

SECOND QUINQUENNIAL CONSTITUENCY MEETING  
OF THE POTOMAC CONFERENCE CORPORATION

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Delegate  
Orientation Meetings

Online Highlights  
August 12 – 29, 2015



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# **Delegate Orientation Meeting**

Summary of Material Changes  
Potomac Conference Corporation Bylaws

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# Explanation of Key Material Changes to PCC Bylaws:

- Recommendation to insert “generally” in (Article IV, Line 16) (p. 190)
  - Consistency with Columbia Union bylaws
  - “Generally” is more consistent with current practice in Potomac Conference:
    - Merged Corporation with Conference
    - Funding of Education
    - Vice President for Administration vs. Executive Secretary
    - Audits (School properties show on school’s financial statements)
    - Shield the Vulnerable
    - eAdventist
  - PCC Bylaws should reflect the practice of what we are doing.
  - *Church Manual*. Most churches ‘generally’ follow the church manual.
  - GC/NAD model bylaws. Just like the *Church Manual*, GC/NAD model bylaws do not fit every particular situation worldwide – including North America.
  - It is not a license to do whatever we feel like doing as the general body still provides guidance.

## **Explanation of Key Material Changes to PCC Bylaws:**

- Electronic Delegate Material (Article VI, Section 10) (p. 193)
  - Good use of modern technology
  - Allows us to make last minute changes to material
  - Conference savings
  - Environmentally friendly
  - Overwhelming support from churches surveyed

## Explanation of Key Material Changes to PCC Bylaws:

- Electronic Voting for Constituency Meetings (Article VI, Section 11) (p. 194)
  - Good use of modern technology
  - Fast use of secret voting
  - Fast results
  - Electronic voting devises can be used to collect other data

## Explanation of Key Material Changes to PCC Bylaws:

- Change in formula for regular delegates (Article VII, Section 1-A) (p. 194)
  - With the intent to reduce the number of delegates, it is recommended to adjust the current formula. Every church and company is allocated 1 delegate (no change with that), plus one additional delegate (churches only) for every 75 members instead of 50.
  - The number of delegates is becoming too large to conduct business
  - It is getting too costly
  - The General Conference has also reduced the number of delegates to its session for the reasons stated above

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# **Delegate Orientation Meeting**

Summary of Material Changes  
Board of Education, SVA and TA Bylaws

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# **Explanation of Key Material Changes to BOE, SVA and TA Bylaws**

- Merging of current documents
  - Avoid confusion and duplication.
  - Bring consistency in: (a) format, (b) language, and (c) relationship between the Board of Education, TA, SVA and bylaws.

## **Explanation of Key Material Changes to BOE, and TA Bylaws:**

- BOE: membership reduced from 27 to 21 voting members (Article III, Section 1) (p. 212)
- TA: membership reduced from 30 to 23 voting members (Article II, Section 3) (p. 236)
  - More efficient board size
  - Competency oriented
  - Better engagement of board members

# Explanation of Key Material Changes to BOE, SVA and TA Bylaws

- Board membership qualifications
  - BOE (Article III, Section 4) (p. 213)
  - SVA (Article II, Section 2) (p. 223)
  - TA (Article II, Section 2) (p. 236)
    - Strategically recruit board members for specific competencies that would help strengthen the mission of Adventist Education in the conference and each of the two conference senior academies.

# Explanation of Key Material Changes to BOE, SVA and TA Bylaws

- Added section on phone and email vote
  - BOE (Article V, Section 7) (p. 214)
  - SVA (Article III, Section 5) (p. 230)
  - TA (Article III, Section 5) (p. 242)
    - Needed to define guidelines for phone and email vote.
    - This type of vote is needed from time to time to keep our mission/vision moving forward.

# Explanation of Key Material Changes to BOE, SVA and TA Bylaws

- Constitutions and Bylaws amended at Constituency Meeting
  - BOE (Article IX) (p. 218)
  - SVA (Article V) (p. 231)
  - TA (Article V) (p. 244)
    - These are conference boards/schools.
    - Since all board membership is elected by delegates at the Constituency Meeting, bylaws should also be amended at this meeting.

