
JOURNAL

**TWENTY-NINTH
GENERAL ASSEMBLY
OF THE
CHURCH OF THE NAZARENE**

EDITED BY DAVID WILSON

MEETINGS HELD IN
THE INDIANA CONVENTION CENTER
INDIANAPOLIS, INDIANA, USA

25-30 JUNE 2017

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DIRECTORY

2013-2017

**CHURCH OF THE NAZARENE
GLOBAL MINISTRY CENTER
17001 Prairie Star Parkway Lenexa, KS 66220
USA**

BOARD OF GENERAL SUPERINTENDENTS

Jerry D. Porter	David W. Graves
J. K. Warrick	David A. Busic
Eugénio R. Duarte	Gustavo A. Crocker

Chairperson, David A. Busic

GENERAL SUPERINTENDENTS EMERITI

Eugene L. Stowe, Emeritus	James H. Diehl, Emeritus
Jerald D. Johnson, Emeritus	Paul G. Cunningham, Emeritus
Donald D. Owens, Emeritus	Nina G. Gunter, Emerita
Jim L. Bond, Emeritus	Jesse C. Middendorf, Emeritus
W. Talmadge Johnson, Emeritus	Stan A. Toler, Emeritus

THE GENERAL BOARD AND EXECUTIVE COMMITTEE

Board of General Superintendents
President, CHARLES A. DAVIS JR.
Vice President, KAFOA F. MUAROR
Secretary, DAVID P. WILSON (ex-officio)
Treasurer, KEITH B. COX (ex-officio)
Director, Global Mission, VERNE WARD III (ex-officio)

COMMITTEE CHAIRPERSONS

Randall J. Craker, Larry D. Dennis, Joel K. Pearsall

ADDITIONAL COMMITTEE REPRESENTATIVES

D. Ian Fitzpatrick, Shionel Blas A. Gesite, Min-Gyoo Shin

MEMBERS BY COMMITTEES

GLOBAL ADMINISTRATION AND FINANCE COMMITTEE

Joel Pearsall, <i>Chairperson</i>	Arlindo D. Mondlane
Shionel B. A. Gesite, <i>Vice Chairperson</i>	Terry C. Rowland
Hans-Günter Mohn, <i>Recording Secretary</i>	Daniel Spaite
Bryan K. Clay	Henry W. Spaulding II
Charles A. Davis Jr.	E. Tracy Spaur
Larry McIntire	Paul D. Tarrant

GLOBAL EDUCATION AND CLERGY DEVELOPMENT COMMITTEE

Randall J. Craker, <i>Chairperson</i>	Kenneth L. Mills
Cassandra Moodley-Pillay, <i>Vice Chairperson</i>	Michael G. Palmer
Bob Brower, <i>Recording Secretary</i>	Jose R. Santos
Anjon M. Bose	Michael E. Scott
Santosh Dongardive	Min-Gyoo Shin
Oscar R. Franco	Rob D. Songer
Andrés E. Hernández	Samuel S. Vilakati
Michael T. Johnson	Keven Wentworth

GLOBAL MISSION COMMITTEE

Larry D. Dennis, <i>Chairperson</i>	Curtis S. Ndlovu
D. Ian Fitzpatrick, <i>Vice Chairperson</i>	Haroldo M. Neves
Dwight M. Gunter II, <i>Recording Secretary</i>	Judy H. Owens
Peter Are	Milon Patwary
Darryl Bodkin	Patrick H. Paulse
Carmen L. Checo de Acosta	Gerson Rueda
Jimmy De Gouveia U.	John E. Seaman
David W. Falk	Ramón A. Sierra M.
Loren P. Gresham	Anips Spina
Rob Kegel	Amadeu A. Teixeira
T. Johannes Marakalla	Philip J. Weatherill
Kafoa F. Muaror	

MEMBERS BY CHURCH REGIONS

Minister

Layperson

AFRICA REGION

Arlindo D. Mondlane
Curtis S. Ndlovu
Patrick H. Paulse

T. Johannes Marakalla
Cassandra Moodley-Pillay
Samuel S. Vilakati

ASIA-PACIFIC REGION

Kafoa Muaror
Min-Gyoo Shin

Peter Are
Shionel B. A. Gesite

CANADA REGION

D. Ian Fitzpatrick

David W. Falk

CENTRAL USA REGION

John E. Seaman

Judy H. Owens

EAST CENTRAL USA REGION

Keven Wentworth

Bryan Clay

EASTERN USA REGION

Kenneth L. Mills

E. Tracy Spaur

EURASIA REGION

Anjon M. Bose
Santosh Dongardive
Hans-Günter Mohn

Rob Kegel
Milon Patwary
Paul D. Tarrant

MESOAMERICA REGION

Oscar R. Franco
Andrés E. Hernández
Ramón A. Sierra M.

Darryl Bodkin
Carmen L. Checo de Acosta
Michael Scott

NORTH CENTRAL USA REGION

Michael G. Palmer

Larry McIntire

NORTHWEST USA REGION

Randall J. Craker

Joel K. Pearsall

SOUTH AMERICA REGION

Anips Spina
Amadeu A. Teixeira

Haroldo M. Neves
Gerson Rueda
Jose R. Santos

SOUTH CENTRAL USA REGION

Terry C. Rowland

Loren Gresham

SOUTHEAST USA REGION

Larry D. Dennis
Dwight M. Gunter II

Charles A. Davis Jr.
Michael T. Johnson

SOUTHWEST USA REGION

Rob D. Songer

Daniel W. Spaitte

EDUCATION

Henry W. Spaulding II

Bob Brower

NAZARENE MISSIONS INTERNATIONAL

Philip J. Weatherill

NAZARENE YOUTH INTERNATIONAL

Jimmy De Gouveia

Board Members

D. Randy Berkner	Saurabh Emmanuel
Jim C. Bond	R. Kendall Franklin
Ken R. Carney	Mark L. Fuller
Bill T. Carr	Jerome Hancock
Jeremy Carr	Bonnie J. Perry
Moises Champo	Brett Rickey
Cindy L. Charles	David G. Roland
Arlene J. Chenoweth	Shawn A. Siegfried
Daniel W. Cole	Charles A. Tillman
J. Kevin Dennis	Lenny Wisehart

GLOBAL NAZARENE MISSIONS INTERNATIONAL COUNCIL

Philip Weatherill, <i>President</i>	Gerald Myers, <i>Southwest USA</i>
Richard Bahan, <i>Canada</i>	Haroldo M. Neves, <i>South America</i>
Carolita Fraley, <i>Northwest USA</i>	Kathy Pelley, <i>East Central USA</i>
Teresa Hodge, <i>Southeast USA</i>	Carlos Quijano Llera, <i>Mesoamerica</i>
Mary Johnson, <i>South Central USA</i>	Rhonda Rhoades, <i>North Central USA</i>
Sharon Kessler, <i>Eastern USA</i>	Pauline Sheppard, <i>Asia-Pacific</i>
Carla Lovett, <i>Central USA</i>	Cathy Tarrant, <i>Eurasia</i>
Ezekiel Mnisi, <i>Africa</i>	

Lola Brickey, *Global Nazarene Missions International Director*

Verne Ward III, *Global Mission Director*

David A. Busic, *General Superintendent (Advisor)*

GLOBAL NAZARENE YOUTH INTERNATIONAL COUNCIL

David Gonzalez, <i>Council Chair</i>	Milton Gay, <i>Mesoamerica</i>
Ronald Miller, <i>Africa</i>	Jimmy De Gouveia, <i>South America</i>
Janary Suyat de Godoy, <i>Asia-Pacific</i>	Justin Pickard, <i>USA/Canada</i>
Diego Lopez, <i>Eurasia</i>	

Gary Hartke, *Nazarene Youth International Director*

GENERAL ASSEMBLY OFFICERS

2017

Board of General Superintendents

Jerry D. Porter	David W. Graves
J.K. Warrick	David A Busic
Eugénio R. Duarte	Gustavo A. Crocker

General Secretary

David P. Wilson

General Treasurer

Marilyn J. McCool

HISTORICAL DATA

VOTE RECORD OF THE GENERAL ASSEMBLY SESSIONS

<i>Number</i>	<i>Dates</i>	<i>Year</i>	<i>Location</i>	<i>Secretary</i>	<i>Vote Record</i>
1 st	October 10-17	1907	Chicago, Illinois	Robert Pierce	No record
2 nd	October 8-14	1908	Pilot Point, Texas	Robert Pierce	166
3 rd	October 5-14	1911	Nashville, Tennessee	F. C. Epperson	154
4 th	Sept. 30-Oct. 11	1915	Kansas City, Missouri	F. M. Mendell	220
5 th	Sept. 25-Oct. 6	1919	Kansas City, Missouri	E. J. Fleming	212
6 th	Sept. 20-Oct. 2	1923	Kansas City, Missouri	E. J. Fleming	296
7 th	June 13-25	1928	Columbus, Ohio	E. J. Fleming	393
8 th	June 12-23	1932	Wichita, Kansas	E. J. Fleming	468
9 th	June 21-29	1936	Kansas City, Missouri	E. J. Fleming	485
10 th	June 16-24	1940	Oklahoma City, Oklahoma	C. W. Jones	572
11 th	June 18-23	1944	Minneapolis, Minnesota	C. W. Jones	559
12 th	June 20-27	1948	St. Louis, Missouri	S. T. Ludwig	626
13 th	June 22-27	1952	Kansas City, Missouri	S. T. Ludwig	624
14 th	June 17-22	1956	Kansas City, Missouri	S. T. Ludwig	694
15 th	June 19-24	1960	Kansas City, Missouri	S. T. Ludwig	668
16 th	June 21-27	1964	Portland, Oregon	B. Edgar Johnson	672
17 th	June 16-21	1968	Kansas City, Missouri	B. Edgar Johnson	677
18 th	June 18-23	1972	Miami Beach, Florida	B. Edgar Johnson	650
19 th	June 20-25	1976	Dallas, Texas	B. Edgar Johnson	752
20 th	June 23-27	1980	Kansas City, Missouri	B. Edgar Johnson	766
21 st	June 23-28	1985	Anaheim, California	B. Edgar Johnson	801
22 nd	June 25-30	1989	Indianapolis, Indiana	B. Edgar Johnson	750
23 rd	July 25-30	1993	Indianapolis, Indiana	Jack Stone	871
24 th	June 22-27	1997	San Antonio, Texas	Jack Stone	908
25 th	June 20-29	2001	Indianapolis, Indiana	Jack Stone	995
26 th	June 26-30	2005	Indianapolis, Indiana	Jack Stone	942
27 th	June 28-July 2	2009	Orlando, Florida	David P. Wilson	966
28 th	June 22-27	2013	Indianapolis, Indiana	David P. Wilson	1197
29 th	June 25-30	2017	Indianapolis, Indiana	David P. Wilson	1409

GENERAL SUPERINTENDENTS

The following have been elected to the office of general superintendent:

Phineas F. Bresee	1907, 1908, 1911, 1915
Hiram F. Reynolds	1907, 1908, 1911, 1915, 1919, 1923, 1928, emeritus 1932
Edgar P. Ellyson	1908
Edward F. Walker	1911, 1915
William C. Wilson	1915

John W. Goodwin	1916 (by district superintendents), 1919, 1923, 1928, 1932, 1936, emeritus 1940
Roy T. Williams	1916 (by district superintendents), 1919, 1923, 1928, 1932, 1936, 1940, 1944
James B. Chapman	1928, 1932, 1936, 1940, 1944
Joseph G. Morrison	1936
Orval J. Nease	1940, 1948
Howard V. Miller	1940, 1944, 1948
Hardy C. Powers	1944, 1948, 1952, 1956, 1960, 1964, emeritus 1968
G. B. Williamson	1946 (by district superintendents), 1948, 1952, 1956, 1960, 1964, emeritus 1968
Samuel Young	1948, 1952, 1956, 1960, 1964, 1968, emeritus 1972
Daniel I. Vanderpool	1949 (by district superintendents), 1952, 1956, 1960, emeritus 1964
Hugh C. Benner	1952, 1956, 1960, 1964, emeritus 1968
V. H. Lewis	1960, 1964, 1968, 1972, 1976, 1980, emeritus 1985
George Coulter	1964, 1968, 1972, 1976, emeritus 1980
Edward Lawlor	1968, 1972, emeritus 1976
Eugene L. Stowe	1968, 1972, 1976, 1980, 1985, 1989, emeritus 1993
Orville Jenkins	1968, 1972, 1976, 1980, emeritus 1985
Charles Strickland	1972, 1976, 1980, 1985
William M. Greathouse	1976, 1980, 1985, emeritus 1989
Jerald D. Johnson	1980, 1985, 1989, 1993, emeritus 1997
John A. Knight	1985, 1989, 1993, 1997, emeritus 2001
Raymond W. Hurn	1985, 1989, emeritus 1993
William J. Prince	1989, 1993, 1997, emeritus 2001
Donald D. Owens	1989, 1993, emeritus 1997
James H. Diehl	1993, 1997, 2001, 2005, emeritus 2009
Paul G. Cunningham	1993, 1997, 2001, 2005, emeritus 2009
Jerry D. Porter	1997, 2001, 2005, 2009, 2013, emeritus 2017
Jim L. Bond	1997, 2001, emeritus 2005
W. Talmadge Johnson	2001, emeritus 2005
Jesse C. Middendorf	2001, 2005, 2009, emeritus 2013
Nina G. Gunter	2005, emerita 2009
J. K. Warrick	2005, 2009, 2013, emeritus 2017
Eugenio Duarte	2009, 2013, 2017
David W. Graves	2009, 2013, 2017
Stanley A. Toler	2009, emeritus 2013
David A. Busic	2013, 2017
Gustavo A. Crocker	2013, 2017
Filimão M. Chambo	2017
Carla D. Sunberg	2017

CHRONOLOGICAL OUTLINE

1887. July. People's Evangelical Church organized in Providence, Rhode Island.
1888. Congregations of The Holiness Church, a California-based denomination, are organized in Texas by Revs. Thomas and Dennis Rogers.
1890. March. People's evangelical Church leads other New England holiness churches in organizing a new denomination, the Central Evangelical Holiness Association.
1894. January. Utica Avenue Pentecostal Tabernacle organized at Brooklyn, New York, by Rev. William Howard Hoople.
1894. July. First congregation of the New Testament Church of Christ organized at Milan, Tennessee, by Rev. R. L. Harris.
1895. October. First Church of the Nazarene, Los Angeles, California, organized under the leadership of Rev. Phineas F. Bresee and Dr. J. P. Widney.
1895. December. The Association of Pentecostal Churches of America was organized at Brooklyn, New York.
1896. November. Merger of the Central Evangelical Holiness Association and the Association of Pentecostal Churches of America. The name of the latter is retained as that of the united body.
1898. First annual assembly of the Church of the Nazarene involves three congregations and some urban missions. A manual and a church paper are authorized.
1898. Pentecostal Mission organized in Nashville, Tennessee, by Rev. J. O. McClurkan.
1901. First Independent Holiness Church organized at Van Alstyne, Texas, by Rev. C. B. Jernigan. As it grows, it absorbs the Texas congregations of The Holiness Church.
1904. November. At Rising Star, Texas, representatives of the Independent Holiness Church and the New Testament Church of Christ agree on a joint manual under which their bodies can unite as the Holiness Church of Christ.
1905. First delegated meeting of the Holiness Church of Christ finalizes the merger.
1906. Visit of the "Three Wise Men of the East" - Revs. H. N. Brown, J. N. Short, A. B. Riggs - to the annual Assembly of the Church of the Nazarene at Los Angeles, California.
1906. September. First distinctively holiness church in Scotland conducts its first service in the Great Eastern Roads Hall, Glasgow, being organized by Rev. George Sharpe. The Pentecostal Church of Scotland, a new denomination, grows out of this movement.
1907. April. Visit of Revs. P. F. Bresee, H. D. Brown, C. W. Ruth, and E. A. Girvin to the annual meeting of the Association of Pentecostal Churches of America at Brooklyn, New York.
1907. October. First General Assembly of the Pentecostal Church of the Nazarene at Chicago. The tenth annual meeting of the Association of Pentecostal Churches of America and the tenth general assembly of the Church of the Nazarene was held jointly in Chicago, Illinois, where their negotiations were completed, a union effected, and a new name for the united body was selected.
1908. October. The second General Assembly, held at Pilot Point, Texas, effects the merger of the Holiness Church of Christ with the Pentecostal Nazarenes.
1911. October. Third General Assembly held at Nashville, Tennessee. This was the first delegated General Assembly. Nazarene Publishing House and *Herald of Holiness* are authorized.
1915. February. Union of the Pentecostal Mission organization of Tennessee with the Pentecostal Church of the Nazarene at Nashville, Tennessee.
1915. October. Fourth General Assembly of the Pentecostal Church of the Nazarene held at Kansas City, Missouri. Woman's Missionary Society authorized.

1915. November. The Pentecostal Church of Scotland unites with the Pentecostal Church of the Nazarene.

1919. October. Fifth General Assembly of the Pentecostal Church of the Nazarene held at Kansas City, Missouri. Name changed to Church of the Nazarene.

1923. October. Sixth General Assembly of the Church of the Nazarene held at Kansas City, Missouri. Nazarene Young Peoples' Society authorized. Department of Church Schools created. The General Board is authorized. General Budget plan established.

1928. June. Seventh General Assembly held at Columbus, Ohio. Church Constitution adopted.

1932. June. Eighth General Assembly held at Wichita, Kansas.

1936. June. Ninth General Assembly held at Kansas City, Missouri.

1940. June. Tenth General Assembly held at Oklahoma City, Oklahoma.

1944. June. Eleventh General Assembly held at Minneapolis, Minnesota. Authorized a graduate theological seminary, a radio program, and the Spanish Department.

1948. June. Twelfth General Assembly held at St. Louis, Missouri. Mid-Century Crusade for Souls launched.

1950. Portions of the Hephzibah Faith Missionary Association unite with the Church of the Nazarene, bringing new mission work in South Africa.

1952. June. Thirteenth General Assembly held at Kansas City, Missouri.

1952. October 29. The union of the International Holiness Mission with the Church of the Nazarene was consummated at Leeds, England.

1955. June 11. The union of the Calvary Holiness Church with the Church of the Nazarene was consummated at Manchester, England.

1956. June. Fourteenth General Assembly held at Kansas City, Missouri.

1958. September 7. The union of the Gospel Workers Church of Canada with the Church of the Nazarene was consummated.

1960. June. Fifteenth General Assembly held at Kansas City, Missouri.

1964. June. Sixteenth General Assembly held at Portland, Oregon. Authorizes two new junior colleges and a Bible school.

1968. June. Seventeenth General Assembly held at Kansas City, Missouri.

1972. June. Eighteenth General Assembly held at Miami Beach, Florida. Change of Special Rules to permit church membership for divorced persons "at such a time as they have given evidence of their regeneration and awareness of their understanding of the sanctity of Christian marriage."

1976. June. Nineteenth General Assembly held at Dallas, Texas. Revision of General and Special Rules; changes in General Board Structure to create a Division of Christian Life (by merging the departments of Church Schools and Youth); making the Communications and Stewardship Commissions into Departments of the General Board.

1980. June. Twentieth General Assembly held at Kansas City, Missouri. Defined "region" and created 15 world regions for the church. General Board membership altered to reflect representation by regions. General Board given authority to reorganize its various Headquarters offices into divisions.

1985. June. Twenty-first General Assembly held at Anaheim, California. Adopted a new General Board and headquarters department/division structure. Assigned election of general officers to General Board. Created a second order of ministry – the deacon – and clarified ministerial "credentials" and "roles." Provided for Regional Councils. Added explanatory paragraphs to the Article of Faith on Sin and Depravity.

1988. April. An indigenous Church of the Nazarene in Nigeria unites with the international Church of the Nazarene.

1989. June. Twenty-second General Assembly held at Indianapolis, Indiana. Adopted new Article of Faith on "The Church," accepted new procedure for reviewing the call of a pastor.

1993. July. Twenty-third General Assembly held at Indianapolis, Indiana. Repositioned NYI separately from Sunday School Ministries. Adopted the report of the Divorce and the Ministry Study Committee, emphasizing the biblical plan for the permanence of marriage, but providing that where divorce and remarriage has occurred, the marriage partners, upon genuine repentance of their sins, are not automatically disqualified from serving as ministers. Changed district categories from four to three, strengthened the authority of regional councils, and authorized the creation of a USA National Board. Accepted new language on such "sanctity of life" issues as genetic engineering, euthanasia, allowing to die, and abortion.

1997. June. Twenty-fourth General Assembly held in San Antonio, Texas. Created "*Holiness Today*" magazine by merging the *Herald of Holiness* and *World Mission* magazines. Altered process for amending the Special Rules to two-thirds "present and voting." Gave flexibility to world regions in structuring themselves. Approved concept of "life long learning" for ministers and agreed to record continuing education achievements on ministerial records.

2001. June. Twenty-fifth General Assembly held in Indianapolis, Indiana. Changed regional membership criteria for nomination of General Board members (*Manual* paragraph 330.2), thereby decreasing number of General Board members (42).

2005. June. Twenty-sixth General Assembly held in Indianapolis, Indiana. Elected the first woman (Nina G. Gunter) to the Board of General Superintendents. Changed the amendment process for the church constitution from a two-thirds vote of registered General Assembly delegates to a two-thirds vote of delegates present and voting. Voted to allow use of leavened bread in the sacrament of the Lord's Supper. Voted to place the *Manual* on the internet.

