Earth than have ever lived in history, nearly seven billion. The greatest harvest of souls ever is going on. Around the world 3,000 souls are saved every 25 minutes.

In keeping with our Biblical mandate, the Church of God General Assembly has committed to "communicate the full gospel of Jesus Christ (Matthew 28:19, 20) in the Spirit and power of Pentecost (Acts 2:1-4, 6, 13-18)." (*Minutes, page 37.*) In addition to our mission statement, the 70th International General Assembly in 2004 adopted the following commitments to our mission and vision as core values:

- 1. PRAYER**
- 2. PENTECOSTAL WORSHIP**
- 3. WORLD EVANGELIZATION**
- 4. CHURCH PLANTING**
- 5. LEADERSHIP DEVELOPMENT**
- 6. CARE**
- 7. INTERDEPENDENCE**

(Minutes, Commitments to Mission and Vision, pages 37-40)

At various times in the history of the Church of God innovative changes have been made in order to enhance missional effectiveness. Change is always challenging because people, programs, and procedures are involved.

However, as a church, change must be approached from a spiritual perspective. Pertinent questions include:

- *What is the mission of the church?*
- *Why did Jesus die on a cross?*
- *What is God saying to the church at this time in history?*
- *How does He want us to join Him in what He wants to do?*
- *What changes in policies, positions, and procedures are necessary to fulfill His plans?*
- *Are we willing to cast the vision and to make the sacrifices that His plan requires?*

I. REALITIES

The 21st century has come packaged with its own particular challenges. It's important the church sees these challenges as opportunities to accomplish the mission of the church. We cannot live in denial. Our world has not only changed, it is constantly changing.

Before considering the changes that the International Executive Committee is implementing, let's review some of the current realities the church is facing that challenge the resolve to mission.

A. Missional Realities

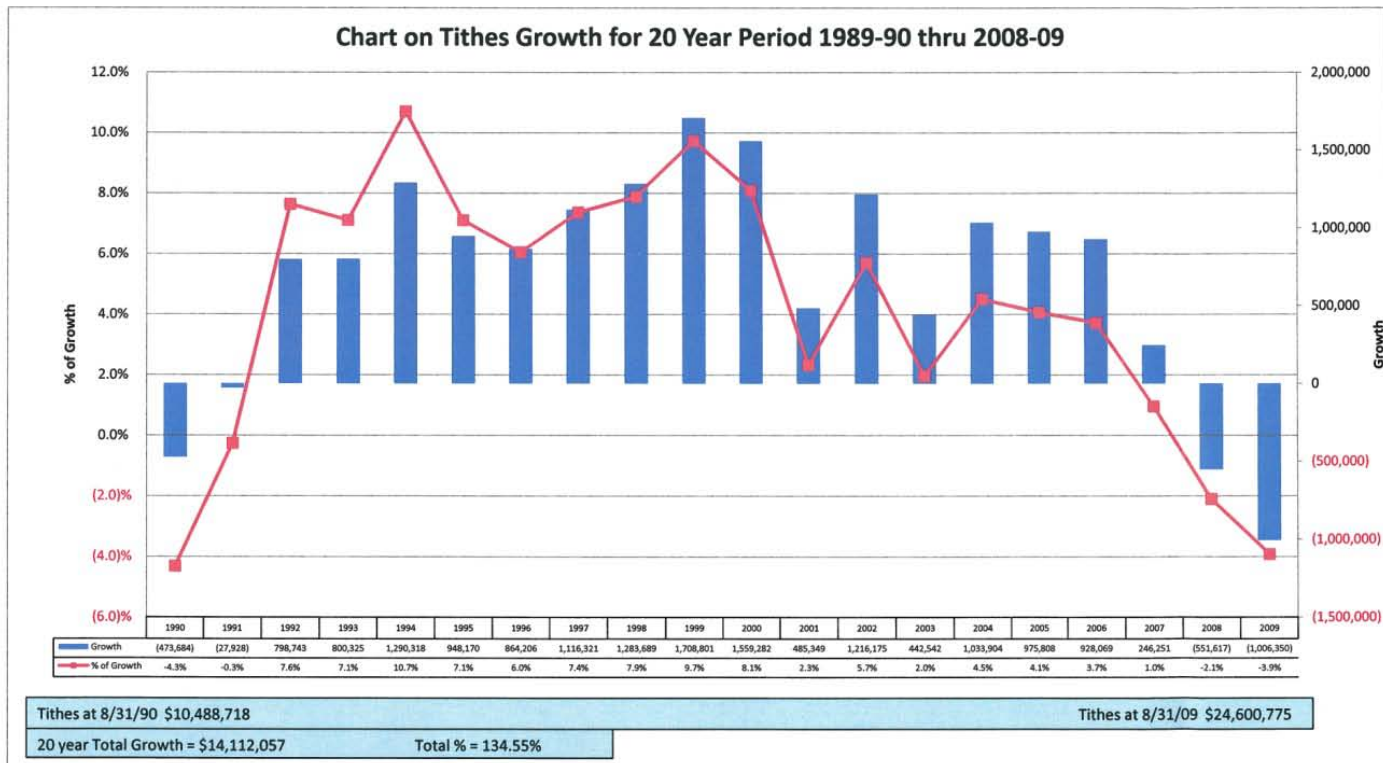
1. *Obsolete Report Forms* – Both the local church report form and the ministerial report forms fail to provide adequate ways to report the changes in church structures, programs or functions (Ex. Cell groups, Friday or Saturday night worship services, Bible Study on Sunday evening instead of Sunday School, etc.)
2. *Church Planting Dissonance* – Eight departments/ministries have been tasked with church planting with no centralized focus, and, as a result, church planting has suffered. More money has been spent on administration than on actual church planting in the past several years.