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# **Delegate Orientation Meeting**

Summary of Material Changes  
to SVA and TA Bylaws

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# Explanation of Key Material Changes to SVA and TA Bylaws

- Defined guidelines for electing lay, voting members
  - SVA Bylaws (Article II, Section 3-A) (p. 224)
    - SVA is our conference boarding school
    - Wider conference representation
    - Consistency with Union Code
  - TA Bylaws (Article II, Section 3-A) (p. 237)
    - TA is our local community conference school
    - Wider community representation
    - Consistency with Union Code

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# Explanation of Key Material Changes to SVA and TA Bylaws

- Duties and responsibilities of the Principal/CEO
  - SVA Bylaws (Article II, Section 7) (p. 226)
  - TA Bylaws (Article II, Section 7) (p. 239)
    - Defining spiritual leadership responsibilities
    - Defining academic leadership responsibilities
    - Outlining organizational management leadership responsibilities

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# Explanation of Key Material Changes to SVA and TA Bylaws:

- Board member agreement
  - SVA Bylaws (Appendix I) (p. 232)
  - TA Bylaws (Appendix I) (p. 245)
    - Seeking a stronger commitment from board members
    - Understanding ethical responsibilities as board members
    - Clarifying expectations

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# **Delegate Orientation Meeting**

Summary of Material Changes  
Board of Education Bylaws:

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# Explanation of Key Material Changes to Board of Education Bylaws

- BOE Executive Committee deleted
  - Office of education does not see a need to continue with this subcommittee
  - More use of phone, video conferencing, and email

# Explanation of Key Material Changes to Board of Education Bylaws

- Curriculum Committee deleted
  - Office of education does not see a need to continue with this subcommittee
  - This committee has not been used in many years
  - Office of education, along with school principals are addressing all curriculum issues

# Financial Statements

How to Read Them

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## Potomac Conference Finance Statements

# Statement of Position

(at a point in time – Dec 31) (p. 60)

What do we have?

## ASSETS

What do we owe?

## LIABILITIES

What remaining do we have to  
work with?

## NET ASSETS

### Statement of Position

	All Funds (Audited)				
	2014	2013	2012	2011	2010
<b>ASSETS</b>					
<u>Current Assets</u>					
Cash & Cash Equivalents	\$2,529,164	\$808,427	\$813,613	\$5,413,293	\$6,301,010
Accounts Receivable, Net	5,714,568	5,498,040	7,293,455	6,694,174	5,533,348
Notes and Loans Receivable	2,702,844	3,764,107	5,301,153	138,330	208,152
Inventories, Prepaid Expense, Deposits	165,488	202,142	200,042	185,612	197,161
Total Current Assets	<u>\$11,112,064</u>	<u>\$10,272,716</u>	<u>\$13,608,263</u>	<u>\$12,431,409</u>	<u>\$12,239,671</u>
<u>Plant Assets, Net</u>	<u>\$56,611,736</u>	<u>\$50,261,256</u>	<u>\$47,628,492</u>	<u>\$47,972,219</u>	<u>\$46,074,244</u>
<u>Other Assets</u>					
Investment in Land and Property	\$1,835,807	\$1,830,647	\$1,830,129	\$540,802	\$1,213,494
Notes Receivable, Long-term, Net	2,286,392	2,719,275	2,796,160	2,686,534	2,170,854
Accounts Receivable, Long-term	-	1,602,097	-	-	-
For Other Than Operating Purposes:					
Cash & Investments	600,178	334,791	225,120	542,113	273,783
Accounts Receivable	72,900	79,094	310,498	744,290	659,564
Notes & Loans Receivable	22,013,926	16,322,432	15,194,172	19,731,634	19,205,688
Held for Split Interest Agreements	623,798	619,950	899,379	964,407	1,256,812
Total Other Assets	<u>\$27,433,001</u>	<u>\$23,508,286</u>	<u>\$21,255,458</u>	<u>\$25,169,780</u>	<u>\$24,780,195</u>
<b>TOTAL ASSETS</b>	<u><u>\$95,156,801</u></u>	<u><u>\$84,042,258</u></u>	<u><u>\$82,492,213</u></u>	<u><u>\$85,583,408</u></u>	<u><u>\$83,094,110</u></u>
<b>LIABILITIES</b>					
<u>Current Liabilities</u>					
Accounts Payable	\$3,967,961	\$3,578,824	\$3,657,445	\$3,064,647	\$2,683,762
Agency Accounts	863,764	1,011,793	1,051,333	137,439	233,997
Total Current Liabilities	<u>\$4,831,725</u>	<u>\$4,590,617</u>	<u>\$4,708,778</u>	<u>\$3,202,086</u>	<u>\$2,917,759</u>
<u>Other Liabilities</u>					
For Other Than Operating Funds:					
Accounts Payable	\$335,680	\$336,416	\$333,366	\$325,414	\$244,758
Notes Payable	28,910,113	23,135,230	22,190,734	23,165,645	23,728,969
Capital Leases	84,623	88,491	114,269	48,045	77,453
NPV, Annuity Liability	36,582	34,933	68,528	159,410	192,656
Irrevocable Due to Others	455,868	454,338	509,841	350,021	653,831
Total Other Liabilities	<u>\$29,822,856</u>	<u>\$24,049,408</u>	<u>\$23,216,738</u>	<u>\$24,048,535</u>	<u>\$24,897,667</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$34,654,581</u></u>	<u><u>\$28,640,025</u></u>	<u><u>\$27,925,516</u></u>	<u><u>\$27,250,621</u></u>	<u><u>\$27,815,426</u></u>
<b>NET ASSETS</b>					
Unrestricted	\$59,767,080	\$54,682,191	\$53,816,073	\$57,426,926	\$54,279,344
Restricted: Temporarily/Permanently	735,140	720,042	750,624	915,861	999,340
Total Net Assets	<u><u>\$60,502,220</u></u>	<u><u>\$55,402,233</u></u>	<u><u>\$54,566,697</u></u>	<u><u>\$58,342,787</u></u>	<u><u>\$55,278,684</u></u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><u>\$95,156,801</u></u>	<u><u>\$84,042,258</u></u>	<u><u>\$82,492,213</u></u>	<u><u>\$85,583,408</u></u>	<u><u>\$83,094,110</u></u>