2008. Global Ministry Center relocated to Lenexa, Kansas, in September. On October 5, denominational Centennial Celebrations held in 24 time zones around the world.

2009. June. Twenty-seventh General Assembly held in Orlando, Florida. The first African (Eugenio Duarte, Cape Verde) is elected to the Board of General Superintendents. An abbreviated "global" *Manual* is authorized.

2013. June. Twenty-eighth General Assembly held in Indianapolis, Indiana. The first Latin American (Gustavo Crocker, Guatemala) is elected to the Board of General Superintendents. Authorized simultaneous sites for future General Assemblies.

2017. June. Twenty-ninth General Assembly held in Indianapolis, Indiana. The second African (Filimao Chambo of Mozambique) and the second woman (Carla Sunburg) were elected to the Board of General Superintendents. By an overwhelming margin, the assembly adopted a comprehensive statement on "Human Sexuality" that was grounded in theological ethics. The assembly adopted an extensive "Affirmation and Declaration of Human Freedoms."

ROLL OF DELEGATES

Delegation	Delegate	Seated	Ex-Officio	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance
General Superintendent	David Busic	•	•				•							
	Gustavo Crocker	•	•										•	
	Eugenio Duarte	•	•						•					
	David Graves	•	•					•						
	Jerry Porter	•	•							•				
	J. K. Warrick	•	•									•		
General Superintendent Emeritus	Jim Bond	•	•											
	James Diehl	•	•							•				
	Nina Gunter	•	•										•	
	W. Talmadge Johnson	•	•											
	Jesse Middendorf	•	•											
Administration, Ex-Officio	Lola Brickey	•	•								•			
	Robert Broadbooks	•	•					•						
	Mark Brown	•	•					•						
	Filimao Chambo	•	•							•				
	Daniel Copp	•	•									•		
	Keith Cox	•	•										•	
	David Gonzalez Perez	•	•							•				
	Gary Hartke	•	•					•						
	Dale Jones	•	•											
	Mark Lail	•	•											•
	Mark Louw	•	•							•				
	Kenneth MacMillan	•	•							•				
	Franklin Moore	•	•											
	Ken Roney	•	•											•
	Luis Saenz Caballero	•	•					•						
	Christian Sarmiento	•	•							•				
	Arthur Snijders	•	•											•
	Woodie Stevens	•	•					•						
	Donald Walter	•	•											•
	LuVerne Ward, Jr.	•	•								•			
	Philip Weatherill	•	•											
	David Wilson	•	•					•						
AFRICA DELEGATION														
Education	Antero De Sá Nogueira Fontes	•	•					•						
	Elijah King'ori	•	•						•					
	Catherine Lebesse	•	•				•							
	Winnie Nhlengethwa	•	•									•		
Missionary	Cyprian Ganda	•	•							•				
Angola Centro	Daniilo Freire Soares De Carvalho	•	•											•
	Domingos Patricio	•	•		•		•							
Angola Cunene	Gideon Shikongo	•	•									•		
	Jose Tchankuta	•	•		•									
Angola Lubango	Bernardo Cambinda	•	•				•							
	Jorge Fernando	•	•		•									
Benin Atlantic Coast	Moise Toumoudagou	•	•							•				
	Samuel Mehou	•	•		•									
Benin Okpara	Clement Yekpon	•	•		•			•						
	Tchintocho Chabi	•	•					•						
Benin Pendjari	Weyandri Touboudagou	•	•						•					
Botswana	Boyce Ramasilo	•	•								•			
	Galerekwe Moswele	•	•		•									
	Ketshepile Segale Mooketsi	•	•			•						•		
Cabo Verde	Emanuel Simas Araujo	•	•				•							
	Leniza Lima Monteiro Silva Soares	•	•	•				•						
	Renato Gomes Monteiro	•	•		•									
	Arlindo Tavares	•	•		•									
	Ana Ferreira Pinto Vaz De Pina	•	•		•									•
	Loide Morais Araujo	•	•		•									
Cote d'Ivoire South	Roseli Rick De Carvalho	•	•				•						•	
	Andre Maloula	•	•							•				
Dem. Rep. of the Congo Central North Kivu	Igilima Bugeshi	•	•											
	Jacques Balibanga	•	•		•					•				
	Louis Okende	•	•		•									
Dem. Rep. of the Congo South Katanga	Olivier Baziramwabo	•	•		•			•						
	Esperance Chirezi	•	•							•				
	Andre Fuamba	•	•		•									
Dem. Rep. of the Congo South Kivu	Philippe Ilunga	•	•		•									
	Deo Munyololo	•	•							•				
Dem. Rep. of the Congo Virunga	Rwananiye Pigeon	•	•					•						
	Mamboleo Dieudonne	•	•		•									
	Innocent Nzabanita	•	•		•									
Ethiopia Aleta Selam	Tresor Madellin	•	•			•								
	NO DELEGATION													
Ethiopia Bansa-Bona	NO DELEGATION													
Ethiopia South Central	NO DELEGATION													
Ethiopia West Central	NO DELEGATION													

Delegation	Delegate	Seated	Ex - Officio	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance
Kenya Central	Gerphas Oure	•												
	Silla Onyango	•		•										
Kenya Eastern	Emily Chege	•			•			•						
	Augustus Mawia	•	•										•	
	Crescencia Amakove	•			•									
	Agnes Mwendwa					•								
Kenya Lake Victoria	NO DELEGATION													
Kenya Mount Kenya	Martin Njenjere	•	•					•						
Kenya Rift Valley	NO DELEGATION													
Lesotho	John Mpusi	•	•											
Liberia Central	Sam Lama	•	•											
	Zlannah Buduo			•										
	Wellington Patrick	•					•							
Liberia Monrovia	Hawa Massaquoi	•	•									•		
	Darius Wonyen	•				•								
	Larry Paul					•								
Liberia Southeast	William Grant	•	•											
	Isaac Jelleh			•										
	Alfred George	•			•		•							
Malawi Central	Chinkanga Nyirenda		•											
Malawi North	Robert Chinula		•											
Malawi South	Harrison Chabwera	•		•				•						
Mozambique Angonia	NO DELEGATION													
Mozambique Boane	Admirado Chaguala	•	•										•	
	Mordecai Nhabanga			•										
	Celeste Chaguala	•												
Mozambique Chibuto	Eduardo Novele	•	•											
	Rodrigues Matosse	•		•									•	
	Rita Moiane			•										
	Nassone Moiane	•				•						•		
Mozambique Limpopo	NO DELEGATION													
Mozambique Macanga	NO DELEGATION													
Mozambique Manjacaze	Artimisa Muxlhanga Sambo	•	•					•						
Mozambique Maputo	Jose Moiane	•	•											
	Simiao Simbine	•		•									•	
	Helena Uelemo Mussane	•		•									•	
	Lourino Chiconele			•										
	Essineta Mondlane			•										
	Filipe Mutisse	•												
	Joao Sambo	•						•						
	Samuel Siteo	•						•						
Mozambique Matola	Andre Chilengue	•	•										•	
	Vasco Mabote	•		•										
	Benedito Mugabe	•						•						
	Teresa Nhantumbo	•						•						
Mozambique Mavengane	NO DELEGATION													
Mozambique Tete	NO DELEGATION													
Mozambique Xai-Xai	Simiao Chiponde	•	•										•	
Namibia Central	Josef Kamonga	•	•											
	Alberth Tjiuma	•						•						
Nigeria Lagos	Friday Udofia	•	•											•
	Sunday Chama													
	Richard Uyok	•												
Nigeria Southeast	Okokon Udo	•	•											
	Obinna Robinson	•						•						
Rwanda Central	Zabulon Habimana	•	•											
	Jacques Niyonsaba			•										
	Namasoso Narukumi							•						
	Marcelline Muhimakazi	•						•						
Rwanda Northwest	Simon Rwaramba	•	•											
	Caritas Mukarurangwa			•										
	Floribert Mhategekimana	•												•
	Leonard Bizimungu													
South Africa RSA Drakensberg	Muriel Mambane	•	•											
	Dance Mathebula	•		•										•
	Maponkie Majola			•										
	Florence Mkhonta			•										
	Lebogile Prudence Nxumalo	•											•	
	Roy Qhibi	•						•						
South Africa RSA Eastern	Curtis Ndlou	•	•											
	Fikie Florence Ngwane	•		•				•						
	Isaac Nyathi	•		•										
	Dzunisani Ngobeni			•				•						
	Phumulo Mashaba	•												•
	Clifford Mikateko Mdaka	•												
	Solomon Mkhatsywa	•												
	Elias Mbowana												•	
South Africa RSA Eastern Cape	Randall Julie	•	•											
	Marilyn McGuire							•						
	Avril Higgins	•												
	Sam James			•										
South Africa RSA Free State	Sam James			•										
South Africa RSA Gauteng	Dennis Phillips	•	•											

Delegation	Delegate	Seated	Ex - Officio	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance
	Molifi Mogorosi			•										
	Selloane Sibeko			•										
	Edwin Van Zeeberg	•		•										•
	Thembisile Mogorosi	•				•							•	
	Grizelda Smith					•								
South Africa RSA Highveld	Janson Mashego	•	•						•					
South Africa RSA Kwa Zulu Natal	Stanley Ushe	•	•									•		
	Titus Joseph	•		•				•						
	Vusimuzi Thabethe			•										
	Teaven Joseph	•				•								•
	Indhria Soobramoney	•				•		•						
	Lily Montgomery					•								
	Danny Naicker					•								
South Africa RSA Limpopo Northwest	Hlabane Mahlaba	•	•							•				
	George Kanjere			•										
	Manyoka Ubisi			•										
	Mike Mogashoa					•								
South Africa RSA North Central	Kenneth Moyeng	•	•						•					
South Africa RSA Northeast	Ezekiel Mnisi	•	•											•
	Kgashane Maaake					•								
	Maishe Mothomogolo					•								
South Africa RSA Northern Cape	Mhakamuni Mhlongo	•				•		•						
	Molifi Mogorosi	•	•							•				
	Onkemetse Mogwaditsha					•								
	Marakalla Honey Glenda Moepeng	•				•						•		
	Keitumetse Makgwe							•						
South Africa RSA Southeastern	Hlanganisa Thango	•	•							•				
	Frekkie Nkosi					•								
	Sibusiso Nxumalo	•				•						•		
	Thandi Yende							•						
South Africa RSA Soutpansberg	Ntsanwani Rakhadani	•	•					•						
	Raphulu Muladelo	•				•								•
South Africa RSA Sunrise	Patrick Gamedze													
	Khomotso Ndlovu	•				•								•
	Ntombi Ndlovu	•				•						•		
South Africa RSA Western	Malemang Bopape	•	•									•		
	Sharon Ngomane					•								
	Remember Maluleka	•				•							•	
	Zacharia Maake							•						
South Africa RSA Western Cape	Mashangu Maluleka	•	•							•				
	William Bantom			•										
	William Bantom	•				•		•						
	Howard Mitchell					•								
	Trevor Rich					•								
	Quinton Williams					•								
	Erica Mitchell					•								
	Deborah Wesso					•								
	Clement Cupido							•						
	Michael Greenwood							•						
	Hildegard Hanekam							•						
	Ilona Yorke							•						
South Sudan Southeast	NO DELEGATION													
Swaziland Central	Musa Victor Kunene	•	•										•	
	MfanaleniFanase Mkhathswa	•		•				•						
	Prudence Kunene					•								
	Andile Nhleko					•								
	Glorious Mkhwanazi	•				•						•		
	Mfanasibili Ndlovu	•				•		•						
	Zandile Mavuso							•						
	Lungisani Mkoko							•						
Swaziland East	Timothy Dlamini	•	•						•					
	Majahonkhe Khumalo	•		•				•						
	Nhlanhla Mnisi	•				•		•						
	Londiwe Twala					•								
	Roberta Mashaya	•						•					•	
Swaziland North	Philemon Dlamini			•										
	Bhekie Kunene	•		•								•		
	Friday Fakudze					•								
	Richard Dlamini	•				•			•					
Swaziland South	Sipho Ncongwane	•	•								•			
	Simon Radebe					•								
	Assiena Dlamini	•				•							•	
	Mandlenkosi Mndlovu							•						
Tanzania South	NO DELEGATION													
Uganda Southwest	Fred Bagoole	•	•								•			
Uganda West	NO DELEGATION													
Zambia Copperbelt	Wilfred Yambayamba	•	•							•				
Zambia South	Neudi Nkunika	•	•							•				
	Rose Chipasu					•								
	Joseph Kaputula	•		•							•			
	Michael Mwamba	•		•				•						
	Alfonso Mwansa	•				•					•			

Delegation	Delegate	Seated	Ex - Officio	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance
	Chisomo Sakala													
	Grace Sakala	•												•
	Rebecca Zulu	•												
	Annie Kosonkomona													
Zimbabwe East	Willard Katandika	•	•							•				
	Phannuel Goredema	•		•							•			
	Crispen Chiwundiza													
Zimbabwe West	Paul Mtambo	•	•											•
NONVOTING DELEGATION														
Education	Katambu Balibanga	•	•								•			
	Stanley Bhebhe	•	•										•	
	Gastão Correira	•	•										•	
	Chinyama Lilema	•	•										•	
	Leah Marangu	•	•						•					
	Adolfo Tembe	•	•											•
Missionary	Rodney Reed		•											
AFR CA #11	NO DELEGATION													
Angola Luanda	NO DELEGATION													
Burkina Faso	NO DELEGATION													
Burundi	Luc Ntahobari	•	•											
Cote d'Ivoire Central	Prao Kouakou	•	•					•						
Dem. Rep. of the Congo West	Hermenelgilde Matungulu	•	•					•						
Equatorial Guinea	Daniel Mifumu	•	•						•					
Ethiopia Central	NO DELEGATION													
Ethiopia Northwest	NO DELEGATION													
Ethiopia Omo	NO DELEGATION													
Ethiopia Southeast	NO DELEGATION													
Ethiopia Southwest	NO DELEGATION													
Ghana Coastal	NO DELEGATION													
Ghana Midland	Alex Akomaning	•	•								•			
Ghana North	Frank Mills	•	•						•					
Kenya Western	NO DELEGATION													
Madagascar	NO DELEGATION													
Malawi Lakeshore	Mwakilasa Kaponda	•	•								•			
Malawi Lower Shire	Gershom Kwerakwera	•	•						•					
Mozambique Alto Shangaan	NO DELEGATION													
Mozambique Ile	NO DELEGATION													
Mozambique Inhambane	NO DELEGATION													
Mozambique Manica Province	NO DELEGATION													
Mozambique Milange	NO DELEGATION													
Mozambique Mocuba	NO DELEGATION													
Mozambique Morrumbala	NO DELEGATION													
Mozambique Nampula Central	NO DELEGATION													
Mozambique Nampula East	NO DELEGATION													
Mozambique Nampula Mecuburi	NO DELEGATION													
Mozambique Nampula South	NO DELEGATION													
Mozambique Nampula West	NO DELEGATION													
Mozambique Quelimane	NO DELEGATION													
Mozambique Rio Zambeze	NO DELEGATION													
Mozambique Sofala Central	NO DELEGATION													
Mozambique Sofala Marromeu	NO DELEGATION													
Mozambique Vilanculos	NO DELEGATION													
Mozambique Zavala	NO DELEGATION													
Senegal	Daniel Gomis	•	•								•			
Sierra Leone	Vidal Cole	•	•						•					
South Sudan South	NO DELEGATION													
Tanzania Central	NO DELEGATION													
Tanzania Northwest	Edson Mwandetele	•	•						•					
Uganda Central	Nathan Menyha	•	•											•
Uganda South	NO DELEGATION													
Zambia Luapula Northern	NO DELEGATION													
Zambia Northwestern	Isaac Kalumbila	•	•						•					
	Davy Chinyundu					•								
ASIA-PACIFIC DELEGATION														
Education	Robbie Fringer	•	•											•
	Seung-an IM	•	•								•			
	Manabu Ishida	•	•						•					
	Wallace Kintak	•	•					•						
	Donghwan Kwon	•	•										•	
	Leilani Roqara	•	•									•		
Missionary	Stephen Gualberto	•	•					•						
APR CA #3	Delegate	•	•								•			
Australia North and West	Roland Hearn	•	•											•
	Livingston Po Ching													
	Steven Walsh													
	Graeme Castlehow	•											•	
	Emmy Hearn													•
	Fusipala Po Ching													•
Australia Southern	Satish Manmothe	•	•					•						

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	Jennifer Karmas	•				•							•	
Fiji	Karen Northey						•							
	Kafoa Muaror	•	•								•			
	Rupeni Fatiaki			•										
	Sesevu Qioniwasa			•										
	Akanisi Muaror	•				•		•						
	Ulaiasi Nasukau						•							
Indonesia Java-Bali	Inise Radini Toga						•							
	Sigit Karyono	•												
	Timotius Djuwahir			•										
	Teguh Sembodo			•										
	Seri Damarwanti					•								
Japan	Shuji Furukawa	•	•						•					
	Setsuko Igaue	•					•		•					
Myanmar (Burma)	Donghwan Kwon		•											
	Van Lal Enkawl Tir			•										
	Lal Nun Mawia	•		•								•		
	Ram Neih Thanga			•										
	Ngur Khuma					•								
	Tlang Lian Chhuma						•							
	Huap Liana						•							
New Zealand	Neville Bartle	•	•								•			
	Cathy Nofoa	•					•					•		
Papua New Guinea Bromley Memorial	Kamda Kanzpena	•	•						•					
	Isaac Bomgai			•										
	Paul Sendoi					•								
	Noah Kamdan						•							
Papua New Guinea East Sepik	Yaumil Sine	•					•		•					
	Yambe Sike	•	•						•					
	James Winmalai					•								
	Buckley Bob	•					•		•					
	Martin Disip						•							
Papua New Guinea Hagen	Peter Degene	•	•									•		
	Samson Philip					•								
	Evelyn Pek	•					•		•					
	Stanley Tamo						•							
Papua New Guinea Middle Ramu	Peniperite Fakaua		•											
	Sivas Jambal			•										
	Albert Mintmint			•										
	Joel Fungfung					•								
Papua New Guinea North Coast	Lucas Gris						•							
	Gabriel Kaulo	•	•						•					
	Moiam Yambon	•					•							•
	Justin Paki						•							
Papua New Guinea Simbu/Eastern High	Enoch Thomas		•											
	John Bena					•								
	Gerri Barime						•							
Papua New Guinea South Coastal	Ako Arua Mea	•	•								•			
	Korin Tame					•								
	Francis Waibe	•					•					•		
Papua New Guinea Southern Highlands	Joseph Yapasi	•	•						•					
	Willie Moses					•								
	George Epei	•					•		•					
	Jeffery Kereme						•							
	Beson Osil						•							
Papua New Guinea Western Highlands	Andrew Akus	•	•						•					
	Benny Kiangua			•										
	Wanis Yap	•		•				•						
	David Pund	•				•							•	
	Koimb Wii	•				•						•		
Philippines Bicol	NO DELEGATION													
Philippines Central Visayas	Nilo Rosende		•											
	Josefin Ano-os	•		•							•			
	Virginia Gibson					•								
Philippines Eastern Visayas	Asalim Gunda	•	•					•						
	Emma Abot					•								
	Sheila Montes						•							
Philippines Luzon	Marcelino Ochoco, Jr.	•	•						•					
	Saturnino Galino			•										
	Peter Paul Domen	•		•							•			
	Federico Padilla			•										
	Teresita Ambacan	•				•							•	
	Joanne Ochoco					•								
	Felecio Bayacsan						•							
	Leonila Domen	•					•							•
Philippines Metro Manila	Arnel Piliin	•	•					•						
	Jason Hallig			•										
	Carolina Benzonan			•										
	Ryan Cardinal	•		•										•
	Jaime Eniceo			•										
	Lucinda Tamayo			•										
	Tadeo Bolinas	•				•			•					