B. Economic Realities

1. *Global Recession*
 - *The economic realities of a global recession are continuing to affect income at all levels of the church.* From the United States to Asian export giant Japan and to European powerhouse Germany, the world's top economies are now in recession. The US has been in recession since December 2007. This recession

has affected the church in many ways due to rising unemployment, property devaluation and a general decrease in levels of giving.

- *There is a significant reduction in funds sent to the International Offices.*
The chart below demonstrates the income growth trends for the International Offices:



- The rate of growth reached its last peak in 1999, but has declined since and is now on the negative side rather than the positive side.
- Practically, this translates into a reduction of the total tithe receipts of \$3 million in the last three years.
- In anticipation of the possibility of further decreases in income receipts, the Executive Council adopted a budget of \$23 million for the current budget year (2009-2010). However, even with the reduction in budgeted receipts of \$3 million, there is still a deficit for this fiscal year (minus \$144,583, as of January 25, 2010). If this trend continues we will not receive our budgeted receipts of \$23 million this fiscal year, perhaps indicating we have not yet found the bottom to the effects of the recession. (See **Appendix 1- Tithe Receipts.**)

2. *Reallocation of Resources*

- The reallocation of resources strategy adopted by the Committee of Action commissioned by the General Assembly is scheduled to reduce income (tithes and world missions offering) to the International Offices by 33.3% by August 2015. Following is the motion adopted by the Committee of Action:

That, beginning September 1, 2010, local church treasurers shall send monthly an amount equal to 7% of all tithes paid into the local church to the secretary general, (4.75% designated for the International Offices and 2.25% designated for World Missions).

Further that this amount be decreased by 1/2 % annually (the reduction shared equally by the International Offices and World Missions) until September 1, 2014, after which World Missions will be funded by not less than one-fourth of the 5% received by the International Offices. Any increase beyond this amount must be approved by the Executive Council.

- In addition to the \$3 million the Executive Committee has already reduced from the budget, another \$5.75 million will have to be deducted from the budget to fulfill the reduction of funds schedule adopted by the Committee of Action on the Reallocation of Resources (*based on 25% of a budgeted income of \$23 million*). It should be noted that World Missions is also facing a reduction of \$5.75 million from its budget.