## Statement of Changes in Net Assets

### All Funds (Audited)

	2014	2013	2012	2011	2010
<b>INCOME</b>					
Gross Tithe	\$33,094,158	\$32,394,359	\$31,884,044	\$31,185,219	\$30,524,158
Tithe Passed On To Higher Entities	(8,507,861)	(8,327,896)	(8,196,803)	(7,981,458)	(7,765,380)
Net Tithe Income	\$24,586,297	\$24,066,463	\$23,687,241	\$23,203,761	\$22,758,778
Tithe Rebate	\$-	\$12,500	\$66,915	\$66,916	\$67,244
Matured Trusts and Wills	(2,369)	15,309	61,455	1,000	57,591
Investment Earnings	154,034	169,394	239,241	303,745	377,803
Church Schools	5,839,995	5,803,675	5,708,440	5,535,898	5,528,677
Residence Rent Income	307,514	315,948	325,908	330,499	302,087
Hispanic Ministries Fees/Sales	236,941	221,535	305,014	404,736	347,721
Youth Camp/Campmeeting Fees/Sales	286,359	272,115	284,872	296,710	321,288
Employee Medical Contributions	331,100	197,688	203,179	199,857	197,382
Miscellaneous Income	169,401	189,619	263,154	198,110	166,292
Total Unrestricted Revenues & Gains	\$7,322,975	\$7,197,763	\$7,458,178	\$7,337,471	\$7,368,085
Net Assets Released From Restrictions	1,882,279	2,196,057	3,350,737	1,782,860	1,629,805
Total Unrestricted Revenues, Gains & Support	\$33,791,551	\$33,460,483	\$34,496,156	\$32,344,092	\$31,754,688
<b>EXPENSES &amp; LOSSES</b>					
Church Ministries	\$14,355,883	\$14,023,556	\$13,603,199	\$13,100,208	\$12,799,865
Education	13,755,558	13,916,349	14,510,717	13,469,346	12,203,818
Publishing	659,255	109,597	140,380	179,841	149,827
Special Services	574,033	576,270	580,014	607,888	602,259
General Administrative	2,582,315	2,715,979	2,604,457	2,489,659	2,627,785
Residence Expense	362,845	389,893	344,859	280,791	264,147
Retirement Contribution - DB Plan	3,673,452	3,433,802	3,220,288	3,149,708	3,082,940
Miscellaneous Supporting Services	9,982	12,363	10,429	11,716	21,832
Total Expenses & Losses	\$35,973,123	\$35,177,809	\$35,024,343	\$33,268,957	\$31,752,473
Net Increase (Decrease) from Operations	\$(2,181,572)	\$(1,717,326)	\$(528,187)	\$(924,865)	\$2,215
Net Increase (Decrease) from Non-Op Activity	\$7,286,461	\$2,583,444	\$(3,034,994)	\$4,072,447	\$(906,353)
Increase (Decrease) Unrestricted Net Assets	\$5,084,889	\$866,118	\$(3,563,181)	\$3,147,582	\$(684,138)
Increase (Decr) Temp/Perm Restricted Net Assets	15,098	(30,582)	(212,909)	(83,479)	44,504
Increase (Decrease) Net Assets	\$5,099,987	\$835,536	\$(3,776,090)	\$3,064,103	\$(639,634)
Net Assets, Beginning, Previously Stated	55,402,233	54,586,697	58,342,787	55,278,684	56,138,318
Net Assets, End of Year	\$60,502,220	\$55,402,233	\$54,566,697	\$58,342,787	\$55,278,684