Delegation	Delegate	Seated	Ex - Officio	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance	
Philippines Metropolitan Luzon	Rosalina Macas					•									
	Shionel Blas Gesite	•					•				•				
	Crisanto, Jr. Colorado	•	•							•					
Philippines Mindanao East	Nerizza Colorado	•				•							•		
	Nicolas Cacho	•	•								•				
	Daisy Fuentes					•									
Philippines Mindanao West	Ruby Monares						•								
	Dan Balayo	•	•							•					
	Cyrel Lambojon			•											
Philippines Negros	Go Marquez					•									
	Erlea Joy Monteadora						•								
	Nemie Babao	•	•								•				
Philippines Panay	Ana Maria Babao					•									
	Josefa Nena Oberio	•					•	•							
	Medanny Punsalan		•												
Philippines Southern Tagalog	Rizalina Dialing			•											
	Ilmar Philip Elardo	•				•						•			
	Wilfredo Aluad	•	•								•				
Samoa	Ezekiel Nieto					•									
	Talomua Mona	•	•								•				
	Liuga Faumuina					•									
South Korea National	Vaalotu Faumuina						•								
	Young Su Kim	•	•							•					
	Gi Dong Han			•											
	Young Sik Lee			•											
	Se Han Oh	•		•								•			
	Min Gyoo Shin	•		•							•				
	Moon Gi Yoon	•		•				•							
	Man Gi Han	•			•			•							
	Kwan Ho Lee	•			•								•		
	Han Deog Cho	•				•				•					
	Kyong Chong Hong	•				•							•		
	Kyu Man Kang	•				•		•							
	Joung Won Lee	•				•						•			
	Sang Chun Lee	•				•		•							
	Baek Ho Lim	•				•								•	
Taiwan	SHI-LI TANG	•	•								•				
Thailand Northern	Sithichai Sapthanavon	•	•								•				
	Touchpong Sairattanyu	•				•				•					
NONVOTING DELEGATION															
Education	Bruce Oldham	•	•										•		
	Allan Prado		•												
	Totobe Samilo	•	•										•		
	Larnie Sam Tabuena	•	•										•		
	Jacob Urri	•	•										•		
Missionary	Peter Elliott		•												
	Priscilla Parrett		•												
APR CA #4	NO DELEGATION														
Cambodia	Rolf Kleinfeld		•												
	Nuon Narith			•											
Hong Kong SAR	Oi Ling Edmond Kwong	•		•							•				
Indonesia Central Kalimantan	NO DELEGATION														
Indonesia Papua	NO DELEGATION														
Micronesia	Stephen Gualberto		•												
	David Bucher	•			•			•							
Papua New Guinea Enga	NO DELEGATION														
Papua New Guinea Islands	NO DELEGATION														
Papua New Guinea Sandaun	NO DELEGATION														
Solomon Islands	Dickson Manongi		•												
	Eric Baesi	•			•			•							
Thailand	Tanongsak Pong-oodta	•	•					•					•		
Vanuatu	NO DELEGATION														
EURASIA DELEGATION															
Education	Klaus Arnold	•	•										•		
	Deirdre Brower Latz	•	•										•		
	Simon Jothi	•	•										•		
Missionary	Robert Skinner	•	•						•						
	James Baroi	•	•							•					
Bangladesh North	Andrious Mahali				•										
	Anupam Roy				•										
	Ashim Das					•									
	Dane Biswas							•							
	Xavier Biswas							•							
Bangladesh Northwest	Amitava Chatterjee		•												
	Dipak Baidya				•										
	Mihir Biswas				•										
	Simon Mondol				•							•			
	Snigdhozzwal Khan Vanu	•				•				•					
	Rashada Rani					•									

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Bangladesh South	John Mondal		•											
	Ruben Sarker			•										
	Milon Patwary	•				•					•			
Germany	Taposh Gharoja						•							
	Ingo Hunaeus	•	•								•			
	Robert Mehlhaff			•										
	Martin Wahl			•										
	Matthias Nass	•				•	•							
	Dietmar Bereiter						•							
India Central Maharashtra	Annette Mehlhaff						•							
	Rajiv Yangad		•											
	Reynold Daniel	•		•								•		
	Shadrak Ingle			•										
India Eastern	Satish Mehendre	•				•		•						
	Amitava Chatterjee	•	•								•			
	Meena Ravichandran					•								
India Eastern Maharashtra	Sujit Nandi						•							
	daniyal jairam bhalerao	•	•								•			
	Sadanand Kharat			•										
	Shamuvel Tode					•								
	Benjamin Ingle						•							
India Karnataka	Suneet Wankhede	•					•							•
	Joseph Jacob-Francis	•	•								•			
	Mathias Christadas	•		•									•	
	Mark Promod			•										
	Samuel Vijaya Kumar			•										
	Talavara Anil Yashavantha					•								
	Nirmala Jacob Francis					•								
India Northeast	Joyce Jothi	•					•	•						
	Thalhun Sei		•											
	Chingoulun Goulun			•										
India Northwest	Hemin Kipgen					•								
	Sunil Dandge		•											
	Samson Lal			•										
	Vijay Rajulwala	•		•				•						
India Odisha	Jyoti Rajulwala					•								
	Eileen .	•					•						•	
	Jeetendra Nayak		•											
	Surjit Collet			•										
India South Eastern	Abhay Nayak			•										
	Deeptimayee Pradhan					•								
	Joshua Das		•											
India Tamil Nadu East	Arun Tigga					•								
	Saul Biswas						•							
India Western Maharashtra	Muthukumarasami Subbiah Karayalar	•	•								•			
	Muthukumarasami Samkumar					•								
	Manoharan Balasubramanian						•							
India Western Maharashtra	Sanjay Gawali	•	•						•					
	Rajanikant Gaikwad			•										
	Manohar Pawar	•		•									•	
	Paulas Pawar			•										
	Nathaniel Gadge			•										
	Peter George	•		•				•						
	Deepak Palve			•										
	Sunil Waghmare	•		•					•					
	Ravindra Kumar Dandge	•				•				•				
	Sudhakar Hiwale					•								
	Hemant Rajulwala	•				•					•			
	Sunil Suryawanshi					•								
	Edward Chauhan						•							
	Lamuvel Jadhav						•							
Prakash Natekar						•								
Kishor Patole						•								
Jordan	Waleed Almadanat	•	•						•					
	Samir Nazha	•				•					•			
Nepal	Dilli Ijam	•	•						•					
	Rupa Lama			•										
Netherlands	Pampha karki	•				•					•			
	Antonie Holleman	•	•										•	
	Hans Deventer			•										
	Stephen Overduin			•										
	Abraham Bos	•				•			•					
Pakistan	Paul Jong						•							
	Antje Afke Werf						•							
	Aneel Mall		•											
	Dilshad Masih			•										
Portugal	Iqbal Masih					•								
	WALTER AZEVEDO	•	•										•	
	Joao Moniz Lopes Pereira			•										
	Ana da Cruz	•				•		•						
	Tania Nascimento Vaz						•							
	Katia Pinto Lopes						•							

Delegation	Delegate	Seated	Ex - Officio	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance
Sri Lanka	Neegam Fernando Marshal			•										
	George Santhosam	•			•							•		
	Kalaiselvan Velusamy					•								
	Jayasanger Karupia						•							
United Kingdom British Isles North	Jim Ritchie	•	•					•						
	Claire Fender				•									
	Ian Wills				•									
	Richard Wood	•				•		•						
	Steven Clarkson						•							
	Helen MacPhail						•							
United Kingdom British Isles South	David Montgomery	•	•							•				
	Tracey Day				•									
	Audrey Hall				•									
	David Day	•				•								•
	Kent Brower						•							
	Steve Leach						•							
NONVOTING DELEGATION														
Education	Haidar Hallasa		•											
Missionary	Brian Ketchum		•											
Albania-Kosova	Steven Beiler		•											
	Edlira Biti	•			•								•	
Armenia	Trino Jara Gonzalez		•											
	Seyran Vardanyan	•			•								•	
Bulgaria	Douglas Mann	•	•											
	Zhaneta Georgieva	•			•			•						
France	Nguenoudjingar Toguyera	•	•						•					
	Rodrigue Valentin				•									
Holy Land	Nizar Touma		•											
	Butros Ghayeb	•			•			•						
Hungary	Imre Gusztin	•	•					•						
India Andhra Pradesh	Lazarus Devapriyam	•	•							•				
	Victor Sangam				•									
India Central	Praveen Pawar	•	•							•				
	Sanjeet Sant				•									
India Delhi	Gyanander Singh	•	•							•				
	Prem Dass				•									
India Mid Maharashtra	Vinay Gaikwad	•	•											•
	Balu Waghmare				•									
India Tamil Nadu West	NO DELEGATION													
Italy	Daniel Fink	•	•						•					
Kazakhstan Central Asia	Sergey Kvan	•	•								•			
Lebanon	Andraous Salame	•	•										•	
Romania	Tamara Hudson	•	•											
	Magdalena Balaban	•			•					•				
Russia North	Yury Ananyev	•	•					•						
	Mario Castro Calderon				•									
Russia South	Sergey Archakov	•	•						•					
	Alexey Grobov				•									
Scandinavia	Kaj Ove Bollerup	•	•											•
	Peter Ambs-Thomsen				•									
Spain	Ignacio Pesado Maldonado	•	•							•				
Switzerland	NO DELEGATION													
Syria	NO DELEGATION													
Ukraine	Volodymyr Masyuk	•	•								•			
	Serhii Onofriichuk				•									
MESOAMERICA DELEGATION														
Education	Ely Camas Pérez	•	•										•	
	Rubén Fernández	•	•										•	
	John Maitre	•	•										•	
	Pedro Urgellés Palmero	•	•										•	
Missionary	Ulises Solis	•	•										•	
Bahamas	John Wildgoose Jr	•	•											•
	Glenda Cox				•									
	Antoine St. Louis				•									
	Romina Evans	•				•		•						
	Trenton Sainville						•							
Barbados	Martel Farley	•	•						•					
	Caswald Jemmott			•										
	Delbert Edghill	•			•			•						
	Stanley Arthur	•				•							•	
	Emmerson Jemmott	•				•				•				
	Ronald Small						•							
Belize North	Keith Joseph	•	•											•
	Fernando Magana				•									
	Patsy Martinez				•									
	Elisa Seguro	•				•		•						
Belize South	Alberto Cal	•	•											•
	Julio Chub				•									
	Williams Cal	•				•			•					

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Costa Rica Central	Sirlene Bustos Salazar	•	•								•			
	Hugo Miranda Nuñez					•								
Costa Rica North	Daniela Solano Bustos	•					•					•		
	Johnny Calvo Espinoza	•	•										•	
Cuba East	Natalia Nikolova	•				•					•			
	Luis Batista Ramirez	•	•					•						
Cuba West	Maria Sanchez Arevalo	•				•		•						
	Yoneisi Cordovez Rodriguez						•							
Cuba West	Leonel Lopez Ortiz	•	•								•			
	Carlos Despaigne Negret				•									
Dominican Republic Central	Vicente Diaz Benitez				•									
	Rebeca Gomez Reyes					•								
Dominican Republic Central	Yaima Diaz Escobar						•							
	Yuvannia Gomez Cantillo						•							
Dominican Republic Central	Migdalis Palmero Nuñez	•					•		•					
	Ernesto Bathermy	•	•										•	
Dominican Republic North	Altagracia Nova de Bathermy				•									
	Carmen Checo De Acosta					•								
Dominican Republic North	EUSEBIO MORILLO FERRERAS	•					•	•						
	Samuel Cabrera Vicente	•	•					•						
Dominican Republic Northeast	Ramona Rodriguez DE Cabrera					•								
	Felix Polanco Taveras	•	•								•			
Dominican Republic Northeast	Rosa Mercedes de Polanco	•				•						•		
	Miguel Yuden Ramon	•	•										•	
Dominican Republic Oriental	Felipe Fosten Yusef				•									
	Jhonny Grant				•									
Dominican Republic Oriental	Ana Franzua Germin	•				•		•						
	Ramon Joseph						•							
Dominican Republic South	Mercedes Santana Guerrero						•							
	Luis Perez Reyes	•	•					•						
Dominican Republic South	Gumersindo Vargas Peña				•									
	Amarily Vargas Heredia					•								
El Salvador Central	Oscar Villanueva Serrano	•	•								•			
	Julian Cruz	•		•								•		
El Salvador Central	Rosa Ayala					•								
	Henry Espinal	•				•							•	
El Salvador West	Mario Castro Calderon		•											
	Luis Flores				•									
French Antilles and French Guiana	Alfredo Perez Molina					•								
	Jeannille Mounien ep Baltus	•	•											
Guatemala Atlantic	Daniel Blaise	•				•								
	Jorge Pineda		•											
Guatemala Baja Verapaz	Rony Machorro					•								
	Francisco Cuquej Larios		•											
Guatemala Baja Verapaz	Fernandez Gonzalez Osorio			•										
	Cristobal Lopez Jeronimo			•										
Guatemala Central	Andres Canahui Hernandez	•				•					•			
	Cesar Ayala De Leon	•	•					•						
Guatemala Central	Reyna Mayen De Fajardo			•										
	Jose Barrientos	•				•			•					
Guatemala Central	Libni Rivera Virula	•				•		•						
	Miguel Xol Xol		•											
Guatemala Coban North	German Caal Coc			•										
	Alberto Mis Cho					•								
Guatemala Franja Central	Rogelio Quej Macz		•											
	Fernando Mucu xo			•										
Guatemala Franja Occidental	Esteban Reyes Bollvito					•								
	NO DELEGATION													
Guatemala Franja Oriental	Ruben Suram Gualim	•	•								•			
	Nery Teni Medina			•										
Guatemala Franja Transversal Western (Occidental)	Jose Tzub Tzub					•								
	Hector Caz Och		•											
Guatemala North	Moises Lucas Ordonez		•											
	Maria Gonzalez Reinoso				•									
Guatemala North	Luis Lemus Leon				•									
	Herlinda Marquez Pinelo					•								
Guatemala North Verapaz	Abelino Xona Choc						•							
	Danilo Solis Galvan		•											
Guatemala North Verapaz	Emilio Choc Ico			•										
	Rodrigo Cuz Can			•										
Guatemala North Verapaz	Armando Teni Cuz			•										
	Blanca Ac				•									
Guatemala North Verapaz	Ricardo Coc	•			•									
	Samuel Larios Vasquez				•									
Guatemala North Verapaz	Byron Luc Caal				•									
	Gregorio Maas Ico				•									
Guatemala North Verapaz	Servin Mendez				•									
	Nely Paz De Guay				•									
Guatemala North Verapaz	Filomena Pop	•			•								•	
	Daniel Ac						•							
Guatemala North Verapaz	Rolando Santiago Buenafe						•							
	Selvin Santiago Mendez						•							

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	Ruth Tipol Ixim					•								
	Edin Leal						•							
	Feliciano Sep						•							
Guatemala Northwest	Edgar Figueroa Salguero	•												
Guatemala Southeast	Moises Larios Vasquez	•												
Guatemala Southwest Petén	Samuel Coc Xi	•												
Guatemala Verapaz Oriental	Ignacio Quej Isem	•												
Guatemala Verapaz South	Victor Bin Xoy	•	•							•				
	Everildo Xoy Bin			•										
	Lauro Esau						•							
	Victor Toc Lem						•							
Guatemala West	René Marroquin Orellana	•												
	Ronaldt Mulul Pu	•		•					•					
	Issac Estrada Tovar				•									
	Carlos Parada Zepeda				•									
	Blanca Marroquin Gil	•				•					•			
	Katheryn Tony Marroquin Gil	•				•				•				
Guyana Berbice	Rajkumar Autar	•	•											•
	Caroline Bruce-Williamson				•									
	Abraham Nagamootoo	•				•						•		
Guyana Demerara-Essequibo	Alphonso Porter	•	•											•
	Michael Scott				•									
	William Woolford				•									
	Rhonda Hamilton	•				•		•						
	Gladston Alert							•						
	Clyde Douglas							•						
	Winston Graner							•						
Haiti Central	Pierre Walliere	•	•						•					
	Andreenne Dorne Ravilus				•									
	Richard Elicene				•									
	Dieumarc Jean				•									
	Gaspard Narcisse				•									
	WILLIAMS CASIMIR	•				•			•					
	Fednor Dorne					•								
	Hazard Felix					•								
	Franckel Formetus	•				•								
	Marie Alice louis/jules	•				•								
	Ariste Noel					•								
	Dady Beau brun						•							
	Thomas Jaen						•							
	Marie Nestor						•							
	Roberto Presume						•							
	Jean Sincere						•							
	ELDA PIERRE	•					•						•	
	EUVODIE PIERRE	•					•		•					
Haiti Grand Anse	Joseph Esperance	•	•						•					
	Odette Gustave	•				•				•				
Haiti La Gonave	Micael Augustin	•	•						•					
	Esner Destin	•		•									•	
	Merilien Cedne						•							
	Dechand Sauveur	•					•		•					
	Charmante Augustin Joinvil	•						•						
Haiti Lower Artibonite	Fritzner Aristyl	•	•							•				
	Jean Abraham				•									
	Robert Meat					•								
	Fequiert Jean						•							
	Dieula Aristyl Francois						•							
	Robert Meat	•					•		•					
Haiti Lower Northwest	F. Sainlidieu Leger	•	•										•	
	Jean Brutus				•									
	Molierie Beau brun	•				•		•						
	Germa Brutus						•							
Haiti North Central	Garry Jedy	•	•						•					
	Jean Saint Juste					•								
	Jean Placide	•					•			•				
Haiti Northeast	Anathol Garnier		•											
	Kenaz Prince					•								
Haiti Northwest	Ennery Guerrier	•	•					•						
	Pierre Jacques	•					•		•					
Haiti South	Eliassaint David	•	•							•				
	Valere Pierre			•										
	Yves Boncoeur	•			•									
	exilienne Exilas Siprice				•									
	Bacon Joseph				•									
	Maxon Thelusca				•									
	Vernid Toussaint				•									
	Jacqueline Eliassaint	•				•							•	
	Amilus Toussaint					•								
	Hilva Lubin						•							
	Alexandre Lyfairte						•							
	Polot Renel						•							
Haiti South Central of Jacmel	Marius Senatus	•	•						•					

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Haiti Southeast	Marie-Joe Senatus Pierre													
	Arleine Deruisseaux	•	•											
	Chrisnel Pierre			•										
Haiti Upper Artibonite	Jean Hermann													
	Marius Senatus	•												
	Paul Zamor	•	•											
Honduras Central Sur Oriental	Annesse Zamor	•												
	Jaime Aguilar Gomez		•											
	Begardo Bardales Suazo	•		•										
Honduras Noroccidental	Mario Reyes Lopez	•												
	Sirley Soriano De Bardales	•												
	Etan Bardales Martines	•	•											
Jamaica East	Alida Mejia	•												
	Victor Alvarado													
	Ronald Grey	•	•											
Jamaica West	Winsome Campell													
	Andrew Henry													
	Cossett Grey	•												
Leeward/Virgin Islands	Lionel Brown	•	•											
	Christoper Burt													
	Nordia Roper													
Mexico Central	Vincent Moffatt	•												
	Joscelyn Sepeter Martin	•	•											
	Junie Estridge-Walkes	•												
Mexico East	Pascual Cruz Vasquez	•	•											
	Jose Cigarroa Solis	•												
	Erendira Carmona Chit													
Mexico Gulf	Joaquin Ocaña Esquipulas	•	•											
	Magdiel Morales Rios													
	Daniel Tun Tzuc													
Mexico North	JOSE AMILCAR	•												
	Mario Orduña Hernandez	•	•											
	Carlos Quijano Llera	•												
Mexico North West	Rafael Belmonte Olivares													
	NO DELEGATION													
	NO DELEGATION													
Mexico Oaxaca	David Diaz Castañeda	•	•											
	Jose Treviño Adames	•												
	Carlos Torres Rodriguez	•	•											
Mexico Oaxaca North West	Atafo Lopez estudio													
	Juan Valdivia													
	Abraham Fernandez Gamez	•												
Mexico Oaxaca	Areli Lopez Ybarra													
	Aner Ruiz Castro	•	•											
	Javier Ruiz Perez	•												
Mexico Oaxaca North West	Bernarda Cruz Martinez													
	Guillermo Gurrion Matias													
	Blanca Anzueto													
Mexico Oaxaca North West	Ana Martinez Vazquez	•												
	Elias Betanzos Luis	•	•											
	Juan Gonzalez Ortiz	•												
Mexico Oaxaca	Lorenzo Sosa Jarquin	•												
	Josue Barrera Salazar													
	Javier Carrasco Garcia													
Mexico Oaxaca	Natalio Cruz Santiago													
	Javier Hernandez Contreras													
	Jose Martinez Pacheco													
Mexico Oaxaca	Mario Mejia Ladron de Guevara													
	Susana Lozano Carrillo	•												
	Maria Portillo Salinas													
Mexico Oaxaca	Bubeleb Ruiz Prieto													
	Carlos Aragon Garcia													
	Ana Bautista Garcia													
Mexico Oaxaca	Bertha Diaz Carbajal													
	Rafael Hernandez Ramos	•												
	Priscila Rosas Hernandez													
Mexico Oaxaca	Anselmo Jimenez Maldonado	•	•											
	NO DELEGATION													
	NO DELEGATION													
Mexico South	Miguel Ceballos Hernandez	•	•											
	Jose Martinez Gomez	•												
	Isaias Countiño Nucamendi													
Mexico South	Daniel Samayoa Nucamendi													
	Fernando Torres Aleman													
	Marcos Velasco Sosa													
Mexico South	Juan Flores Martinez	•												
	Jorge Perez Grajales	•												
	Rodrigo Morales Estrada													
Mexico South Border	Roberto Lopez Fajardo	•	•											
	Francisco Vasquez Villalobos	•												
	Apolinar Lopez Solis													
Mexico South Border	Lucio Ramos Gomez													
	Everth Esponda Agustin													