3. *Number of Churches Delinquent in Reporting*

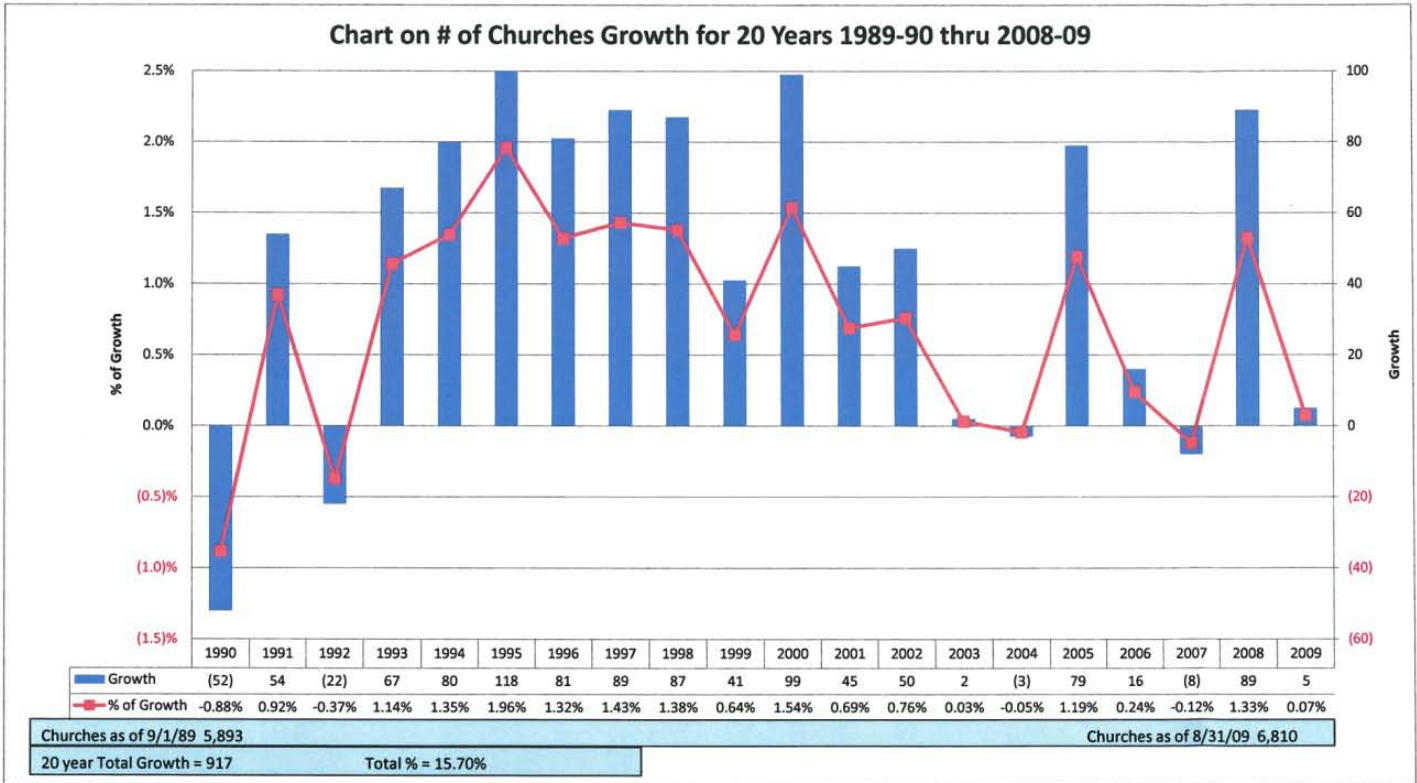
- There are a growing number of churches not reporting to the International Offices. Of the 6,248 active churches in the USA, the number of churches not reporting has grown from 685 (11%) churches not reporting in September 2008 to 1,300 churches (21%) not reporting in November 2009. (See **Appendix 2 – Reports Received.**)
- The missing tithes from the top 50 churches which are delinquent is over \$691,000 since September 2008. If the 2 ½% missions offering is included, the total is over \$1 million. If all churches that are behind \$50 or more in tithes or missions to the International Offices are included, the total shortage to the International Offices is over \$2 million since September 2008.

4. *Departmental/Fund Deficits*

- There are several departments/funds that have been operating in deficit:
 - Youth and Christian Education Department – The director and Executive Committee liaison are working together on a plan to reduce and eventually eliminate this indebtedness.
 - Music Department
 - Hispanic Ministries
 - Communications Department (Media Ministries and Internet Ministry)
 - General Evangelism Fund – This fund has been carrying a deficit for the past several years, and the Executive Committee is projecting to eliminate

this debt by using contingency funds at the end of the budget year, if funds are available.