## Potomac Conference Finance Statements Statement of Changes in Net Assets (over a period of time: Jan – Dec) (p. 61)

How much were our annual receipts?

**INCOME**

How much were our annual expenditures?

**EXPENSES**

Did we have Property Acquisitions/Sales, Etc?

**OTHER INCREASES/DECREASES**

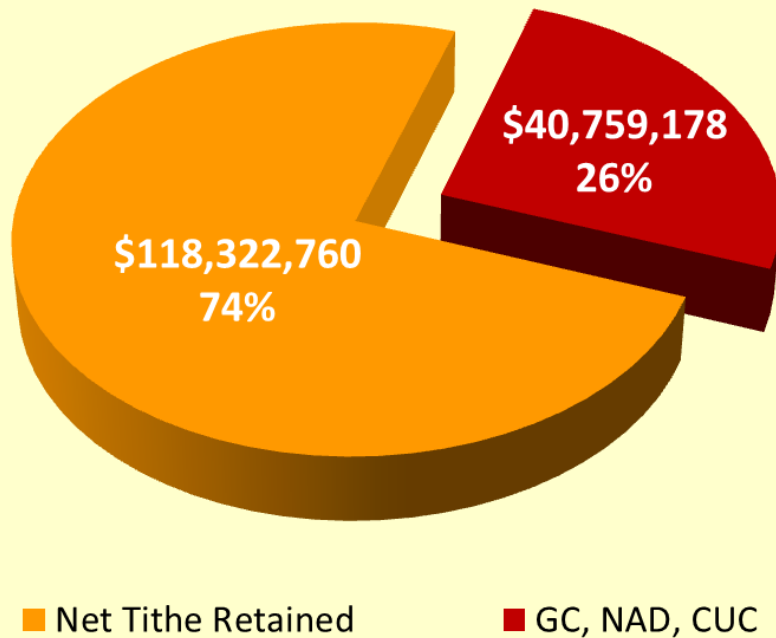
How has this changed what we have to work with?

**CHANGES IN NET ASSETS**

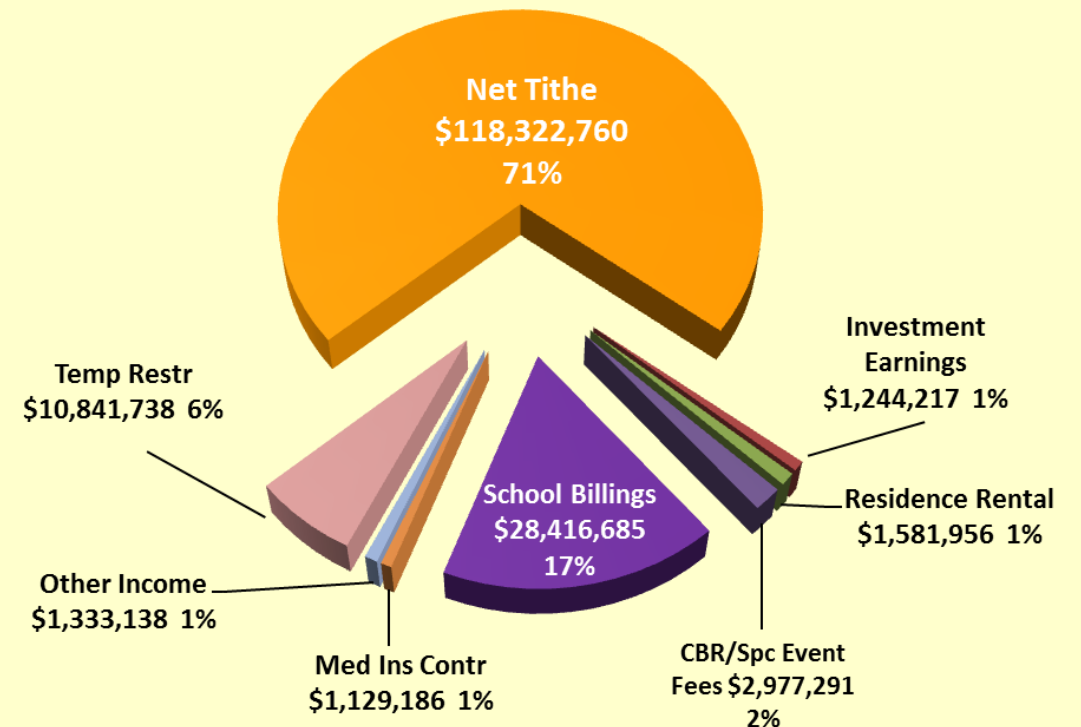
*Potomac Conference Constituency Session*  
**Financial Information Presentations**