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Mexico South Pacific	Lucia Vargas Albores					•								
	ALBERTO BARRIOS ESCOBAR	•					•						•	
	Mario Suarez Flores	•	•					•						
	Eleuth Cordova Ordoñez	•		•					•					
Mexico West	Maria Manuel Velazquez	•					•			•				
	Elai Rodas Paz						•							
	Leonardo Peralta Reyes	•	•									•		
	Rodrigo Peña	•		•									•	
Nicaragua Central	Eunice Escamilla Flores	•					•		•					
	Jose Sedano Velica	•					•							
	Maria Ponce Epinoza	•	•						•					
	Efrain Picado Tellez	•		•						•				
Nicaragua Norte	Maria Martinez Meza						•							
	Anthony Picado	•					•						•	
	Angel Espinoza Sandoval		•											
Nicaragua South	Miguel Perez Florian			•										
	Areli Rodriguez Vidaure						•							
	Gerardo Reyes Villa Real		•											
	Pedro Castillo Caton			•										
Panama Central	Carlos Rodriguez Solis						•							
	Berta Tijerino						•							
	Carlos De la Cruz Acosta	•	•					•						
	Sol Rodriguez Marciaga de Vergara				•									
Panama Occidental	Susseth Dottin Harrison				•									
	Oscar Arenas Rodriguez	•					•		•					
	Ulices Espinosa Gonzalez		•											
	Javier Charris Beckford				•									
Puerto Rico East	Lidia Richards Louis						•							
	Andres Hernandez Torres	•	•							•				
	Gabriel Cruz				•									
	Herson Santa Roman				•									
Puerto Rico West	Jose Robles	•				•					•			
	Wanda Del valle						•							
	Ramón Sierra	•	•										•	
	Mercedes Santiago Rosado	•				•								
Trinidad & Tobago	Victor George	•	•											•
	Chaitram Babooram	•		•							•			
	Dexter Daly				•									
	Arnold Hargreaves				•									
	Farouk Mohammed				•									
	Neil Thompson				•									
	Julius Chester					•								
	Gregory Isaacs					•								
	Denilson Christopher						•							
	Gerard Francis	•					•		•					
	Vanessa Krauss						•							
	Jerome Mark	•					•			•				
Windward Islands	George Leonce	•	•											
	Kelron Harry	•			•									•
	Sharvon Sydeny				•									
	Anthony Mathurin					•								
	Ro-Anne Harry	•					•				•			
NONVOTING DELEGATION														
Education	Edyn Garcia Caal		•											
El Salvador East	Victor Alfaro Cortez		•											
Nicaragua Southeast	NO DELEGATION													
Suriname	NO DELEGATION													
SOUTH AMERICA DELEGATION														
Education	Jorge Julca Olano	•	•										•	
	Geraldo Nunes Filho	•	•										•	
	Jose Vasquez Malca	•	•										•	
Missionary Argentina Central	Dwight Rich	•	•					•						
	Marcelo Correa	•	•								•			
	MYRIAM POZZI				•									
	VICTOR RUIZ				•									
Argentina Cuyo	Monica Torres	•				•							•	
	BEATRIZ BARISON						•							
	ZULMA ESQUIVEL						•							
	Raul Garay	•	•								•			
Argentina Litoral	Myrna Oro				•									
	Maria Geroli	•				•			•					
	ENRIQUE SARDIELLO	•	•					•						
Argentina Nordeste	Noemi Sardiello	•				•			•					
	MARIA CRAVERO						•							
	Juan Aguirre		•											
Argentina Noroeste	Josefina Aguilar					•								
	Luis Juarez		•											
Argentina Patagonia Central	Victor Almirón		•											
	Liliana Funes					•								

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Argentina Patagonia Norte	Nestor Martinez	•	•								•				
	Roberto Cariqueo					•									
	Norma Gomez	•					•							•	
Bolivia El Alto Noroeste	NO DELEGATION														
Bolivia La Paz	Macedonio Daza Chambi	•	•						•						
	Carolina Ticona Mamani						•								
	Isabelle Murga Cornejo														
	Nemesio Paillo Inca														
Bolivia Santa Cruz	NO DELEGATION														
Brazil Amazônia	Jean Jerley Da Silva	•	•								•				
	Ariovaldo Junior				•										
Brazil Centro Oeste	Luiz Carlos Oliveira	•	•					•							
	Marcus Nunes				•										
	Paul Phillips				•										
	Ruth Ormino Oliveira Kreniski						•								
	Herivelton Mendes	•							•						
	Lucas Ramos														
Brazil Curitiba	Roberto Vieira	•	•								•				
	Gisele Natal				•										
	Caroline Berlim						•								
	Eliseu Chirman														
	Rosângela Paula	•													
	Josue Rodrigues														
Brazil Espirito Santo	Severino Quirino	•	•												
	Ricardo Guariento														
Brazil Londrina	Gilberto Oliveira e Silva		•												
	Dalcimar Zanoni Paixao	•													
Brazil Metropolitan City of Rio de Janeiro	Manuel Lima	•	•								•				
	Glaucio Souza														
	Debora Tosi														
	Gileade Moreira														
Brazil Minas Gerais	Romerson Silva	•	•								•				
	Adriano Pedroso														
	Galdina Arrais	•													
Brazil Nordeste Central	Rubens Rodrigues	•	•								•				
	Onildo Junior	•													
	Marcos Vinicio Monteiro														
	Silvia Regina Rodrigues														
	Jadilson Souza	•													
	Cilene Rodrigues	•													
	Janeide Sousa	•													
	Levina Veloso	•													
	Gilton Melo														
	Karla Lucy Oliveira														
	Jairo Sobrinho														
	Brazil Nordeste Meridional	NO DELEGATION													
	Brazil Nordeste Paulista	Luis Biazon	•	•								•			
Fernando Barbosa		•													
Mauri Da Silveira															
Saulo Jardim		•													
Ramon Da Costa															
Ezequias Da Silva															
Ivanilda Dos Santos															
Luis Guerra															
Julio Laguna															
Thiago Moreira		•													
Claudia Biazon		•													
Gabriel Figueira															
Samanta Figueira															
Daniela Moreira		•													
Donisete Da Silva															
Wilkinson De Castro															
Darlene Dos Santos		•													
Cristiane Martins															
Auro Mendes															
Manoel Neto															
Jaime Pereira		•													
Maria Real															
Brazil Nordeste Setentrional		Gerson Cardoso	•	•											
		Alcimar Santos													
		Damasio Morais	•												
		Camila Lucas													
		Maria Denise Santos													
	Willame Bruno Barbosa	•													
	ISABELLE MORAIS	•													
	Fabiano Loureiro														
	Reginaldo Guerra da Silva	•													
	Antonio FAQUIM														
Brazil Noroeste Paulista	DANIELLA MARQUES														
	GILSON MARQUES														
	Ricardo Delmondes	•													
	Marcio Vinicius VALE	•													

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Brazil Paulistano	Mateus Andrade	•	•									•			
	Carlos Abejer			•											
	Tania Cristina De Aguiar Ramos	•			•								•		
Brazil Rio de Janeiro Baixada	Adriana Fatima Da Silva					•									
	Amadeu Teixeira	•	•							•					
	Amadeu da Silva Nunes	•		•						•					
	Francisco dos Santos			•											
	Jose Stoduto			•											
	Almir de Freitas	•			•									•	
	Joabe dos Santos				•										
	Carlos Eduardo Pereira				•										
	Oséias Silva	•			•			•							
	Samuel Vieira de Souza				•										
	Joel Elpidio					•									
	Joel Laeber					•									
	Haroldo Neves	•				•							•		
	Ariel Teixeira	•				•								•	
	Talita Barros	•										•			
	Brazil Rio de Janeiro Grande Rio	Marcos Campos da Cunha					•								
		Israel dos Santos					•								
Illidio Ferreira						•									
Eva Cristina Millet		•				•		•							
Elio Tomaz		•	•						•						
Fabio de Souza		•		•									•		
Carlos Eduardo Pequeno		•		•							•				
Alessandro Antonio Silva		•		•				•							
Mario Alcaraz					•										
Roberto Da Silva					•										
Aires Goncalves					•										
Edmilton Souza					•										
Nadia Mello Alcaraz						•									
Euclides Neto						•									
Kamila Ribeiro Silva		•				•		•							
Ana Paula Tomaz		•				•				•					
Brazil Santa Catarina		Joao Batista Andre Da Silva	•				•								•
	Antonio Claudio Da Silva					•									
	Victor Da Silva					•									
	Mirian Dias de Moura	•				•				•					
	Aires Vinicius Goncalves					•									
	Alfredo Mulieri	•	•					•							
	Wagner de Sousa	•	•					•							
	Brazil Sao Paulo	Jonatas Dos Santos	•		•					•					
		Carlos Genesio	•		•										•
		Anips Spina	•		•				•						
Adilson de Souza Junior					•										
Andre Farias					•										
Thiago Claudio						•									
Renato De Carvalho						•									
Alex de Sousa		•				•				•					
Widney Souza						•									
Jose Julian							•								
Edson Moura		•					•					•			
Anibal Oliveira Junior							•								
Andrea Margareti Pereira		•					•						•		
Hamilton Silva							•								
Ana Spina		•					•		•						
Brazil Sudeste Paulista		Fernando de Oliveira	•	•					•						
		Mauro Blauth			•										
	Humberto Oliveira	•		•									•		
	Andre Ribeiro			•											
	Flavio Valvassoura	•		•				•							
	Lazaro Valvassoura	•		•							•				
	Uedson Vieira	•		•				•							
	Marco De Almeida				•										
	Ernesto Ferreira Jr				•										
	Edmar Fonseca	•			•							•			
	Jonas Lenso				•										
	Marcio Lima				•										
	Geraldo Nunes Filho	•			•					•					
	Waner Nunes Filho				•										
	Christiano Oliveira				•										
	Paulo Santiago				•										
	Alexandre Santos				•										
	Leandro Silva				•										
	Fernando Souza				•										
	Silvano Souza				•										
	Alexandre Zanatta				•										
	Oswaldo Bueno Da Silva	•				•		•							
	Anselmo Diniz					•									
	Emerson Francisco					•									
	Beatriz Ghedes	•				•							•		
	Gustavo Giandoso					•									

Delegation	Delegate	Seated	Ex - Oficio	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance
	Henrique Oliveira					•								
	Gerson Rueda	•				•					•			
	Edson Barbosa						•							
	Andre Bergsten						•							
	Damaris Bortolotto						•							
	Aparecido Coutinho						•							
	Marcelo Gazola						•							
	Marcio Nunes						•							
	Marcelo Oliveira						•							
	Marcelo Porto						•							
	Almir Silva	•					•							•
	Daniel Silva						•							
	Karen Soares						•							
	Joaquim Souto						•							
	Fabiano Souza						•							
	Francisca Souza	•					•					•		
Chile Bio Bio	Juan Ibañez Ibañez		•											
	Richard Faundes Farfan	•										•		
	Patricio Reyes Baeza			•										
	Gerardo Perez Cid						•							
	Mirtha Aburto Mutiz						•							
	Daniel Escobar Gutierrez						•							
Chile Central	Orestes Barboza Mejia	•	•					•						
	Elvira Araya				•									
	David Huanca Aravena					•								
Chile Norte	Oscar Varas Ruiz	•	•					•						
	Luis Orellana Flores				•									
	Gloria Morales Zegarra	•				•								
Colombia Central Norte	CESAR AVELLANEDA ESPITIA		•											
	JUAN SOTO				•									
	MANUEL SANDOVAL					•								
Colombia Central Sur	LUIS QUINONEZ	•		•							•			
	OSCAR RAMOS				•									
	LUZ REYES	•				•								
Colombia Suroccidental	Jeirison Ararat Ambuila	•	•						•					
	Adalberto Herrera Cuello	•		•						•				
	Juan Herrera Diaz	•		•									•	
	Jorge Marin Botero	•		•									•	
	William Calderon				•									
	Dewy Herrera				•									
	Alfaro Medina				•									
	Diego Diaz	•				•			•					
	Martha Lindo Herran	•				•								•
	Freda Pabon Gavilanes	•				•			•					
Ecuador Costa	George Fonseca Ballesteros	•	•					•						
	Olimpia Fonseca			•										
	Rocio Meza					•								
	Elcira Serrano	•				•			•					
Ecuador Costa Norte	Santiago Bereche		•											
	Jefferson Estevez Larrea	•			•					•				
	Carlos Ayo					•								
	Zoila Delgado						•							
Ecuador Sierra Centro	Mario Paredes Solorzano	•	•							•				
	Wilson Paredes Solorzano	•		•				•						
	Norma Chavez Villagomez					•								
	Clara Valdiviezo Medina	•				•					•			
	Carlos Escudero	•					•						•	
Ecuador Sierra Norte	Hernan Puga	•	•							•				
	Luz Olivo Balseca	•		•							•			
	Roberto Quinatoa				•									
	Oscar Cornejo	•				•							•	
	Jose Obando Mejia	•				•			•					
Peru Alto Marañón	Bernardo Reto Socola	•	•					•						
	Pablo Tantarico Castro					•								
	Lucio Farro Mendoza	•					•							
Peru Amazonas	Jorge Inchikuat	•	•											•
	Tiwi Gabino				•									
	Jorge Chamik	•				•							•	
Peru Andino	Samuel Aguilar Altamirano	•	•					•						
	Natividad Bautista Campos	•		•					•					
	Eri Altamirano Medina					•								
	Sara Ruth Castro Perez	•				•								•
Peru Cajamarca	Cester Gamonal	•	•								•			
	Adelio Diaz Fustamante					•								
	Segundo Vasquez Becerra	•					•							
Peru Central	Marcial Rubio Idrogo	•	•					•						
	Edith Castro Saavedra	•				•				•				
	Natan Rigueti Guerrero						•							
Peru La Libertad-Chavín	Oscar Medina Guzman	•	•								•			
	Aparicio Hernandez	•		•				•						
	Santos Neira Melendres					•								
	Marlon Paz Guerrero					•								

Delegation	Delegate	Seated	Ex - Office	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance
	Orlando Ramirez Bacilio				•									
	Oscar Samame Becerra				•									
	Osmar Medina Palma	•				•								•
	Rosario Paredes Bernal	•				•								
	Gabriel Aparicio Huanes						•							
	Judith Montenegro Huaripata						•							
Peru Nor Oriente	Adán Sanchez Paredes	•	•								•			
	Bonifacia Medina de Sanchez	•		•				•						
	Henry Avila Viton				•									
	Jaime Gaona Linares				•									
	Sebastian Inoñan Granados	•				•		•						
	Walter León Palomino					•								
	Feliciano Fernandez Saucedo						•							
	Ana Hervias Coba						•							
Peru Norte	Ricardo Rodrigues Purisaca	•	•											•
	Marcial Banda Rafael	•		•									•	
	Doris Palma Llontop			•										
	Jose Fernandez Polo				•									
	Vilma Llontop Santisteban				•									
	Mario Mera Torres				•									
	José Vasquez Galvez				•									
	Maria Soledad Castro Carranza					•								
	Segundo Cieza Galvez	•				•					•			
	Patricia Jimenez Dioses					•								
	Vilma Collantes Esquen						•							
	Luis Delgado Aquino						•							
	Demetrio Galvez Casas						•							
	Elias Gonzalez Gimenez						•							
	Misael Hernandez Palomino						•							
	Celso Rivera Medina						•							
Peru Oriente Central	NO DELEGATION													
Peru Pacifico Norte	Segundo Rimarachín Nuñez	•	•						•					
	Abel Aguilar Vasquez			•										
	Cesar Arroyo Holguin				•									
	Juan Nole Madrid				•									
	Paul Siancas Madrid	•			•			•						
	Jorge Zapata More				•									
	Betty Espinoza Ramirez de Siancas	•				•		•						
	Teodora Flores de Castaneda	•				•							•	
	Josefa Chunga Zapata						•							
	Macario Silupu Castillo						•							
	Juan Vite Morales						•							
Peru Utcubamba	Paulino Cordova	•	•											•
	Jacob Rivera Medina					•								
Uruguay Norte	Jesus Maria Bernat	•	•						•					
	Laura Bianchi				•									
	Debora da Rosa Luna	•				•						•		
Uruguay Sur	NO DELEGATION													
Venezuela Centro Occidental	Julio Rivera Yaguaran	•	•						•					
	Jairo Ceballos Noguera				•									
	José Yovera León	•				•							•	
Venezuela Lago	Carlos Cordero	•	•						•					
	Juan Velasquez Castellanos	•				•								•
	Ivon Olivares						•							
Venezuela Llanos Occidentales	Rafael Trejo	•	•							•				
	Samuel Oliver				•									
	Milvis Diaz	•				•						•		
Venezuela Primero	Jimmy De Gouveia Urribarri	•	•					•						
	Octavio Galvis Camargo	•				•							•	
NONVOTING DELEGATION														
Education	David Lemache Guzñay	•	•										•	
Missionary	Barry Carney			•										
Argentina Buenos Aires Oeste	NO DELEGATION													
Argentina Costero	Juan Zani	•	•					•						
Argentina Mediterraneo	Alberto Croce	•	•					•						
	Ana Martinez				•									
Argentina Mesopotamico	NO DELEGATION													
Argentina Pueblos Originarios	Carlos Radziszewski		•											
Bolivia Central	NO DELEGATION													
Bolivia Los Yungas	NO DELEGATION													
Bolivia Sur	NO DELEGATION													
Brazil Gaucho	NO DELEGATION													
Chile Los Lagos	Alessandro Polonio		•											
	Edmundo Lopez Ramirez	•			•			•						
Colombia Costa Norte	NO DELEGATION													
Colombia Eje Cafetero	LUIS MEZA	•	•								•			
Colombia Noroccidental	Teofilo Caicedo			•										
Colombia Nororiental	Pedro Gomez	•	•								•			
Ecuador Austro	Antonio Lucero Lopez				•									
Ecuador Sierra Sur	Luis Chuiza Moyón		•											
Paraguay Central	Pedro Sosa				•									

Delegation	Delegate	Seated	Ex - Oficio	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance
Paraguay Norte	NO DELEGATION													
Paraguay Sur	NO DELEGATION													
Peru Alto Amazonas	Guillermo Chup	•	•								•			
Peru Condorcanqui	Elias Chumap	•	•								•			
Peru Loreto	Salomon Sanchez Montero	•	•								•			
Peru Sur	Edilberto Castro	•	•					•						
Peru Sur Central	NO DELEGATION													
Venezuela Andino	Serafin Camargo Rivero	•	•							•				
	Cruz Camargo Rivera				•									
USA/CANADA DELEGATION														
Education	Danny Boone	•	•					•						
	John Bowling	•	•						•					
	Robert Brower	•	•							•				
	Loren Gresham	•	•								•			
	Joel Pearsall	•	•							•				
	Carla Sunberg	•	•										•	
Alabama North	Gregory Story	•	•							•				
	Scott Sessions	•		•									•	
	Leonel Alvarado				•									
	Randy Crawford				•									
	Scott Lowry				•									
	Lewis Martin				•									
	Cloyce Faith	•				•		•						
	Richard Padgett					•								
	Sandra Aldridge						•							
	Natalie Elrod						•							
	Sam Michael	•									•			
	Gary Scales						•							
Alabama South	Mark Berry	•	•						•					
	Melissa Aaron	•		•				•						
	Bernie Deffinger				•									
	William Holley				•									
	James Meadows				•									
	Michael Aaron	•				•					•			
	Jimmy Horton	•				•								•
	Charles Averette						•							
	Gerald Brumbeloe						•							
	James Metcalf						•							
	Ronda Williams						•							
Alaska	Paul Hartley	•	•					•						
	Matthew Quick				•									
	Eugene Rosebecke				•									
	Dennis Linnell	•				•								•
	Kevin Hoggard						•							
	Terry Livengood						•							
Anaheim	Rollie Miller	•	•						•					
	Bong Lee			•										
	Jason Tippitt	•		•							•			
	Jerry Cordell				•									
	Daniel Keeton				•									
	Karen Wood				•									
	Jimmy Yelvington	•			•					•				
	Alicia Ferguson					•								
	Janine Stone	•				•		•						
	Carrie Tippitt	•				•			•					
	Robert McHargue						•							
	Susan Pollard	•					•					•		
	Michael Sapp						•							
	Craig Wood						•							
Arizona	Douglas Pierce	•	•					•						
	Ira Brown	•		•										•
	Brian Lunsford	•		•								•		
	Paul Martinez				•									
	Kevin McGinnis				•									
	Kriscinda Ruth				•									
	Steven Burns	•				•			•					
	Daniel Spaite	•				•				•				
	Robert Womack	•				•					•			
	Chris Collins						•							
	Loyd Rains						•							
	Janice Walker						•							
Canada Atlantic	Kenneth MacMillan		•											
	Edwin Rossiter				•									
	Calvin Thistle	•			•				•					
	Brian Cambers	•				•								•
	Diane Teal						•							
	Kathleen Yeomans						•							
Canada Central	David Fitzpatrick	•	•							•				
	Donna Wilson	•		•								•		
	Tina Pitamber				•									