5. Decline in growth in churches and membership. (See charts below.)



6. *Ratio of Investment and Growth in Mission States (See Appendix 3 - Funding for Mission/Borderline States.)*

- A 20-year analysis of the finances received and spent in Mission and Borderline States reveals the following:
 - *Total State Tithes & Home Missions* - \$20,267,825
 - *Total Assistance from IO-* \$16,559,847
 - **Total** **\$36,827,672**
- This investment of funds has resulted in the following:
 - *Tithe Increase (over the 20-year period)* - \$553,000
 - *Net Churches Increase* – 48 (Average of 3.42 per mission or borderline state or about 1 church per state every six years)
 - *Cost per member* \$1,334 (\$36,827,672/27,597 members)
- After the reduction of funds schedule adopted by the Committee of Action is fully realized, seven states that are not mission or borderline currently, could become mission or borderline states. (See **Appendix 4 – Report on States That May Become Mission/Borderline in 5 Years.**)

7. *Underwriting*

- Currently the Executive Council has underwritten an outstanding total of \$84,743,866 in loans.
 - US - \$70,767,004
 - World Missions – \$13,976,862
- Note: The Executive Council adopted a moratorium on any new underwriting in February 2009 until August 2010.
- Due to the economic climate, both state offices and the International Office are having to supplement church mortgages to avoid foreclosures. If the economic downturn continues, this problem will be exacerbated.

8. *Natural Disasters*

- The church has responded to devastating hurricanes here in the US and the Caribbean, to tsunami relief in Indonesia and most recently to earthquake ravaged Haiti.

9. *Mortgage on International Offices*

- Current Mortgage - \$8.2 million
- Monthly Payment - \$62,000

10. *General Assembly Costs*

- The tithe fund appropriates \$2.4 million per Assembly (\$1.2 million/year). This amount does not include what departments, local churches or delegates spend. It has been estimated that the economic impact of a General Assembly on the host city exceeds \$25 million.
- There is still an outstanding indebtedness of \$325,000 for the 2006 and 2008 Assemblies.

C. Organizational Realities

- *Trust Issues* - Lack of trust in leadership touches all areas of life— the political world, corporate world, educational world and church world. As a result there is less trust in leadership and denominational loyalty. This problem is not unique to the Church of God; all denominations are struggling with the same issue.

D. Placement Realities

- Because ministers are delaying retirement and staying in positions of leadership and pastorates longer, there are fewer openings for discovering and deploying emerging leaders. This generational gap is forcing our emerging leaders to wait for opportunities to lead, provide fresh ideas, and positively influence the church.
- Because of the lack of a human resource job placement procedure for our college and seminary graduates, there is a disconnect between the International Offices and our educational institutions.

II. RESPONSES

The Executive Committee with the support of the Executive Council began immediately after the last Assembly to face these realities. The Executive Committee meets monthly for prayer and dialogue about the mission of the church before dealing with the business of the church.

Each member of the Executive Committee was assigned a particular area to study including our structure, personnel, and finances. After looking at trends, interviewing other denominational leaders, department heads and others, the members of the Executive Committee decided to embrace the mission of the church and not be driven by finances. Even as the budget is reduced and personnel adjustments are made, the Executive Committee is keeping its focus on prayer, the Great Commission and the Quest for Trust.

There will be a transition from a departmental to a divisional structure. Simply stated, departments as we have known them, will no longer exist, but the ministries will become part of a specific division. Recommendations will be made for deleting those departments that require General Assembly action.

In this divisional paradigm, Executive Committee liaisons will become the IEC Divisional Director over a specific division(s) as appointed by the general overseer. Further, departmental standing boards and committees will be eliminated in lieu of a single divisional board for each division. Former departmental budgets will be merged into a single divisional budget. Each IEC Divisional Director will be responsible for collaborating with the ministries of his division to prepare the divisional budget. This new structure will help eliminate ministry duplications and unnecessary budgetary expense.

In addition to the above, the Executive Committee has implemented the following responses.