*Graphs will be utilized to facilitate greater understanding*

**Total Tithe \$159,081,938**  
2010 - 2014



**Operating Income - \$165,846,971**  
2010 - 2014



**Potomac Conference**  
**Financial Audits**  
*(p. 266-338)*

Potomac Conference: December 31 year ends

SVA and TA: June 30 year ends

Living Well (ABC): January 31 year ends

- Qualified Opinions for the Conference, SVA and TA
- SVA and TA, rather than the Conference, show the cost and accumulated depreciation of school properties on their financial statements.
- .... “Except [for the above]... the special-purpose financial statements ... present fairly, in all material respects, the financial position... and the changes in... net assets...

- Unqualified Opinion for Living Well (ABC)
- ...the special-purpose schedules ... present fairly, in all material respects, the financial position... and the changes in its net assets...

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# **Delegate Orientation Meeting**

Three Main Motions for Consideration

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## Main Motions – A

A. (p. 31) That the Executive Committee of the Potomac Conference Corporation be granted permission to adjust the Conference Boundaries with the Chesapeake Conference to accommodate the location of Restoration Praise Center.

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SEVENTH-DAY  
ADVENTIST CHURCH  
Potomac Conference Corporation

## Main Motions – B

B. (p. 31) That we affirm the Cultivate initiative that every church, school, and entity within the Potomac Conference will engage in developing and participating in an ongoing cycle of evangelism.

1. To pray over each community and understand the demographics of each community where we are located.
2. Equipping and training for discipleship.
3. Friendship, creative and traditional community evangelism.
4. Impacting each region with the good news of the gospel, the Three Angels Message and Christ's soon return.
5. Each entity will have a harvesting event in March 2017, and will continue the cycle through 2020.

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SEVENTH-DAY  
ADVENTIST CHURCH  
Potomac Conference Corporation

## Main Motions – C

C. (p. 31) That the Potomac Conference Constituency endorse the Board of Education to advance the development of a healthy school system within the Potomac Conference that will:

1. Refine governance structures.
2. Explore delivery systems that engage non-traditional students.
3. Enhance accessibility and affordability of Adventist education.
4. Implement standards of excellence for holistic growth, academic achievement, and spiritual mentoring.
5. Effectively communicate the benefits of Adventist education to Potomac constituents and the resulting value to churches.

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ADVENTIST CHURCH  
Potomac Conference Corporation

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# **Delegate Orientation Meeting**

Review of Floor Processes  
And Information to Make Your Day Easier

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# Review of Floor Processes

- General Conference Rules of Order (English, p. 7; Spanish, p. 19)
- How to make a motion (English, p. 11; Spanish, p. 24)
- Point of Order (English, p. 11; Spanish, p. 24)
- Motion to Call the Previous Question (English, p. 13; Spanish, p. 26)



## Information to make session day easier

1. Arrive early to find parking, register, and seating
2. Will need photo ID for registration
3. Bring meeting materials electronically downloaded or printed. Read through material ahead of time.
4. Have an electronic recharger available.
5. Will need badge to be able to speak at the microphones



SECOND QUINQUENNIAL CONSTITUENCY MEETING  
OF THE POTOMAC CONFERENCE CORPORATION

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Delegate  
Orientation Meetings

Online Highlights  
August 12 – 29, 2015