Delegation	Delegate	Seated	Ex - Officio	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance
	Sharon White				•									
	Kerby Stavropoulos					•								
	Donald Tweedle					•								
	Pauline Clark						•							
	Ruth Copeland-Holtz	•					•							
	Eric White	•					•							•
Canada Pacific	Earl Wood	•	•									•		
	Gary Nawrocki				•									
	Dell Wergeland	•				•		•						
	Mark Kennedy						•							
Canada West	Larry Dahl	•	•							•				
	Rose Brower-Young				•									
	Douglas Herbert				•									
	Jennifer Snow					•								
	Keith Brower						•							
	Penny Ure	•					•		•					
Central California	Rob Songer	•	•							•				
	Greg Gebhart	•										•		
	Daren Pitcher	•		•							•			
	Julie Cheney				•									
	Joshua Jorgensen				•									
	Mark Pitcher				•									
	Jesse Ruby				•									
	Martha Lundquist	•				•		•						
	Rolly Rhodes	•					•							
	Gary Smee	•				•							•	
	Daryl Nicholson						•							
	Connie Taylor						•							
	Dwayne Tubbs						•							
Chicago Central	Larry McKain	•	•							•				
	John McCormick	•		•								•		
	Simone Twibell	•		•									•	
	David Anderson				•									
	Wilfred Canales				•									
	Edward Heck				•									
	Cindi Schimmelpfennig				•									
	Ada Canales	•					•	•						
	Kathleen Heck	•					•							
	Carla Lovett	•					•				•			
	Kathy Caldwell													
	Nancy Dodd						•							
	Fredrick Hardy						•							
	Andrew Holmgren						•							
	Cheryl Seymour						•							
	Heidi Taylor						•							
Colorado	David Ralph	•	•							•				
	Kevin Compton	•		•							•			
	Ruben Villarreal	•		•								•		
	Edward Belzer				•									
	Don Blanchard				•									
	James Lynch Jr.				•									
	James Murray				•									
	Alan Scott				•									
	Brian Wiesinger				•									
	Joyce Chovancek	•					•						•	
	Wayla Murrow	•					•	•						
	Nina Rattle	•					•							
	Robert Hamilton						•							
	Terry Nelson						•							
	Debbie Runner						•							
	Robert Thoman						•							
	Daniel Voss						•							
	Kim Wiesinger						•							
Dallas	Keven Wentworth	•	•								•			
	Ronnie Adams	•		•									•	
	Larry Williams	•		•				•						
	James Fitzgerald				•									
	Christopher Galloway				•									
	John Brown	•					•							•
	Donna Kyzer-Rice	•					•					•		
	Mary Sims	•					•		•					
	Jackie Cly											•		
	Philip Lindquist											•		
	Richard Wycoff											•		
East Ohio	David Lutz	•	•							•				
	Michael Adkins	•		•								•		
	W. Michael Byus	•		•				•						
	Daniel Hanson				•									
	Michael Kimball				•									
	John Stallings				•									
	Lee Brown	•					•							•
	Ruth Radcliff	•					•		•					

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	Sandra Swift					•								
	Gary Hulett	•					•				•			
	Lloyd MacAdam						•							
	Beth Taylor						•							
East Tennessee	Ronald McCormack	•	•						•					
	Ron DeWitt	•		•								•		
	Don Hawkins				•									
	Eric Johnson				•									
	David Smith				•									
	Westley Smith				•									
	John Butler	•				•		•						
	Don Moore	•				•		•						
	J. C. Elliott						•							
	Jimmy Matlock						•							
	Bill Saul						•							
	John Wampler						•							
Eastern Kentucky	Douglas Wyatt	•	•								•			
	Dwayne Mills	•		•				•						
	Scot Crothers				•									
	Kevin Jack				•									
	David Mills				•									
	Annette Lewis	•				•			•					
	Linda Webster	•				•		•						
	Carson Castleman						•							
	Bethany Jack						•							
	Wanda Napier						•							
Eastern Michigan	Walter Gardner	•	•								•			
	Michael Kitsko, Jr.	•		•										
	Robert Prince	•		•				•						
	Daniel Wine	•		•								•		
	Jeffrey Cardimen				•									
	Jeffrey Crowder				•									
	S. Alan Duce				•									
	Robert Lewis				•									
	Colleen Smith				•									
	Benjamin Walls, Sr.				•									
	John Wright, Jr.				•									
	Kayla Gardner					•								
	Linda Hall	•				•		•						
	Linda Loudermilk	•				•		•						
	Eric Smith					•								
	Jay Comfort						•							
	Quen Dickey						•							
	Gordon Horton						•							
	Steve Moore	•					•			•				
	Mark Pennington						•							
	John Stottele						•							
	Cristy VanSteenburg	•					•							•
	Melanie Walls						•							
Florida	Larry Dennis	•	•						•					
	Dwayne Adams	•		•				•						
	Hubert King	•		•							•			
	Larry Morgan	•		•							•			
	Donald Smith	•		•								•		
	Wayne Bauer				•									
	Jeanne Morgan				•									
	Robert Yates				•									
	Charles Davis, Jr.	•				•				•				
	Donald Myers, Jr.	•				•		•						
	Mark Patrick	•				•			•					
	Juanita Pullen	•						•						
	Brent Williams					•								
	Debra Crawford						•							
	Kimberly Heard						•							
	Mark Leib						•							
	Becky Migner	•					•							•
Georgia	Roy Rogers	•	•							•				
	Donald Hicks	•		•								•		
	Janice Laster	•		•				•						
	Jonathan Amspaugh				•									
	Wesley Brantley				•									
	Lonnie Grant				•									
	Edward Husband, Sr.				•									
	David Miller				•									
	Myron Wise				•									
	Thomas Benson					•								
	Marcus Clements	•				•								•
	Brenda Williamson	•				•			•					
	Howard Darsey						•							
	R. Wayne Downing						•							
	Edwina Husband						•							
	Roy McDowell						•							

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Hawaii Pacific	Rebecca Meeks	•					•	•						
	Johnnie Welch						•							
	Richard Power	•	•					•						
	Timothy Cruz			•										
	Michael Litsey			•										
	Rachelle Wong	•				•						•		
Illinois	Latasi Fereti						•							
	Linda Furusho						•							
	James Kraemer	•	•						•					
	Douglas Haynes			•										
	David Samayoa	•		•										•
	Gregery Breeden			•										
	Mark Copley			•										
	Jim Frye			•										
	William Haworth, Jr.	•		•								•		
	Douglas Haynes			•										
	David Sorensen			•										
	Edwin Abla	•				•		•						
	Nina Haynes					•								
	Indianapolis	Lezlie Kraemer	•				•		•					
James Blue							•							
Katherine Haynes							•							
Laura Mondy							•							
Eva Pinkston							•							
Judith Roarick		•										•		
Galen Scammahorn							•							
Ronald Blake		•	•						•					
Jay Height		•		•				•						
Timothy Kellerman		•		•								•		
Steven Bohall				•										
Phillip Edwards				•										
Keith Grove				•										
Intermountain		Martha Bean	•				•		•					
	Pamela Garner	•				•								
	Anthony McCrary	•				•					•			•
	Rosalie Blackburn						•							
	Sara Frakes						•							
	Wallace McWilliams						•							
	James Shaw	•	•									•		
	Timothy Brewer	•		•				•						
	Tharon Daniels	•		•				•						
	Tim Bunn			•										
	William Bynum			•										
	Johnny Hampton			•										
	Mark Harmon			•										
	Keith Horwood	•				•			•					
David Slonaker	•				•								•	
Richard Waitley	•				•				•					
Iowa	Gregory Armstrong						•							
	Byron Hemphill						•							
	Nancy Robinson						•							
	M. Kim Smith	•	•						•					
	Timothy Carter			•										
	Terry Chapman	•		•				•						
	Tammy Gauer			•										
	Debra Bishop	•				•						•		
	John Hayes	•				•					•			
	Jolene Bosley						•							
	Dallas Coon						•							
	Chuck Griffin						•							
	Heather Whitney						•							
	Joplin	Mark Bane	•	•						•				
James Keezer		•		•				•						
Brian Letsinger		•		•				•						
Jeffrey Dillow				•										
Dustin Ledford				•										
Phillip Rhoades				•										
Gary Swarengin				•										
Aubrey Letsinger		•				•								•
Larry McIntire		•				•				•				
Julie Samuels		•				•						•		
Gary Gunlock							•							
Steve Hefley							•							
Robert Hunt							•							
Cheryle Moore							•							
Kevin Stark						•								
Rod VanDyne						•								
Kansas	Jim Bond	•	•						•					
	Jay Bessmer	•		•								•		
	Tom Boese	•		•				•						
	Kevin Fields			•										
	Jon Fillipi			•										

Delegation	Delegate	Seated	Ex - Officio	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance
	Amy Foster				•									
	Kent Pedersen				•									
	Deborah Brown					•								
	Katherine Love	•				•		•						
	Kenneth Willard	•				•								•
	Jerry Burns	•					•				•			
	Steven Burns						•							
	James Coburn						•							
	Kimberly Easdon						•							
	Darrel Johnson						•							
	Jim Winter						•							
Kansas City	Jeren Rowell	•	•							•				
	Billy Atwell, Jr.	•		•								•		
	Samuel Barber	•		•								•		
	Bradley Estep	•		•							•			
	Deanna Hayden	•		•				•						
	Felipe Aparicio				•									
	Philip Hamner				•									
	William Kirkemo				•									
	Dana Preusch				•									
	Margaret Tyler				•									
	Kenneth Brubaker	•					•							•
	Kevin Garber						•							
	Bonnie Perry	•					•	•						
	Amy Wetmore	•					•							
	Sheila Zani	•					•						•	
	David Anderson	•												•
	Stacey Lareau						•							
	Jon North						•							
	Daniel Rexroth						•							
	Ana Reyes-Portillo						•							
Kentucky	Brian Powell	•	•					•						
	Jared Henry	•		•				•						
	Daniel Bradshaw				•									
	Harry Curry, Jr.				•									
	David Dorn				•									
	Randy Gant				•									
	William McDaniel	•					•							•
	Deborah Sherrill	•					•					•		
	Theodore Barbour						•							
	Stephen Lobb						•							
	William Meadows						•							
	Bryan Russell						•							
Los Angeles	Greg Garman	•	•								•			
	Marcos Canales	•		•								•		
	James Kinzler	•		•				•						
	Josue Tiguilá	•		•									•	
	B. Scott Anderson				•									
	Lamar Davis, Sr.				•									
	Paul Doctorian				•									
	Peter Lundell				•									
	Doug Pittam				•									
	Daniel Doctorian						•							
	Samuel Doctorian, Jr.	•					•							•
	Katie Savage	•					•	•						
	Lavonne Savage	•					•		•					
	Jesse Gonzalez						•							
	Priscilla Graves						•							
	Courtney Johnson						•							
Louisiana	Gary Morris	•					•							
	Charles Fountain	•	•									•		
	Dajunna Howell	•				•								•
	John Bowie						•							
Maine	Dana Phillips						•							
	Stephen Dillman	•	•						•					
	Bobbi Gundberg				•									
	Patricia Cook	•				•								•
	Ann LaCombe						•							
Metro New York	Arthur Alexander	•	•						•					
	Wenton Fyne	•		•				•						
	Juan Paniagua	•		•				•						
	Samuel Vassel	•		•									•	
	Cecil Clarke				•									
	Charles Durmerzier				•									
	Yves Latouche				•									
	Leroy Richards				•									
	Humphrey Crookendale	•				•			•					
	Brendy Franco	•				•		•						
	David Mendes	•				•								•
	Wavny Toussaint	•				•						•		
	Yakima Brown						•							
	Susan Davis						•							

Delegation	Delegate	Seated	Ex - Officio	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance		
Michigan	Valerie Ford						•									
	Ann Van Hine						•									
	John Seaman		•													
	Randall Owens			•				•								
	Mark Walker			•									•			
	Michael McCarty				•											
	Jeremy Selvidge				•											
	Phillip Stout		•		•						•					
	Marlene Webster				•											
	Wesley Bittenbender		•				•						•			
	Deidre Marks		•				•								•	
	Judith Owens		•				•		•							
	Lance Delbridge							•								
	Kelly Downs							•								
	John Harris							•								
	Richelle Martzke							•								
	Edward Richardson							•								
	James Schweigert							•								
	Mid-Atlantic	David Bowser	•	•								•				
		Jonathan Batchelder	•		•									•		
Claude Joyner		•		•				•								
Terry Sowden		•		•						•						
Lionel Campoz					•											
Kevin Hardy					•											
Steven Johnson					•											
John Nielson					•											
Benjamin Spittler					•											
R. Larry Taylor					•											
Karen Gray		•				•			•							
E. Jay Lewis		•				•								•		
Amy Nielson		•				•			•							
Amy Varner						•										
Patti Cramer								•								
Fernando Ibanez								•								
Scott Mankamyer								•								
Nancy Myers								•								
Aubree Parson								•								
Steve Scott								•								
Nancy Spicer							•									
Brian Varner	•						•					•				
MidSouth	Larry Leonard	•	•							•						
	Daron Brown	•		•						•						
	Stephen Estep			•												
	Moody Gunter, II	•		•								•				
	Gustavo Santos			•												
	Kelvin Boone	•			•			•								
	Albertha Bragg				•											
	Anthony Holmes				•											
	William Lancaster	•			•				•							
	Mark Lindstrom				•											
	Monroe Ballard, Jr.	•				•			•							
	William Greathouse	•				•				•						
	Robin Holmes	•				•						•				
	Michael Johnson	•				•							•			
	Susan Santos					•										
	Henry Greer							•								
	Car Pitzer, Sr.							•								
	Sharon Spraker							•								
	Cynthia Stocks							•								
	Morris Stocks	•						•						•		
Missouri	Michael Palmer	•	•					•								
	Stanley Hall	•		•								•				
	Jacob Blankenship				•											
	Ramona Downs				•											
	Theodore Bruce	•				•			•							
	Fred Yates	•				•								•		
	Tanya Menard						•									
	Kimberly Stevenson						•									
	Nebraska	Daniel Cole	•	•											•	
		Douglas Atteberry				•										
		Cliff Transmeier				•										
		Tonya Jensen	•				•				•					
		Jeff Edwards						•								
		Julie Transmeier						•								
		New England	Zeke Friedeman	•	•							•				
			Jeremy Scott	•		•				•						
			Gerald Whetstone	•		•									•	
			James Abrams				•									
			Silas Almeida				•									
			William Esselstyn				•									
Joshua Johnson						•										
Lucille Bollinger			•				•			•						

Delegation	Delegate	Seated	Ex - Office	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance
	Lori Jeffrey	•					•							
	Angela Neves	•					•							•
	In Chong								•					
	Carolyn Farrar								•					
	Eun Oh								•					
New Mexico	J. Fred Huff	•	•								•			
	Peter Myers	•		•									•	
	Richard Hutchison				•									
	Lawrence Lacher				•									
	Kenneth Yocom				•									
	Eric Zottneck				•									
	Joel Burdell	•				•								•
	Dinah Huff	•				•		•						
	Mark Asplund								•					
	Joshua Blea								•					
	Saurabh Emmanuel								•					
	Cynthia Myers								•					
North Arkansas	David Berkner	•	•							•				
	Steven Thrasher	•		•				•						
	Randall Beaty				•									
	Samuel Boyd				•									
	Ronald Riddle				•									
	John Snodgrass				•									
	Carla Hillian	•					•					•		
	Dale Webster	•					•							•
	Curtis Clements								•					
	Barbara Lynch								•					
	William Milburn								•					
	C. Scott Woodward								•					
North Carolina	Gregory Mason	•	•							•				
	Bill Crane	•		•								•		
	Michael Barefield				•									
	Mark Eby				•									
	G. Riley Powell				•									
	Sherman Waters				•									
	Cindy Humphrey	•					•							
	Doug Sisk	•					•							•
	Steve Clayton								•					
	Jonathan Elkins								•					
	Carl Millsap								•					
	Mary Spivey								•					
North Central Ohio	Stephen Ward	•	•											
	David Flack	•		•									•	
	Nathan Ward	•		•										
	Lester Champer				•									
	Donald Diehl				•									
	Russell Gumm				•									
	Ray LaSalle				•									
	Troy McNichols				•									
	Scott Sharpes				•									
	Janis Cheek	•					•				•			
	Debra Heller	•					•						•	
	Michael Pelley	•					•		•					
	Catherine Crum								•					
	Wade Gray								•					
	James Harris								•					
	Jill Harris								•					
	Patrick Rhoton								•					
	Austin Swallow								•					
Northeast Oklahoma	Harold McKellips	•	•							•				
	Casey Hollingsworth	•		•								•		
	Stephen Davis				•									
	James Thornton				•									
	Jeffrey Stewart	•					•			•				
	Jerry Wilburg	•					•		•					
	C. Duane Cox								•					
	Sharon Gunter								•					
Northeastern Indiana	David Roland	•	•									•		
	James Ballenger	•		•							•			
	Gary Cable	•		•										•
	John Dill	•		•						•				
	Randy Marshall				•									
	Richard Secor				•									
	Tim Sheets				•									
	Braden Wisehart				•									
	Tiffany Ball	•					•					•		
	Luanne Frank	•					•		•					
	Mary Johnson						•							
	Connie Sheets	•					•							
	Darcy Dill								•					
	Daniel Garde								•					
	Robin Marshall								•					

Delegation	Delegate	Seated	Ex - Officio	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance		
Northern California	Kenneth Swan	•				•						•				
	Albert Hung	•	•						•							
	Charles Duckworth	•		•				•								
	Jeffrey Purganan				•											
	Deborah Bryant	•				•					•					
	Andrew Shreffler	•				•			•							
Northern Michigan	Cynthia Eastman					•										
	Daniel Gilmore	•	•						•							
	Richard Rice			•												
	Gary Pullen	•				•						•				
	Dennis Hamilton						•									
Northwest	Kenneth Smith					•										
	Randall Craker	•	•							•						
	Frederico Fuentes			•												
	Janine Metcalf	•		•				•								
	Paul Clark				•											
	Christopher Clemons				•											
	James Clifton				•											
	Clifford Purcell				•											
	Bill Vaughn, Jr.				•											
	Chad Wilks	•			•							•				
	Monte Chitwood	•				•								•		
	Nancy Sterk	•				•			•							
	Linda Unseth	•				•							•			
	Richard Barton						•									
	Jeremy Carr						•									
	Mary Fender						•									
	Larry Loeber						•									
	Northwest Indiana	Laura Purcell					•									
Dale Shafer						•										
David Bartley		•	•						•							
Mark Hostetler		•		•								•				
Jeremy Van Kley		•		•				•								
David Brock					•											
Ronald Richmond					•											
Lisa Ulrich					•											
Jason Hamilton		•				•			•							
Jeffrey Hostetler		•				•								•		
Vanessa Stadler		•				•						•				
Joshua Keene							•									
Robert Parks							•									
Northwestern Illinois	John Smith					•										
	Scott Sherwood	•	•						•							
	W. Lloyd Brock	•		•				•								
	William Clark				•											
	Robert Hasselbring II				•											
	Carole Eatock	•				•		•								
	Cheryl Sherwood	•				•					•					
	Keith Peachey						•									
	Steve Peachey						•									
	Dana Schrock						•									
	Glen Smith, Jr.						•									
Northwestern Ohio	D. Geoffrey Kunselman	•	•						•							
	Douglas Boquist	•		•								•				
	Michael McClurg	•		•							•					
	Paul Baker				•											
	Ricky Grimes				•											
	Jonathan Spyker				•											
	Patrick Dodds	•				•								•		
	Rebecca Dusek	•				•		•								
	Melvin Miller	•				•			•							
	David Frye						•									
	Larry Hammond						•									
	Ronald Wentling						•									
	Oklahoma	Terry Rowland	•	•						•						
		Ricky Harvey	•		•				•							
Bruce Johnson		•		•							•					
Henry Siems		•		•					•							
Terry Toler		•		•								•				
Nathan Cook					•											
Richard Green					•											
Stephen Hollingsworth					•											
James Knight					•											
Michael Meeks					•											
Jonathan Middendorf					•											
Kenneth Murray					•											
James Williams					•											
Gary Banz		•				•				•						
Timothy Brown		•				•									•	
Sandy Johnson						•										
Margaret Poteet		•				•			•							
Donna Whitworth		•				•					•					

Delegation	Delegate	Seated	Ex - Officio	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance
	Tim Adams						•							
	Mindy Banz	•					•						•	
	Carissa Campbell						•							
	Dianne Carnell						•							
	Taresa Copeland						•							
	Marie Ferrell						•							
	Deborah Frees						•							
	Adam Jordan						•							
	Phillip Rustin						•							
	Jimmy Williams						•							
Oregon Pacific	Stanley Reeder	•	•					•						
	Tomas Alvarez	•		•						•				
	Virgil Askren	•		•							•			
	Johnie Pugh	•		•								•		
	Jeffrey Doud				•									
	Brent Hofen				•									
	Marcia Mattoso				•									
	Christopher May				•									
	Dale Schaeffer				•									
	Kelli Westmark				•									
	Judy Askren	•					•							•
	Roxanne Brown	•					•	•						
	Pam May	•					•							
	David Westmark	•					•		•					
	Pamela Anderson						•							
	Robert Bender						•							
	Lori Doud						•							
	Merwin Doud						•							
	Linda Fender						•							
	Glen Pounds						•							
	S. Minnie Richards						•							
	Robert Weatherford						•							
Philadelphia	Newell Smith	•	•						•					
	Jonathan Merki	•		•							•			
	Delbert Bieber				•									
	Mark Prugh				•									
	Steve Chambers	•					•							
	Melanie Cook	•					•							•
	Michelle Kindt						•							
	Rondalyn Merki						•							
	Sharon Thornhill						•							
Pittsburgh	Kenneth Mills	•	•						•					
	Ray Stark	•		•				•						
	Brent Herren				•									
	Lois Moranville				•									
	Julie Beckley	•					•							
	Dana Young	•					•				•			
	Karen Doolittle						•							
	Colleen Smith						•							
Prairie Lakes	Steven Hoffman	•	•											•
	Jeffery O'Rourke	•		•				•						
	Bruce Schmidt				•									
	Peggy Wagner				•									
	Terri Comfort	•					•		•					
	Donald Williamson	•					•				•			
	Kate Heyd						•							
	Rhonda Lovelace						•							
	James Mingus						•							
Rocky Mountain	William Carr	•	•							•				
	Ed Kotesky				•									
	Elizabeth Ott	•					•							
	Thomas Vigil						•							
Sacramento	Steven Scott	•	•						•					
	Renee Bennett	•		•							•			
	Michael Peoples	•		•								•		
	Gerald Copp				•									
	Scott Hubbard				•									
	Mark Lehman				•									
	John Perez				•									
	Brett Cardoza	•					•							•
	Jennifer Entwistle	•					•			•				
	Kaitlin Peoples	•					•	•						
	Betty Conley						•							
	Ken Meneely						•							
	Ralph Newlin						•							
	Jack Rea						•							
	Doniese Roberts						•							
South Arkansas	Russell Branstetter		•											
	Timothy Evans	•		•							•			
	Ken Carney	•			•				•					
	Paul Holderfield, Jr.				•									
	Karen Evans	•				•	•							