1. *Committed to embrace missional objectives.*
 - The mission of the church must not and cannot be diminished by 21st century realities. Above and beyond all objectives, the church must continue its commitment to the Great Commission and our core values as a church. As we enter the 2nd decade of the 21st century, sensing the imminent return of Christ, our only option is to engage the mission going forward together. This is not the time of our demise. It is the hour of our destiny.
2. *Continued budget adjustments/reductions in proportion to the income.* As noted earlier, the Executive Committee has already trimmed \$3 million from the budget. In preparation for more reductions and restructuring, an in-depth analysis of the personnel at the International Offices, including salary and benefits and their significance to the mission of the church, has been conducted. The budget adjustments include the following actions:
 - Reduced appropriations to departments by 20%
 - Eliminated cost of living adjustments for all personnel for 2008-2009. (Note: The members of the Executive Committee, department heads and administrative personnel have not received a cost-of-living adjustment since 2007.)
 - Placed non-contiguous church properties on the market for sale (possible net gain of \$1.5 million).
 - Reduced our line of credit obligations from \$7.5 million to \$5.2 million by assisting churches to move from bridge loans to permanent loans.
 - Achieved \$972,523 in total salary savings (departmental, tithe fund and general evangelism funds) since the 2008 General Assembly, through termination, reassignment or retirement.
 - Reduced the work force by 56 employees (48 full-time and 8 part-time employees) at the International Offices and 71 employees (50 full-time and 21 part-time) at the Publishing House. These employees have either been terminated or not replaced after retirement or voluntary separation.
3. *Prepared for the first budget reduction under the reallocation schedule by eliminating an additional \$2 million from the 2010-11 budget, subject to the approval of the Executive Council in April.* With the reductions made due to the recession (\$3 million) and the reduction for the first step of the reallocation (\$2 million), the Executive Committee has reduced \$5 million from the budget since 2007.
4. *Renegotiated the mortgage on the International Offices property and reduced debt servicing approximately \$90,000 annually.* (Current Mortgage on International Offices - \$8.2 million; Monthly payment - \$62,000)

5. *Restructured the departments and functions of the International Offices.* (See **Appendix 5 – International Offices Restructure.**)
6. *Studying optional paradigms for mission and borderline states.*
 - Multiple options are being considered. Any major changes in mission state structure will be processed by the Executive Committee, the respective liaison, the state overseers involved, state councils and state ministers. The study and evaluation of the options is ongoing and the decisions will be announced at the appropriate time.
 - Due to the reduction of funds anticipated by the reallocation of resources schedule, seven more states could become mission/borderline states by the end of the reallocation schedule.
 - The Executive Committee is not interested in change for change sake, but recognizes that it will be impossible for many states to lose one-third of their income, in addition to the necessary reduction of Covenant Ministry Team funds, and maintain their current status.
7. *Implemented new strategies at the International Offices.*
 - Mailing, marketing and accounting operations will be centralized. Presently, several departments employ bookkeepers to do departmental accounting and others to do mailing and marketing tasks. The new paradigm will centralize most accounting functions in the Business and Records department with a single marketing and distributing entity.
8. *Made quarterly budget analyses and adjustments as necessary.*
 - The Budget Review committee and the International Executive Committee will evaluate the budget quarterly and continue to make adjustments as necessary to maintain fiscal responsibility.
9. *Prepare amendments to the Minutes of the General Assembly to accommodate the desired changes.*
 - To eliminate most standing boards and committees
 - To make name changes for ministry leaders
 - To change current departmental nomenclature to divisional, where appropriate
 - To make other additions and deletions as needed.
10. *Created a Benefits Board Loan Fund*
 - The Benefits Board in collaboration with the International Executive Committee, has created a loan fund that is legally separated from the Ministerial Retirement Program. This fund, ready by mid-February 2010, will provide an annual revenue stream for the church.
11. *Applied for accreditation with the Evangelical Council for Financial Accountability.*
 - For the past 18 months the Executive Committee and the Business and Records department have been working together to obtain ECFA

accreditation. This body is recognized as one of the premier accounting agencies in the world. Reputable ministries such as the Billy Graham Evangelistic Association, Back to the Bible, Mission America Coalition, World Relief and many others are charter members of this organization.