Delegation	Delegate	Seated	Ex - Officio	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance
	Brenda Yarberry	•				•		•						
	Brittany Chancellor						•							
	Charles Cummings						•							
	Phillip Holderfield						•							
	Sherry Marston						•							
South Carolina	Edward Estep	•	•						•					
	Michael McAdory	•		•										•
	Gregory Pressley	•		•						•				
	Jerry Branham				•									
	Richard Coleman				•									
	Dale Turner				•									
	Terry Weyman				•									
	James Haynes	•					•							
	Denice Johnson	•					•					•		
	Angela LaPlace	•					•		•					
	Mark Alison													
	Patricia Hambrick													
	Wendel Nixon													
	Jeannie Pressley													
	Iwana Ridgill													
	Peggy Smith													
South Central Ohio	Trevor Johnston	•	•					•						
	Wendell Brown	•		•									•	
	Thomas Gates II	•		•				•						
	Jeffery Gray	•		•					•					
	Ann Forbes				•									
	Mark Ledford				•									
	Michael Percell				•									
	Gary Proehl				•									
	Jarrod Spalding				•									
	Michael Vallangeon				•									
	Timothy Barlow	•					•							•
	Catherine Gessner	•								•				
	Melissa Kochis													
	Cathy Manson	•					•					•		
	Sherry Everidge													
	Karen Frey													
	Ronald Gulley													
	Lori Hale													
	Rebecca Ramsey													
	Stephen Sargent													
	Christopher Weghorst													
	Jay Zornes	•						•						
South Texas	Jeffrey Johnson	•	•							•				
	Ismael Flores	•		•								•		
	Samuel Flores	•		•					•					
	Matt Rice	•		•				•						
	Phillip Allred				•									
	K. Ray McDowell				•									
	Rick Moore				•									
	Josh True				•									
	Steve Vaughn				•									
	Randall Wyles				•									
	Josh Flynn	•					•							•
	Terry Long	•						•						
	Keith Pardue	•							•					
	Peggy Stark-Wilson	•					•					•		
	Gloria Abrego													
	Carmen Harrison													
	Diana Rathburn													
	Sergio Venegas													
	Vanessa Willie													
Southern California	Thomas Taylor	•	•						•					
	Stephen Rodeheaver	•		•								•		
	Derek Taylor	•		•				•						
	David DiFalco				•									
	Ronald Guerra				•									
	Robert Smith				•									
	Pam Altice	•					•						•	
	Dennis Butler	•					•							•
	Vonda Rodeheaver	•					•		•					
	Blanca Ashton													
	Debbie Crittendon													
	Jennifer Davis													
Southern Florida	Brian Wilson	•	•						•					
	Donald Brummett	•		•						•				
	Ardee Coolidge	•		•								•		
	Pascal Permis	•		•								•		
	Bryon Schortinghouse	•		•					•					
	Dennis Moore	•					•							
	John Paul	•					•							•
	Eunice Puga	•					•							•

Delegation	Delegate	Seated	Ex - Officio	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance	
Southwest Indiana	Robert Spear	•					•								
	Trisha Spear	•					•								
	Timothy Crump	•	•						•						
	Brian Rogers	•		•									•		
	David Warren	•		•							•				
	Kenneth Bushey				•										
	Mark Fleschner				•										
	Elizabeth Muncie				•										
	Phillip Doerner	•					•					•			
	Sandi Miller						•								
	Sarah Warren	•					•		•						
	Steven Deckard						•								
	Southwest Latin American	Bruce Hamlin					•								
Douglas Jones		•				•	•								
Benjamín López		•	•							•					
Lilia Pérez					•										
Ogdón Rico					•										
Southwest Native American	Emilia Martínez					•									
	John Nells	•	•							•					
Southwest Oklahoma	Raymond Long				•										
	LaDonna Crabb	•				•					•				
	Esther Frejo					•									
	Jim Cooper	•	•							•					
	Gabriela Rodriguez			•											
Southwestern Ohio	Terrill Armstrong	•			•				•						
	James Hill				•										
	Jennifer Lester	•				•		•							
	Carl Powell	•				•					•				
	James Emmert					•									
	Sharon Regester					•									
	Robert Mahaffey	•	•						•						
	Daryl Blank	•		•							•				
	Paul Crisp	•		•				•							
	Tommy Zile	•		•									•		
Texas-Oklahoma Latin	Mark Atherton				•										
	Daniel Burris				•										
	Sheila Slone				•										
	Christine Cox					•									
	Marshall Duke	•				•				•					
	Charles Hail	•				•									
	Elaine Mahaffey	•				•		•						•	
	Paige Graves					•									
	Kurt Johnson					•									
	Lisa Van Nest	•				•		•							
	Caleb Herrera	•	•					•							
	Blanca Cordova	•				•							•		
	Upstate New York	Kevin Dunlop	•	•						•					
Daniel Eddings				•											
Sarah Derck		•			•								•		
James Hess					•										
Donna MacPherson						•									
Stan McClain		•				•		•							
Nancy Kemp						•									
James Sheets		•				•		•							
Andrew Sifferd						•									
Carolyn Warner						•									
Virginia	James Fuller	•	•											•	
	Rigoberto Acosta	•		•				•							
	Wynne Lankford	•		•										•	
	Kerry Willis	•		•					•						
	Joyce Grambo				•										
	Samuel Montanez				•										
	Camelot Shuff				•										
	Stephen Willis				•										
	David Argabright	•				•							•		
	Susan Brown					•									
	Glenn Grambo	•				•					•				
	Ernest Spaur	•				•				•					
	Vickie Dove					•									
Todd Kern	•				•		•								
Washington Pacific	Lauren Mills					•									
	Debbie Montanez					•									
	Jerry Kester	•	•						•						
	William Bowers	•		•				•							
	David Rodes	•		•				•							
	Jon Scott	•		•							•				
	David Ness				•										
	Benjamin Norris				•										
	James Skeen				•										
	Everett Tustin				•										
Randall Freeby	•				•			•							
Richard Halvorson	•				•					•					

Delegation	Delegate	Seated	Ex- Officio	Ministerial Delegates	Ministerial Alternates	Lay Delegates	Lay Alternates	Christian Action	Church Program	District Administration	General Administration	Local Administration	Ministry and Education	Stewardship and Finance
	Deborah Loeber	•				•							•	
	Stephen Walden	•				•								•
	Marilyn Hopfer						•							
	Raymond Turney						•							
	Scott Weaver						•							
	Gerald Welch						•							
West Texas	David Downs	•	•							•				
	Calvin Glidden	•		•							•			
	Corey Jones	•		•				•						
	James Cole				•									
	Jennifer Monteblanco				•									
	Terry Porter				•									
	Jeffery Crouch	•				•					•			
	Dan Davisson	•				•								•
	Gaylene Fowler	•				•		•						
	Julie Calvert						•							
	Loretta Martin						•							
	Rebecca Pepper						•							
West Virginia North	J. Kevin Dennis	•	•							•				
	Brian Knight	•		•								•		
	Chad Harvey				•									
	Ashley Bowers					•								
	Richard Reese	•				•					•			
	Joyce Briles	•					•							•
	Kathleen Heaney						•							
West Virginia South	Mervin Smith	•	•							•				
	Kent Estep	•		•				•						
	Keith Ledsome				•									
	Glen Thaxton				•									
	Charles Boggs					•								
	Betty Lett	•				•					•			
	James Cook						•							
	Gary Ellis						•							
	James Vanhooose	•					•							•
	John Workman						•							
Western Latin American	Orlando Serrano	•	•							•				
	Marcos Cisneros				•									
	Jose Moreno				•									
	Marieli Lopez	•				•		•						
	Paul Cobian						•							
	Cloetilde Rodriguez						•							
Wisconsin	Kevin Donley	•	•							•				
	Michael Postell				•									
	Dan Hirst	•				•								•
	Jon Hansen						•							
NONVOTING DELEGATION														
Education	Harold Graves, Jr.	•	•										•	
	Henry Spaulding, II	•	•										•	
	David Spittal	•	•										•	
Canada Quebec	David Fitzpatrick				•									
	Jean Jean-Louis	•			•					•				
	Randall Barrington						•							

PROCEEDINGS

FIRST DAY

SUNDAY MORNING, 25 JUNE 2017

COMMUNION SERVICE

10:00 A.M.

General Superintendent David A. Basic, Presiding

Prelude of “Come Christians Join to Sing” (arranged by Dan Goeller) and “It is Well with my Soul” (arranged by Don Reddick) was provided by the orchestra.

The Call to Worship singing “All Hail King Jesus” was sung by the combined choirs and congregation to open the assembly.

The Twenty-ninth General Assembly of the Church of the Nazarene was convened by General Superintendent David A. Basic, in the Indiana Convention Center (ICC), in Indianapolis, Indiana, USA. He gave greetings and welcomed delegates and friends from all over the world in attendance at the ICC and through livestreaming. The theme for the service was “One Lord.”

The assembly was led by the worship team and choir in singing “Crown Him, Lord” medley and “How Great is our God.”

General Superintendent David W. Graves led in prayer.

General Superintendent Eugenio R. Duarte, read Ephesians 4:1-6 in Portuguese.

General Superintendent Gustavo A. Crocker provided announcements. He also gave an update on the offering goal of \$250,000, noting that almost \$125,000 was already received. Dr. Crocker introduced the speaker and then prayed for the offering.

Following the prayer, the combined choirs and orchestra performed “Forever.”

General Superintendent Jerry D. Porter read John 1:1-18.

The Cincinnati, Ohio Springdale Church of the Nazarene choir provided a rendition of “Lord, You’re Holy.”

General Superintendent J. K. Warrick preached the communion message, “The Human Face of God,” 1) Jesus Christ is Lord in and of truth, 2) Jesus Christ is Lord in and of grace, 3) Jesus Christ is Lord in and of His church.

As has been the practice on the Sunday morning of General Assembly, a General Superintendent led the assembly in the celebration of Holy Communion. Following communion, the choir sang “Worthy is the Lamb.”

General Superintendent J. K. Warrick concluded the service with a benediction, after which the congregation sang “All Hail King Jesus.” The orchestra provided the postlude.

SUNDAY AFTERNOON, 25 JUNE 2017

WORLD MISSION SERVICE

4:00 P.M.

Prelude of “Shine the Light” (arranged by Camp Kirkland) was provided by the orchestra. A video reminded the assembly to pray for children at risk.

General Superintendent David W. Graves offered greetings and expressed appreciation to those in attendance at the ICC, as well as those listening through livestreaming. Appreciation

was also expressed to the interpreters providing translation for each service, the worship team, orchestra, Don Reddick and Scott Kelley for their ministry through music. Dr. Graves offered the invocation.

The congregation was led in singing “O God, Our Help in Ages Past,” “Great I Am,” and “I Want to be More Like You.”

Luis Meza led the assembly in prayer, which was followed by an NCM, Inc. video. Dr. Nell Sweeden, NCM Director, provided an overall purpose of NCM, along with its impact globally.

General Superintendent David W. Graves made announcements. The offering for the morning service was \$120,135, bringing the total to \$245,166. The goal was \$250,000, with any funds above this to be directed toward Syrian refugees. Dr. Graves introduced the speaker, after which the offering was received.

The worship team, accompanied by the orchestra, sang “Something Happens.”

General Superintendent Eugenio R. Duarte preached the message entitled “Portraits of the Faith,” 1) the Frame of Endurance, 2) the Frame of Choices, 3) in the Frame of Action, 4) the Frame of Change.

The afternoon service was concluded with prayer by General Superintendent Eugenio R. Duarte.

SECOND DAY

MONDAY MORNING, 26 JUNE 2017

Prelude music was provided by Don Reddick and Scott Kelley and songs “Blessed be the Name” and “I Want to be More Like You.”

The first plenary business meeting of the Twenty-ninth General Assembly of the Church of the Nazarene was called to order at 8:30 A.M. on 26 June 2017 in the Indiana Convention Center in Indianapolis, Indiana, with General Secretary David Wilson present and General Superintendent David Busic presiding.

General Superintendent Emeritus Dr. James Diehl presented the devotional around the theme of joy, from Proverbs 17:22, “A merry heart doeth good like a medicine but a broken spirit drieth the bones.” This was the text of his first message after his call to preach in 1949. We are not happy all the time. However, joy is one of the fruits of the Spirit. A joyous heart is like good medicine. Dr. Diehl then shared his story of meeting a Muslim tour guide in Turkey who said he wanted a face like Dr. Diehl’s. Dr. Diehl’s response was, “If you want a face like this, Jesus can give it to you.” The tour guide gave Dr. Diehl his business card before Dr. Diehl left Turkey so the two could be in touch. Six months later Dr. Diehl was back in Turkey and found that the Muslim tour guide was now working for a Christian tour agency. It all started with a joyous countenance and may it radiate forever.

Chairman Dr. Busic indicated the entire foundation of this assembly has been on prayer.

General Superintendent Jerry D. Porter assumed the chair at 9:06 am and invited the assembly into a time of corporate prayer. Each general superintendent provided a specific area on which to focus during the five-minute segments of prayer in small groups.

General Superintendent J. K. Warrick then led the delegates in the delegate commissioning with the following litany:

DELEGATES' COMMISSIONING

Unison: TODAY WE COME TOGETHER FOR THE FIRST TIME AS THE BODY OF DELEGATES ELECTED TO CONDUCT THE BUSINESS OF THE CHURCH OF THE NAZARENE IN THIS 29TH GENERAL ASSEMBLY.

Leader: We thank God for leading each of you, as lay persons and ministers, to this time and place.

Delegates: *May we discern God's inspirations and desires as resolutions are discussed, decisions are made, and Leaders are elected.*

Leader: May the Holy Spirit lead and guide you, that in these meetings and votes, you do God's will in the service of His Kingdom.

Delegates: *Help us to have the courage, patience and vision needed to live as examples of Christ, with the ideals and standards of the Church of the Nazarene.*

Leader: Please respond with "I Will" as you accept this charge:

Leader: Will you continue to be in prayer for these business meetings?

Delegates: *I will.*

Leader: Will you be present for each committee or plenary meeting?

Delegates: *I will.*

Leader: Will you be guided by God's Holy Spirit in your speeches for or against a matter?

Delegates: *I will.*

Leader: Will you seek God's direction as votes are cast in elections and other decisions?

Delegates: *I will.*

Leader: Let us pray.

Almighty God, you gave your son for our salvation, and through personal relationship with you, your Holy Spirit works in us. Thank you for blessing the ministry of your Church of the Nazarene. Lead and direct each of us, especially in these coming days, as decisions are made and Leaders are elected – decisions that we hope will further Your Kingdom throughout the nations of the world. Grant Your wisdom and discernment in all things. In the matchless name of Jesus. Amen.

Leader: It is the awesome privilege and responsibility of the Body of Christ to embody the grace of God. We therefore extend to others the grace He has extended to each of us. Let us commit ourselves to the pursuit of purity of heart and life before God and one another that is pleasing to Him.

1. General Superintendent Porter introduced Dr. Ron Blake, the host district superintendent, and expressed appreciation to the Indianapolis District USA and the local committees for the work they have done to prepare for this General Assembly.

2. Dr. Ron Blake brought greetings from the Indianapolis District USA, 13th largest city in the USA. He also acknowledged the host of people who worked behind the scenes to help facilitate the many details.

3. General Superintendent Porter introduced Dr. Allen Southerland, from Indianapolis Shepherd Community Church of the Nazarene who was "standing in" for Dr. David Roland, the chairperson for fraternal representatives. Dr. Southerland expressed gratitude to and introduced a representative from each of the following sister Wesleyan-holiness denominations:

Dr. David K. Bernard	United Pentecostal Church International
Rev. James A. Coulston	The Evangelical Methodist Church
Dr. Ronald V. Duncan	Global Wesleyan Alliance
Bishop David W. Kendall	Free Methodist Church USA
Rev. Jim Lyon	Church of God Ministries
Dr. H. Jun Mateo	Evangelical Methodist Church Asia Pacific Conference
Dr. Alan Robinson	Brethren in Christ
Dr. John Stumbo	The Christian and Missionary Alliance
Dr. Kyle R. Tau	The United Methodist Church
Dr. Edward Williamson	The Evangelical Methodist Church
Dr. George O. Wood	The General Council of the Assemblies of God

4. Chairman Jerry Porter moved to the organization of the 29th General Assembly.

5. General Secretary David Wilson provided media orientation relative to OwnCloud Web site (thumb drives), keypads, explaining how to use them to vote, as well as microphone sequencing. Each microphone was assigned a station number, which notified the chair. Delegates were instructed to input their ID number into the computer and check from the six choices why they were at the microphone. A time clock would display on the screen. Three minutes were allowed for each speech. Time was adjusted when the delegate was speaking through an interpreter.

6. Report No. 1 of the Credentials Committee was read by Dr. Geoff Kunselman, chairman. Two delegates elect who had passed were noted: 1) Dr. John Seaman, Elder – Michigan District, 2) Rev. Gerphas Obar Oure, Elder – Kenya Central District. Condolences were expressed to the families and district of which these men were a part.

7. The number of delegates elected was 1124, with 794 voting district delegates present, 62 voting ex-officio present, equaling 856 total voting. This included 96 alternates to be seated in lieu of delegates. A quorum was established of 563 delegates present. The committee's report was adopted, and its recommendations were approved.

8. Chairman Jerry Porter presented the Rules of Order (which were sent to delegates on May 5, 2017) with changes. Motion made and accepted.

9. General Superintendent Jerry Porter called for General Secretary David Wilson to read the report of the Platting Committee. It was recommended that the bar of the assembly be set to include: Sections A, B, C, D, E, F, G, Rows 1-10, H, I, J, Rows 1-6, all of Sections K & L, as indicated on the seating chart and platform.

10. Specific seating requests were accommodated according to the decisions of the Credentials Committee; for example, to facilitate simultaneous interpretation for two delegates, non-voting interpreters of their languages were seated with the appropriate delegations.

11. Delegates were selected and assigned to seats in Halls ABC in accordance with the Rules of Order. The seating assignment and a chart were distributed to each delegate.

12. Rows 7, 8, & 9 in Sections H, I, & J included non-voting delegates (superintendents of Phase 1 districts, etc).

13. The report of the Platting Committee was accepted.

14. The General Secretary provided direction on the meeting times for the Legislative Committees:

Monday, 1:30-3:30 pm

Tuesday 8:30-10:15 (if necessary)

15. General Secretary Wilson presented the list of secretaries, pages, reporter, and parliamentarian.

Parliamentarian	Leonard M. Young
Readers	Roger Hahn
	Gay Leonard
Journal Secretary	Karen Jones
Assistants to the General Secretary	Susan Metcalf
	Chris Nelson
	Fred LaPlante
Computer Operators	Caren Warner
	Dawn Langdon
Timer/Mic Sequencing	Nate Gilmore
Elections Coordinator	T. J. McNew
Resolutions Calendar Secretary	Chuck Crow
Legislation Coordinator	Shirley Marvin

16. Chairman Jerry Porter asked the assembly to express appreciation to these servants of the assembly.

17. General Secretary David Wilson guided the assembly relative to fixed times of meetings as follows:

1) Monday--8:30 A.M.-12:00 P.M., 3:45-5:00 P.M., 7:00-9:00 P.M. NOTE: Legislative Committees meet 1:30-3:30 P.M.

2) Tuesday--8:30-10:15 A.M. GA Standing Legislative Committees; 10:30 A.M.- noon, 1:30-3:30 P.M., 3:45-5:00 P.M. – Regional Caucus meetings: Africa, Asia-Pacific, Eurasia, Mesoamerica, South America Regions in same rooms as Saturday; USA Resolutions/Voting Boards, NBC and NTS 7:00-9:00 P.M.

3) Wednesday--8:30 A.M.-12:30 P.M., 2:00-3:45 P.M., 4:00-5:00 P.M. – Regional Caucus meetings as needed, 7:00-9:00 P.M. plenary meeting.

4) Thursday--8:30 A.M.-12:30 P.M., 2:00-5:00 P.M., 7:00-8:15 P.M. – Installation Service, 8:30-10:30 P.M. Reception at the Sagamore Ballroom.

5) 8:30-11:30 A.M. if needed; 1:00-2:00 P.M. Organizational General Board Meeting (if no plenary, 9:00-10:30).

The following were Special Orders for this General Assembly at the time given:

- 1) Quadrennial Address and Election of Incumbent General Superintendents – Monday, 26 June
- 2) Memorial Committee Report – Tuesday, 27 June, 1:30 P.M. meeting
- 3) Installation of Newly Elected General Superintendents – Thursday, 29 June, 7:00 P.M.

The establishment of the schedule and Special Orders were approved.

18. Special orders of the assembly were set as follows: Quadrennial Address and election of incumbent general superintendents, Monday, 26 June; the Memorial Committee report on

Tuesday, 28 June, at 1:30 P.M.; installation of newly elected general superintendents on Thursday, 29 June at 7:00 P.M. Motion to adopt the special orders of the assembly carried.

19. General Secretary David P Wilson recognized emeritus general superintendents and spouses present, and recommended greetings be sent to retired and emeriti general superintendents, spouses/widows unable to attend. The recommendation was approved.