- The work of the past 18 months has required some modification in our accounting procedures as well as audits of our financial records to insure their accuracy and integrity.

12. Dialogued with state overseers to design a communications and information system between the states and the International Offices to assist churches which are delinquent in reports and tithes.

13. Decided to remove inactive churches from the rolls.

- As part of the commitment to the Quest for Trust, the Executive Committee is removing 406 inactive churches from the database reducing the total number of churches in the US from 6,654 to 6,248.
- *Inactive* is defined as referring to those churches that are on paper only and have no pastor, no people and may or may not have property.

14. Authorizing state overseers and pastors to balance membership rolls.

- Inaccuracies should be corrected, and any numbers without corresponding names deleted. This is not about disfellowshipping individuals, but correcting inaccuracies.

15. Recommend a 4-year General Assembly to the General Council.

16. Appointed a committee to redesign the church report and ministerial report and offer recommendations to the Executive Committee for final approval.

17. Merged the various church planting entities under USA Missions to have one central clearing house for church planting emphases.

18. Reduced the Publishing House Indebtedness

- Reduced the indebtedness of the Publishing House from \$4.8 million to \$2.4 million through the sale of the Heidelberg press and Pathway Bookstore.

III. ROLES

A deliberate process will be observed to introduce structural and procedural changes including meeting with the International Executive Council and other denominational levels of leadership. The roles of the International Executive Council, the International Executive Committee and State/Regional Overseers are specified below.

INTERNATIONAL EXECUTIVE COUNCIL

- Provide continuing monitoring of the process of restructure and realignment.
- Recommend a 2-year delay in the distribution of the Supplemental Retirement Benefit for Pastors and that the funds be utilized for USA Missions.
- Make recommendations in regard to changes in nomenclature:
 - *General Director and Assistant Director of Youth and Christian Education to Director and Assistant Director of Student Discipleship*
 - *Director and Assistant Director of Evangelism and Home Missions to Director and Assistant Director of USA Missions.*
 - *International Director and Assistant Director of World Missions to Director and Assistant Director of World Missions*
- Make recommendations to delete standing boards and committees.
- Approve budget adjustments.

INTERNATIONAL EXECUTIVE COMMITTEE

- Keep the Executive Council informed of budget and personnel adjustments.
- Since this is a restructure, reorganization and reallocation of resources, the challenges faced are many and varied. Therefore, the actions of the Executive Committee should be viewed as a work in progress. This is not the final report. Many nuances are involved in the decisions that have been made, and the committee must view its role as continuing and not conclusive. The process will take years in order to impact the culture of the Church of God and embrace the mission. The Executive Committee is working on a number of other responses to our realities that would be premature to announce at this time. Wisdom dictates that we wait until the process is completed.
- Monitor income and disbursements with the Budget Review Committee.
- The Executive Committee will craft and implement specific job descriptions for each IEC Divisional Director. Each IEC Divisional Director will work with ministry leaders in:
 - Creating missional objectives and a revised divisional mission statement
 - Developing a divisional budget
 - Outlining a Missional Action Plan for the division with specific goals, assignments, and accountability procedures
 - Addressing the new structure and objectives
 - Explaining how the restructuring processes will be introduced
- Discuss options for reduction and the financial prognosis for the next 5 years in each state/region.
- Provide placement for outgoing overseers.

STATE OVERSEERS

- Continue to engage the churches and ministers with the challenges of the Great Commission. The Great Commission is not a program. It is the reason the church exists.
- Evaluate the future and develop a 5-year plan with state councils that focuses on the mission.
- Partner with the Executive Committee liaison in addressing increasing delinquencies and formulating a plan to stabilize the reporting process.
- Give renewed passion and emphasis to church planting.

CONCLUSION

The decisions and directions of the International Executive Committee have been complicated and difficult. It has been essential to view the consequences of all decisions through the lens of missional resolve, ecclesiastical commitment, financial responsibility, legal counsel and personal compassion. The greatest difficulty will be experienced by those whose ministries, lives, families and futures have been impacted.

Individuals affected beginning January 2010, assuming there are no extenuating circumstances or emergencies, will have employment until the 73rd General Assembly. This will provide a six-month window for future plans.

May we continue to pray for God's wisdom and favor as we embrace the missional mandate.