20. Following a short break, General Superintendent Jerry Porter called the meeting to order for the special order of the day, the Board of General Superintendents' Quadrennial Address.

21. Chairman Jerry Porter introduced General Superintendent David Busic to present the Quadrennial Address for the Board of General Superintendents.

22. The report was received with a standing ovation.

23. General Superintendent J. K. Warrick provided a response to the Quadrennial Address "Jesus is Lord." The assembly was led in singing "The Solid Rock" by Scott Kelley and Don Reddick. Dr. Loren Gresham provided the benediction to the Quadrennial Address.

24. General Secretary David Wilson announced that Legislative Committees would meet at 1:30 P.M. The second plenary meeting would resume at 3:45 P.M.

The Assembly then stood in recess at 12:00 noon.

MONDAY AFTERNOON, 26 JUNE 2017

Prelude was provided by the General Assembly worship team led by Don Reddick and Scott Kelley. The worship team led the assembly in singing "How Great is our God."

25. Chairman Jerry Porter called the meeting to order at 3:45 pm and asked the General Secretary to provide instructions on seating.

26. General Secretary David Wilson announced that new delegates arrived today. They should find seating in Sections H & I, currently designated for non-voting delegates. Tuesday morning there will be a new seating arrangement for the Africa, Asia-Pacific, Eurasia, Mesoamerica, and South America Regions to accommodate the new delegates.

27. General Secretary David Wilson read from *Manual* paragraph 305.2 regarding the election of Board of General Superintendents.

28. General Administration Report #1 was given relative to the number of general superintendents to be elected and procedures for election. Recommendation #1 was that six persons be elected as General Superintendents at the 2017 General Assembly. Recommendation was adopted.

29. Recommendation #2 was that the process for electing the new general superintendents be by ballot and in accordance with the adopted rules of the 2017 General Assembly. The first ballot for new general superintendents was taken during the regional caucus meetings on Saturday. Recommendation was adopted.

30. General Superintendent Emeritus Jim Bond was invited to offer a prayer prior to the vote for the incumbent general superintendents.

31. The ballot for incumbent general superintendents Eugenio R. Duarte, David W. Graves, David A. Busic, and Gustavo A. Crocker was cast in the order of his election and each ballot cast separately. Each ballot was a Yes/No ballot and required a two-thirds vote to re-elect.

32. Chairman Jerry Porter called for a report on Ballot from the caucuses for 42nd and 43rd General Superintendents. The names of nominees were read and also scrolled on the screen.

33. General Secretary David Wilson read the results of the election

Eugenio R. Duarte - valid votes 841, needed 561, yes 808, no 33

David W. Graves – valid votes 679, needed 453, yes 659, no 20

David A. Busic – valid votes 780, needed 520, yes 761, no 19

Gustavo A. Crocker – valid votes 795, needed 530, yes 727, no 68

34. The chair declared the four incumbent general superintendents elected: Eugénio Duarte, David W. Graves, David A. Busic, and Gustavo A. Crocker.

35. General Secretary David Wilson called for ballot #1 for general superintendent to be read, which was taken in caucuses on Saturday at the Regional Caucus Meetings.

36. The results of Ballot #1 were:

<i>Total Ballots Cast:</i>	1,409	Jim Cooper	8
		Victor George	8
<i>Necessary to Elect:</i>	939	Oscar Medina-Guzman	8
Carla Sunberg	176	Dwight Rich	8
Filimao (Fili) Chambo	167	Im Seung-An	8
Christian Sarmiento	87	David Downs	7
T. Scott Daniels	57	Philip (Phil) Fuller	7
Robert (Bob) Broadbooks	54	Woodie Stevens	7
Carlos (Luis) Saenz	52	Brad Estep	6
Deidre Brower Latz	30	Ruben Fernandez	6
Harry (Mashangu) Maluleka	29	Terry Rowland	6
Stanley (Stan) Reeder	24	Mark Bane	5
Min-Gyoo (Min-gyu) Shin	24	Ron Blake	5
Mark Louw	23	Carlos (Luis) Cordova	5
Verne Ward	23	Jeffrey Johnson	5
Daniel (Dan) Boone	19	Kafoa Muaror	5
Adalberto Herrera Cuello	19	Pascal Permis	5
Samuel Vassel	18	Gerson Pinto Cardoso	5
Brian Wilson	18	Brian Powell	5
Eddie Estep	16	Richard (Rick) Power	5
Ian Fitzpatrick	14	Rubens Rodrigues	5
Randall (Randy) Craker	13	Klaus Arnold	4
Dwight Gunter II	13	Luiz-Andrade Brazon	4
Jeren Rowell	13	Jorge Córdova	4
R. Alphonzo Porter	12	Leonel De León	4
Elias Betanzos	11	Peter Colin Elliott	4
Daniel (Dan) Copp	11	Glen Gardner	4
Jorge Julca	11	J. Fred Huff	4
David Wilson	11	Geoffrey Kunselman	4
Rick Harvey	10	Joven Laroya	4
Arthur Snijders	10	Greg Mason	4

Walliere Pierre	4	Daniel Ketchum	2
Mateus Andrade Ramos	4	Ishida Manabu	2
Flavio Valvassoura	4	Larry McCain	2
Kerry Willis	4	H. David (Dave) McKellips	2
Gabriel Benjiman	3	Manuel Molina Flores	2
Doug Boquist	3	Paulo Mtambo	2
Sunil Rajaram Dandge	3	Curtis Solomon Ndlovu	2
Stephen Gualberto	3	Geraldo Nunes	2
Young-Su Kim	3	Luis-Carlos Olivera	2
James (Jim) Kraemer	3	Jossie Owens	2
Larry Leonard	3	Scott Rainey	2
Luis Meza	3	Segundo I. Rimarachin Núñez	2
(Elias) Jose Moiane	3	M. Kim Smith	2
John Moore	3	Kenneth Stanford	2
Harmon Schmelzenbach Jr	3	Charles (Chuck) Sunberg	2
Steven R. Scott	3	Stanley Ushe	2
Ramón Serra	3	Evelio Vásquez	2
Bernie Slingerland	3	Wilford Yenda	2
Robert (Bob) Songer	3	Marcelina Achaco	1
Henry Spaulding II	3	Derrick Acre	1
Juan-José Zani	3	Dwayne Adams	1
Jacques Pierre Antoine	2	Andrew Akus	1
Terry Armstrong	2	Alessandro Antonio Alvarenga Silva	1
Orestes Barboza Mejia	2	Josefin M Ano-os	1
Randy Berkner	2	David Araujo	1
Darly Blank	2	Scott Armstrong	1
Jim Bond	2	José Fredy Arreola de la Rosa	1
David Bowser	2	Virgil Askreh	1
Eunice Brubaker	2	Rajkumar Autar	1
Elias Camas	2	Albino Alone Banda	1
Wifredo Canales	2	Begardo Bardales	1
Andre Jose Chiliague	2	David Bennett	1
David DeKoker	2	Jesús Maria Bernat Pintos	1
Fredi Delar Arriola	2	Timothy Blamaini	1
Kevin Dennis	2	Alex Bordales	1
César de Olivera Fernando	2	William Lloyd Brock	1
Daniel Gomez	2	Bob Brower	1
Andres Hernandez	2	Randy Calhoun	1
Anthony Hollerman	2	Johnny Calvo	1
Mark Hostetler	2	Lomerson Canquissu	1
Trino Jara	2	Victor Cergee	1
Trevor Johnston	2	Francisco Cho Si	1
Corey Jones	2	Emilio Choc Icó	1
Titus Joseph	2	Vicki Copp	1

Tim Crump	1	Philip McAlister	1
Monte Cyr	1	Janine Metcalf	1
Larry Dahl	1	Olivia Metcalf	1
Humberto Decoliroieu	1	Luis Meza	1
Kevin Dunlop	1	Sidney Mitchell	1
Dan Eddings	1	Ezekiel Mnisi	1
David Eliassoint	1	Damasio Morias	1
Steve Estep	1	Kathy Mowry	1
Martel Farley	1	Johnny Nells	1
Adérito S. Ferreria	1	Keith Newman	1
Samuel Flores	1	Wellington Obotte	1
Sam Fomais	1	Jorge-Jules Olana	1
Kendal Franklin	1	Jose Palacios	1
Shuji Furukawa	1	Mario Paredes	1
Greg Garman	1	Adan-Sanchez Pareds	1
Elmer Gillett	1	Joel Pearsall	1
José Flavio Gomez Martinez	1	Kent Pelton	1
Dany Gomis	1	Nick Peoples	1
David González Pérez	1	Douglas R. Pierce	1
Steve Green	1	Oni Platilla	1
Reginaldo José Guerra da Silva	1	Robert S. Prince Jr.	1
John Haines	1	Mark Prugh	1
Doug Hardy	1	Carlos Radziszewski	1
Gary Hartke	1	Vinjay Rajalawla	1
Matt Hastings	1	Stanley W. Reeder	1
Jay Height	1	Ricardo Rodriguez Purizaca	1
Lui Henrique	1	David Roland	1
Caleb Herrera	1	Michael Scott	1
Roberto Hodgson	1	Orlando Serrano	1
Marty Hoskins	1	David Sharpes	1
Albert Hung	1	Scott Shaw	1
Keith Joseph	1	Scott Sherwood	1
Jerry Kester	1	David Shore	1
Marlon King	1	David Sierra	1
Dong Wwan Kwon	1	Jubalaus Simbarda	1
Larry Lachar	1	Mervin Smith	1
Mark Lail	1	Anips Spina	1
Tara Beth Leach	1	Antione St. Louis	1
Alberto Ladesma	1	Linda Stargel	1
Solomon Lenache	1	Mark Sung	1
Leonel Lopez	1	Gene Tanner	1
David Lutz	1	Tom Taylor	1
Fili Mao	1	Sheryl Tedder	1
Khanyile Mercy Mashaya	1	Terry Toler	1

Kevin Ulmet	1	Scott Whalen	1
E. Stader Uridos	1	John Whitsett	1
Doug VanNest	1	Chad Wilks	1
Don Walter	1	RaJiv Yenade	1
David Warren	1	Paul Edward Zamar	1
Woody Webb	1	Cris Zimmerman	1

37. Question was raised at Mike #10 - Brad Estep – Bios seem to not be complete. The chair indicated these will be checked.

38. Chair Dr. Porter indicated Sunday night’s offering was \$31,981, with the total received \$277,147. Donors indicated if another \$50,000 could be raised, they will match dollar for dollar so there will be at least \$100,000 toward the Syrian refugees.

39. General Superintendent Eugenio Duarte assumed the chair at 4:30 pm.

40. Special Resolution SR-750 was read. Resolution adopted.

41. The chair Eugenio Duarte read the following citation:

The Citation

The Board of General Superintendents requests that this Twenty-ninth General Assembly of the Church of the Nazarene in session in Indianapolis, Indiana, this twenty-sixth day of June, two thousand and thirteen, join us in a tribute to:

DR. JERRY D. PORTER

Dr. Porter was elected to the highest office in the denomination at the 24th General Assembly in San Antonio, Texas, in June 1997, while serving as superintendent for the Washington (DC) (now Mid-Atlantic) District of the Church of the Nazarene.

Porter was born in Oklahoma City, Oklahoma, to missionaries Dr. William and Mrs. Juanita Porter. He grew up on the mission field and became fluent in Spanish as his second language.

Jerry was called to preach at a young age. After completing his Bachelor of Arts degrees in religion and Spanish at Bethany Nazarene College (now Southern Nazarene University) and his marriage to Toni Dubs, the Porters accepted their first pastoral responsibilities in the Church of the Nazarene.

During his graduate program at Southern Nazarene University, Jerry travelled as secretary to E. Stanley Jones for almost four months and was marked for life by the teaching and preaching of the 87-year-old missionary and theologian. In 1972 Porter completed his Master of Arts degree in theology and went on to study at Nazarene Theological Seminary, Kansas City, Missouri, USA. In 1988 his alma mater (SNU) conferred on him an honorary Doctor of Divinity degree.

In 1974, while pastoring the Angleton Church of the Nazarene, on the Houston District, Porter was ordained an elder by General Superintendent Charles Strickland. Soon after his ordination, Jerry and Toni, with their two children, Amy Jo and William Britt, were commissioned as missionaries to the Dominican Republic, where they participated in launching the Church of the Nazarene in that Caribbean nation. Forever missionaries at heart, the Porters

have since served, lived, and dreamed missions in the United States, Dominican Republic, and Costa Rica.

Dr. Porter has excelled as a mentor and leader particularly in church planting, church growth and development, and theological education, believing in people and allowing them to flourish and reach their God-given potential. He pioneered theological education by extension for the denomination with excellent results in Latin America, and it has had a positive influence on the Nazarene educational system worldwide. Today, at all levels of leadership in the denomination, there are individuals who were trained and mentored by Jerry Porter. Jerry's passion for discipleship will be remembered by his challenging question "Who disciplined you, and who are you discipling?"

The Porters have served as pastors and missionaries, as rector of the Nazarene Seminary of the Americas, as director for the Mexico/Central America Region, as superintendent for the Mid-Atlantic District, and for twenty years as a general superintendent. Jerry has been a member of several boards and has contributed to numerous publications. His wife, Toni, is a leader and frequent speaker at women's retreats. She is an advocate for child sponsorship and has taught spiritual formation classes at a number of colleges and seminaries.

In 1995, after a courageous battle with cancer, their beautiful daughter, Amy Jo, preceded them to heaven. Their son, Bill and daughter-in-law, Kristen, have given them two grandsons, Ben and Nate. The Porters' hobbies are playing with their two grandsons and walking on the beach.

We celebrate Dr. Jerry Porter's life and ministry over many years, his contribution and influence as a general superintendent in the Church of the Nazarene, and the exemplary way he has lived out the mission of Making Christlike Disciples in the Nations. For his faithful and fruitful service and for his compassionate and holy life we are and will forever be grateful.

THE BOARD OF GENERAL SUPERINTENDENTS
CHURCH OF THE NAZARENE

General Superintendent Porter was presented with a plaque which read:

HONORING

Jerry D. and Toni E. Porter
General Superintendent
CHURCH OF THE NAZARENE
1997–2017

Visionary leader
Agent of Change
Creative Teacher
Courageous Explorer
Mentor Par Excellence

***Pioneer Missionary
Compassionate Brother
Esteemed Colleague
of the
Board of General Superintendents***

With Grateful Appreciation

**Eugénio R. Duarte David W. Graves
Gustavo Crocker David R. Busic**

42. Special Resolution SR – 751 was read. Resolution adopted.
43. General Superintendent David Graves read the following citation:

The Citation

The Board of General Superintendents in this Twenty-ninth General Assembly of the Church of the Nazarene in session in Indianapolis, Indiana, this twenty-sixth day of June, two thousand and seventeen, joyfully salute

DR. J. K. WARRICK

For his 52 years of Spirit-anointed service to Christ and the church, and with deep appreciation for his 12 years as a general superintendent in the global Church of the Nazarene. We celebrate his love of his Lord, his family, and his church, and honor his heart for the holiness message, church planting, evangelism, world missions, discipleship, and compassionate ministries.

Born in Caddo, Oklahoma on 18 November 1945, Johnny Ken Warrick grew up in Oklahoma, West Texas, and California. He gave his life to Christ as a child and quickly answered God’s call on his life. By age 16, with the encouragement of Pastor James Robertson, he began to preach.

In May of 1965, the Southeast Oklahoma District granted J. K. his first district minister’s license while he was still a student at Bethany Nazarene College (now Southern Nazarene University). It was at Bethany he met two people who would greatly impact his life. Dr. Donald Metz whose advice, encouragement, and wisdom helped to shape his ministry and focus; and Delores Jean “Patty” Ouzts, who he married in August 1967, just one month before beginning their first pastorate in Caddo, Oklahoma.

J. K. graduated from Trinity Bible College in Indiana, where he earned a Bachelor of Arts degree. He is an alumnus of Wesley Biblical Seminary, and in 1994 he was honored by Southern Nazarene University with a Doctorate of Divinity for his service to Christ and the Church of the Nazarene. He has served on the Boards of Trustees at Mount Vernon Nazarene University and MidAmerica Nazarene University and on several district boards and committees in the church. In May of this year, MidAmerica Nazarene University in recognition of his ongoing passion and

effort to involve young people in the mission of God, MidAmerica awarded him with a second Doctorate of Divinity.

He was chosen for the highest elected office in the Church of the Nazarene at the Twenty-sixth General Assembly in, Indianapolis, Indiana, in June 2005, after serving for 38 years as a pastor in Oklahoma, Texas, Florida, Ohio, Indiana, and Kansas. A hallmark of his ministry has been the encouragement of God's people to find a place of service in the church and community, and equipping pastors and laypersons to be missional leaders.

Dr. Warrick will be remembered for his numerous initiatives to foster greater involvement of the laity in ministry and service. Growth groups, prayer cells, church plants, creative compassionate ministry enterprises have all been part of God's calling on his life. He has recently championed efforts challenging college students to intentionally select career opportunities in areas where they can become part of new church plants. This has resulted in connecting district leaders and church planters with enthusiastic young people committed engaging their culture for Christ.

No tribute to J. K. would be complete without mentioning Patty's faithful contribution and supportive partnership in ministry. Through her interest in Bible studies, women's ministry, and her devotion to disciplining new believers, Patty has added special value to each of J. K.'s assignments.

The Warrick's have two grown children and seven grandchildren. Their son, Brad and his wife, Jill; as well as their daughter Jill, and her husband Chad, all live in the Kansas City area. Having the grandchildren close is one of the special blessings they enjoy.

J. K.'s anointed preaching, passionate defense of the Holiness message, and fruitful service to Christ and the kingdom of God, have impacted countless lives. We salute Dr. Warrick with gratitude and sincere appreciation for his faithful service as a minister of the gospel and his contributions as a general superintendent in the Church of the Nazarene.

THE BOARD OF GENERAL SUPERINTENDENTS
CHURCH OF THE NAZARENE

General Superintendent Warrick was presented with a plaque which read:

HONORING

**J. K. and Patty Warrick
General Superintendent
CHURCH OF THE NAZARENE
2005–2017**

***Preacher of the Word
Holiness Messenger
Pastor's Friend
Committed to compassion***

**Unwavering belief
Visionary Leader
Esteemed Colleague
of the
Board of General Superintendents**

With Grateful Appreciation

**Eugénio R. Duarte David W. Graves
Gustavo Crocker David R. Busic**

44. Chair Dr. Duarte called for Ballot Two for the 42nd and 43rd General Superintendents.
45. General Secretary David Wilson indicated that the name of Stan Reeder (#225) was on the list twice. The name of Michael Thompson (#257) should be added, as it was a write-in.
46. Ballot Two for the 42nd and 43rd General Superintendents was cast.
47. Chair Dr. Duarte reminded the assembly of the pledge toward the \$50,000 and matching donors for the Syrian refugees. Delegates would receive the cards in the evening session.
48. General Secretary David Wilson announced that Plenary #3 would begin at 7:00 pm.
49. Chair Eugenio Duarte announced the recess of the meeting at 5:00 pm.

MONDAY EVENING, 26 JUNE 2017

Prelude was provided by the General Assembly worship team led by Don Reddick and Scott Kelley. The worship team led the assembly in singing "I Stand Amazed," "

50. General Superintendent J. K. Warrick called the third business meeting of the 29th General Assembly to order at 7:05 pm and Rev. Tim Kellerman prayed.

51. General Secretary David Wilson provided instructions on the ballots for election of the General Superintendents.

52. Results of Ballot Two 42nd and 43rd General Superintendents were announced.

Positions 2

<i>Total Ballots Cast:</i>	840	Verne Ward	38
<i>Invalid Votes</i>	27	Min-Gyoo (Min-gyu) Shin	37
<i>Necessary to Elect:</i>	542	Eddie Estep	30
Carla Sunberg	321	Stanley (Stan) Reeder	27
Filimao (Fili) Chambo	287	Dwight Gunter II	25
Christian Sarmiento	130	Samuel Vassel	22
T. Scott Daniels	100	Harry (Mashangu) Maluleka	21
Robert (Bob) Broadbooks	96	Brian Wilson	19
Deidre Brower Latz	66	David Wilson	18
Carlos (Luis) Saenz	54	Jorge Julca	17
Mark Louw	40	Ian Fitzpatrick	15
Daniel (Dan) Boone	39	Adalberto Herrera Cuello	13

R. Alphonzo Porter	12	Mark Bane	1
Randall (Randy) Craker	11	Orestes Barboza Mejia	1
Elias Betanzos	9	Randy Berkner	1
Jeren Rowell	9	Jesús Maria Bernat Pintos	1
Arthur Snijders	8	Ron Blake	1
Woodie Stevens	8	Daryl Blank	1
Jim Cooper	7	Eunice Brubaker	1
David Downs	7	Johnny Calvo	1
Samuel Flores	7	Wifredo Canales	1
Rick Harvey	7	Victor Cergee	1
Pascal Permis	6	Emilio Choc Icó	1
Oscar Medina-Guzman	5	Tim Crump	1
Dwight Rich	5	Leonel De León	1
Harmon Schmelzenbach Jr.	5	David DeKoker	1
Daniel (Dan) Copp	4	Kevin Dunlop	1
Victor George	4	David Eliassoint	1
J. Fred Huff	4	Steve Estep	1
Jeffrey Johnson	4	Sam Fomais	1
Flavio Valvassoura	4	Greg Garman	1
Brad Estep	3	Andres Hernandez	1
Philip (Phil) Fuller	3	Titus Joseph	1
Steve Green	3	Daniel Ketchum	1
Gerson Pinto Cardoso	3	Tara Beth Leach	1
Sunil Rajaram Dandge	2	H. David (Dave) McKellips	1
Peter Colin Elliott	2	John Moore	1
Corey Jones	2	Kafoa Muaror	1
James (Jim) Kraemer	2	Adan-Sanchez Pareds	1
Larry Leonard	2	Douglas R. Pierce	1
Luis Meza	2	Brian Powell	1
Luis-Carlos Olivera	2	Scott Rainey	1
Walliere Pierre	2	Segundo I. Rimarachin Núñez	1
Richard (Rick) Power	2	Im Seung-An	1
Rubens Rodrigues	2	David Sharpes	1
Terry Rowland	2	Bernie Slingerland	1
Ramón Sierra	2	Robert (Bob) Songer	1
Kerry Willis	2	Antione St. Louis	1
Alessandro Ant Alvarenga Silva	1	Charles (Chuck) Sunberg	1
Josefin M Ano-os	1	Gene Tanner	1
Scott Armstrong	1	Kevin Ulmet	1
Terry Armstrong	1	John Whitsett	1
KlausArnold	1	Paul Edward Zamar	1

53. Chair J. K. Warrick declared no election for the 42nd and 43rd General Superintendents.

54. The chair recognized David Slonecker, Intermountain District at Mic 5 who questioned the validity of the 2nd ballot. However, after some explanation from General Secretary Wilson, Mr. Slonecker withdrew the question.

55. The chair recognized Kent Estep, West Virginia South, at Mic. 10 who asked if only one person could be voted on or is it necessary to vote for a second person. Does the math work with the formula being used?

56. General Secretary David Wilson indicated that two names should be added to the ballot, Michael Thompson and Mark Quanstrom.

57. Chair J. K. Warrick called for Ballot Three for the 42nd and 43rd General Superintendents.

58. General Secretary David Wilson introduced the GMC Officers and Directors. Their reports have been translated and available on Onwncloud.com.

Lola Brickey	Global Director, Nazarene Missions International
Dan Copp	Director, Education Commissioner and Global Clergy Development
Gary Hartke	Global Director, Nazarene Youth International
Frank Moore	General Editor
Woodie Stevens	Global Director, Sunday School and Discipleship
Keith Cox	General Treasurer
Verne Ward	Global Mission Director
David Wilson	General Secretary

59. Chair J. K. Warrick called for the Articles of Faith Study Committee (AFSC) Report.

60. Dr. Frank Moore, Chairman of AFSC indicated that resolutions have deep theological significance. They were carefully studied and brought forward in a comprehensive form and one in which all the parts relate carefully to each other. With the difficulty of crafting a globally appropriate statement of this importance from the floor of the General Assembly, the Articles of Faith Study Committee, as well as the Board of General Superintendents recommended that these resolutions each be considered, after debate, by an up or down vote without allowing for amendments from the floor. Dr. Moore moved to suspend the rules so that the following items may be considered without amendment: JUD-800 (800a/b).

61. Chair J. K. Warrick responded that this motion came from a committee of more than two persons and no second was necessary. The motion to suspend the rules required a 2/3 vote for approval. Motion carried by the two-thirds vote.

62. JUD-800 – was read and adopted, per committee recommendation.

63. JUD-800a – was rejected by a two-thirds vote in committee; therefore, it was not necessary for the assembly to take action.

64. JUD-802 – was read and adopted, per committee recommendation.

65. JUD – 802a – was rejected by a two-thirds vote in committee; therefore, it was not necessary for the assembly to take action.

66. JUD – 802b – was rejected by a two-thirds vote in committee; therefore, it was not necessary for the assembly to take action.

67. JUD-810 – was read and adopted, per committee recommendation.

68. JUD-811 – was read and adopted, per committee recommendation.

69. JUD-812 – was read and adopted, per committee recommendation.

70. Results of Ballot Three for the election of the 42nd and the 43rd General Superintendents were announced:

<i>Total Ballots Cast:</i>	798	Woodie Stevens	4
<i>Invalid Votes</i>	24	David Downs	3
<i>Necessary to Elect:</i>	516	Steve Green	3
Carla Sunberg	343	Mark Quanstrom	3
Filimao (Fili) Chambo	313	Dwight Rich	3
Christian Sarmiento	136	Robert (Bob) Songer	3
T. Scott Daniels	131	Flavio Valvassoura	3
Robert (Bob) Broadbooks	106	Daniel (Dan) Copp	2
Deidre Brower Latz	62	J. Fred Huff	2
Carlos (Luis) Saenz	41	Walliere Pierre	2
Daniel (Dan) Boone	29	Brian Powell	2
Min-Gyoo (Min-gyu) Shin	29	Terry Rowland	2
Verne Ward	29	Tom Taylor	2
Eddie Estep	26	Derrick Acre	1
Dwight Gunter II	24	Josefin M Ano-os	1
Mark Louw	24	KlausArnold	1
Stanley (Stan) Reeder	24	Mark Bane	1
Brian Wilson	18	Orestes Barboza Mejia	1
Samuel Vassel	17	Begardo Bardales	1
Ian Fitzpatrick	14	Eunice Brubaker	1
Jorge Julca	14	Jorge Córdova	1
Harry (Mashangu) Maluleka	14	Leonel De León	1
Adalberto Herrera Cuello	9	Kevin Dunlop	1
R. Alphonzo Porter	9	Brad Estep	1
Jeren Rowell	9	Philip (Phil) Fuller	1
Samuel Flores	8	Victor George	1
Pascal Permis	7	Rick Harvey	1
David Wilson	7	Trevor Johnston	1
Elias Betanzos	6	Titus Joseph	1
Michael Thompson	6	Tara Beth Leach	1
Jim Cooper	5	Kafoa Muaror	1
Randall (Randy) Craker	5	Curtis Solomon Ndlovu	1
Richard (Rick) Power	5	Jossie Owens	1
Jeffrey Johnson	4	Scott Rainey	1
Oscar Medina-Guzman	4	Rubens Rodrigues	1
Harmon Schmelzenbach Jr.	4	Ramón Sierra	1
Arthur Snijders	4	Gene Tanner	1

Stanley Ushe	1	Wilford Yenda	1
Kerry Willis	1	Juan-José Zani	1
71.	Chair J. K. Warrick declared no election.		
72.	General Secretary David Wilson indicated the name of Simone Twibell (#259) – should be added to the list.		
73.	Orlando Serrano, California, at Mic 10 asked for clarity on the 2/3 details.		
74.	Chair J. K. Warrick called for Ballot Four for the 42 nd and the 43 rd General Superintendents .		
75.	At 8:04 pm the Chair changed to Dr. David Graves.		
76.	Results of Ballot Four for the 42 nd and 43 rd General Superintendents were announced.		
Positions 2		Randall (Randy) Craker	4
<i>Total Ballots Cast:</i>	827	Jeffrey Johnson	4
<i>Invalid Votes</i>	40	Im Seung-An	4
<i>Necessary to Elect:</i>	524	Jim Cooper	3
		David Downs	3
Filimao (Fili) Chambo	368	Steve Green	3
Carla Sunberg	362	Pascal Permis	3
Christian Sarmiento	148	Richard (Rick) Power	3
T. Scott Daniels	130	Mark Quanstrom	3
Robert (Bob) Broadbooks	110	Robert (Bob) Songer	3
Deidre Brower Latz	56	Greg Garman	2
Carlos (Luis) Saenz	40	Andres Hernandez	2
Verne Ward	33	J. Fred Huff	2
Min-Gyoo (Min-gyu) Shin	30	Titus Joseph	2
Daniel (Dan) Boone	23	Terry Rowland	2
Stanley (Stan) Reeder	22	Ramón Sierra	2
Brian Wilson	22	Arthur Snijders	2
Mark Louw	21	Michael Thompson	2
Eddie Estep	16	Kerry Willis	2
Dwight Gunter II	14	Marcelina Achaco	1
Jorge Julca	14	Derrick Acre	1
Harry (Mashangu) Maluleka	12	Alessandro Antonio Alvarenga Silva	1
Samuel Flores	10	Mark Bane	1
Samuel Vassel	10	Orestes Barboza Mejia	1
Ian Fitzpatrick	9	Jesús Maria Bernat Pintos	1
R. Alphonzo Porter	7	Elias Betanzos	1
Jeren Rowell	7	Eunice Brubaker	1
Woodie Stevens	7	Wifredo Canales	1
Walliere Pierre	6	Sunil Rajaram Dandge	1
David Wilson	6	Kevin Dunlop	1
Adalberto Herrera Cuello	5	Peter Colin Elliott	1
Oscar Medina-Guzman	5	Brad Estep	1
Daniel (Dan) Copp	4	Glen Gardner	1

Rick Harvey	1	Scott Rainey	1
Albert Hung	1	Rubens Rodrigues	1
David Lutz	1	Harmon Schmelzenbach Jr.	1
H. David (Dave) McKellips	1	Kevin Ulmet	1
Kafoa Muaror	1	Flavio Valvassoura	1
Gerson Pinto Cardoso	1		

77. The chair declared no election and called for Ballot Five for the 42nd and 43rd General Superintendents.

78. JUD-813 - was read. After debate the vote was taken on JUD-813 which required a two-thirds vote for adoption. The committee recommended adoption. There were less than two-thirds in favor and Resolution JUD-813 was defeated.

79. Results of Ballot Fifth for the 42nd and 43rd General Superintendents were announced.

Positions 2		Pascal Permis	4
<i>Total Ballots Cast:</i>	835	David Wilson	4
<i>Invalid Votes</i>	21	William Lloyd Brock	3
<i>Necessary to Elect:</i>	543	R. Alphonzo Porter	3
		Mark Quanstrom	3
Filimao (Fili) Chambo	452	Terry Rowland	3
Carla Sunberg	377	Randall (Randy) Craker	2
Christian Sarmiento	155	Jeffrey Johnson	2
T. Scott Daniels	128	Brian Powell	2
Robert (Bob) Broadbooks	118	Dwight Rich	2
Deidre Brower Latz	42	Harmon Schmelzenbach Jr.	2
Verne Ward	41	Woodie Stevens	2
Carlos (Luis) Saenz	35	Kevin Ulmet	2
Min-Gyoo (Min-gyu) Shin	31	Jacques Pierre Antoine	1
Mark Louw	27	Terry Armstrong	1
Stanley (Stan) Reeder	20	Orestes Barboza Mejia	1
Daniel (Dan) Boone	19	Jesús Maria Bernat Pintos	1
Harry (Mashangu) Maluleka	19	Elias Betanzos	1
Brian Wilson	16	Doug Boquist	1
Eddie Estep	12	Eunice Brubaker	1
Jorge Julca	12	Jorge Córdova	1
Dwight Gunter II	10	Sunil Rajaram Dandge	1
Samuel Flores	8	David Downs	1
Samuel Vassel	8	Kevin Dunlop	1
Ian Fitzpatrick	7	Brad Estep	1
Adalberto Herrera Cuello	6	Ruben Fernandez	1
Daniel (Dan) Copp	5	Greg Garman	1
Oscar Medina-Guzman	5	Steve Green	1
Walliere Pierre	5	Rick Harvey	1
Jeren Rowell	5	J. Fred Huff	1
Jim Cooper	4	Trevor Johnston	1

Titus Joseph	1	David Sharpes	1
Jerry Kester	1	Michael Thompson	1
Kafoa Muaror	1	Stanley Ushe	1
Curtis Solomon Ndlovu	1	Flavio Valvassoura	1
Scott Rainey	1		

80. The chair declared no election and called for Ballot Six for the 42nd and 43rd General Superintendents.

81. JUD-814 – was read. After debate, the resolution was adopted per committee recommendation.

82. JUD 815 – was read and adopted, per committee recommendation.

83. Results of Ballot Six for the 42nd and 43rd General Superintendents were announced.

Positions 2		Greg Garman	2
<i>Total Ballots Cast:</i>	826	Steve Green	2
<i>Invalid Votes</i>	21	Jeffrey Johnson	2
<i>Necessary to Elect:</i>	537	Pascal Permis	2
		R. Alphonzo Porter	2
Filimao (Fili) Chambo	509	Scott Rainey	2
Carla Sunberg	391	Segundo I. Rimarachin Núñez	2
Christian Sarmiento	149	Arthur Snijders	2
Robert (Bob) Broadbooks	119	David Wilson	2
T. Scott Daniels	118	Alessandro Antonio Alvarenga Silva	1
Verne Ward	44	Josefin M Ano-os	1
Deidre Brower Latz	37	Mark Bane	1
Min-Gyoo (Min-gyu) Shin	25	Orestes Barboza Mejia	1
Carlos (Luis) Saenz	24	Gabriel Benjiman	1
Mark Louw	23	Jesús Maria Bernat Pintos	1
Daniel (Dan) Boone	16	William Lloyd Brock	1
Harry (Mashangu) Maluleka	15	Eunice Brubaker	1
Stanley (Stan) Reeder	12	Wifredo Canales	1
Eddie Estep	11	Emilio Choc Icó	1
Jorge Julca	9	Randall (Randy) Craker	1
Brian Wilson	9	Leonel De León	1
Samuel Flores	8	David Downs	1
Dwight Gunter II	7	Kevin Dunlop	1
Walliere Pierre	7	Brad Estep	1
Samuel Vassel	7	Philip (Phil) Fuller	1
Ian Fitzpatrick	6	J. Fred Huff	1
Daniel (Dan) Copp	3	Corey Jones	1
Adalberto Herrera Cuello	3	Young-Su Kim	1
Oscar Medina-Guzman	3	Mark Quanstrom	1
Brian Powell	3	Rubens Rodrigues	1
Dwight Rich	3	Jeren Rowell	1
Terry Rowland	3	Im Seung-An	1
Jim Cooper	2	Woodie Stevens	1

Michael Thompson	1	Woody Webb	1
Flavio Valvassoura	1		

84. The chair declared no election and called for Ballot Seven for the 42nd and 43rd General Superintendents.

85. Mark Bane, Joplin District, moved to reconsider JUD-813. Motion was seconded. The Chair announced that the resolution will be reconsidered Tuesday am.

86. The results for Ballot Seven for the 42nd and 43rd General Superintendents were announced.

Positions 2		Samuel Vassel	3
<i>Total Ballots Cast:</i>	826	Eunice Brubaker	2
<i>Invalid Votes</i>	15	Brad Estep	2
<i>Necessary to Elect:</i>	541	Greg Garman	2
		Brian Powell	2
Filimao (Fili) Chambo	597	David Wilson	2
Carla Sunberg	441	Josefin M Ano-os	1
Christian Sarmiento	124	Orestes Barboza Mejia	1
Robert (Bob) Broadbooks	111	Jesús Maria Bernat Pintos	1
T. Scott Daniels	91	Daryl Blank	1
Verne Ward	42	Randall (Randy) Craker	1
Deidre Brower Latz	28	David Downs	1
Carlos (Luis) Saenz	22	Kevin Dunlop	1
Mark Louw	21	David Eliassoint	1
Min-Gyoo (Min-gyu) Shin	16	Glen Gardner	1
Harry (Mashangu) Maluleka	15	Steve Green	1
Eddie Estep	10	Rick Harvey	1
Stanley (Stan) Reeder	10	Adalberto Herrera Cuello	1
Samuel Flores	8	J. Fred Huff	1
Daniel (Dan) Boone	7	Jeffrey Johnson	1
Jorge Julca	7	Trevor Johnston	1
Dwight Gunter II	6	Daniel Ketchum	1
Brian Wilson	6	Paulo Mtambo	1
Ian Fitzpatrick	5	Pascal Permis	1
Walliere Pierre	5	Scott Rainey	1
Jim Cooper	3	Dwight Rich	1
Daniel (Dan) Copp	3	Segundo I. Rimarachin Núñez	1
Oscar Medina-Guzman	3	Arthur Snijders	1
R. Alphonzo Porter	3	Woody Webb	1
Terry Rowland	3		

The General Superintendent David W. Graves declared Dr. Filmao Chambo elected as the 42nd General Superintendent of the Church of the Nazarene.

87. General Secretary David Wilson made closing announcements indicating that there will be a new seating arrangement Tuesday for all regions except USA/Canada. Laptops should be charged. Those legislative committees that still have business to complete will meet Tuesday morning.

88. The Chair declared the meeting adjourned to begin at 10:30 am Tuesday morning.

THIRD DAY

TUESDAY MORNING, 27 JUNE 2017

Prelude music was provided by Don Reddick, Scott Kelley, and worship team with songs “Victory is Mine” and “Victory in Jesus.”

The fourth plenary business meeting of the Twenty-ninth General Assembly of the Church of the Nazarene was called to order at 10:30 A.M. on 27 June 2017, in the Indiana Convention Center in Indianapolis, Indiana, with General Superintendent Gustavo Crocker presiding. He welcomed those delegates who arrived yesterday.

88. General Superintendent Emerita Dr. Nina G. Gunter presented the devotional. The Kingdom of God is embodied in the church. Speaking from I Peter 2, Dr. Gunter spoke of three identities to know who we are: 1) we are the people of God, 2) we are examples of God’s character 3) we are proclaimers of God’s mercy and his praises.

89. Chair Gustavo Crocker led in prayer.

90. The Daily Journal Committee Report was read by Rev. Steve Hoffman. He moved the adoption of the report. Motion was seconded and passed.

91. Credentials Committee Report #2 was read by Dr. Geoff Kunselman. There were 892 voting district delegates present, 63 voting ex-officio present. This number included 114 alternates to be seated in lieu of delegates. Report was adopted.

92. Chair Gustavo Crocker called for a report on Ballot Seven for the 43rd General Superintendent. Dr. Filimao Chambo was elected as the 42nd General Superintendent on this ballot.

Positions 2		Daniel (Dan) Boone	7
<i>Total Ballots Cast:</i>	826	Jorge Julca	7
<i>Invalid Votes</i>	15	Dwight Gunter II	6
<i>Necessary to Elect:</i>	541	Brian Wilson	6
		Ian Fitzpatrick	5
Filimao (Fili) Chambo	597	Walliere Pierre	5
Carla Sunberg	441	Jim Cooper	3
Christian Sarmiento	124	Daniel (Dan) Copp	3
Robert (Bob) Broadbooks	111	Oscar Medina-Guzman	3
T. Scott Daniels	91	R. Alphonzo Porter	3
Verne Ward	42	Terry Rowland	3
Deidre Brower Latz	28	Samuel Vassel	3
Carlos (Luis) Saenz	22	Eunice Brubaker	2
Mark Louw	21	Brad Estep	2
Min-Gyoo (Min-gyu) Shin	16	Greg Garman	2
Harry (Mashangu) Maluleka	15	Brian Powell	2
Eddie Estep	10	David Wilson	2
Stanley (Stan) Reeder	10	Josefin M Ano-os	1
Samuel Flores	8	Orestes Barboza Mejia	1

Jesús Maria Bernat Pintos	1	Jeffrey Johnson	1
Daryl Blank	1	Trevor Johnston	1
Randall (Randy) Craker	1	Daniel Ketchum	1
David Downs	1	Paulo Mtambo	1
Kevin Dunlop	1	Pascal Permis	1
David Eliassoint	1	Scott Rainey	1
Glen Gardner	1	Dwight Rich	1
Steve Green	1	Segundo I. Rimarachin Núñez	1
Rick Harvey	1	Arthur Snijders	1
Adalberto Herrera Cuello	1	Woody Webb	1
J. Fred Huff	1		

93. Chair Gustavo Crocker called for Ballot Eight for the 43rd General Superintendent.

94. Chair Gustavo Crocker called for the motion to reconsider JUD-813 which was presented in the previous plenary session by Rev. Mark Bane, Joplin District. He provided explanation on the motion to reconsider.

95. General Superintendent David Basic spoke about the motion to reconsider.

96. JUD 813 - Motion passed to reconsider this resolution.

97. Chair Gustavo Crocker recognized Dr. Basic for a motion that JUD 813 be referred back to the Board of General Superintendents. Following debate, vote was taken. Motion adopted to refer the resolution to the Board of General Superintendents.

98. Results of Ballot Eight-

<i>Total Ballots Cast:</i>	858	Harry (Mashangu) Maluleka	3
<i>Invalid Votes</i>	13	Steve Green	2
<i>Necessary to Elect:</i>	564	Pascal Permis	2
		R. Alphonzo Porter	2
Carla Sunberg	455	Stanley (Stan) Reeder	2
Christian Sarmiento	127	Terry Rowland	2
Robert (Bob) Broadbooks	75	Samuel Vassel	2
T. Scott Daniels	57	David Wilson	2
Deidre Brower Latz	29	Daniel (Dan) Boone	1
Verne Ward	21	Alex Bordales	1
Min-Gyoo (Min-gyu) Shin	10	William Lloyd Brock	1
Walliere Pierre	9	Daniel (Dan) Copp	1
Carlos (Luis) Saenz	9	Sunil Rajaram Dandge	1
Mark Louw	6	Eddie Estep	1
Brian Wilson	6	Jeffrey Johnson	1
Dwight Gunter II	5	Oscar Medina-Guzman	1
Ian Fitzpatrick	3	Scott Rainey	1
Samuel Flores	3	Arthur Snijders	1
Jorge Julca	3		

99. Chair Crocker indicated there is no election so Ballot Nine was cast for General Superintendent #43.

100. JUD-827 was read and adopted, per committee recommendation.

101. JUD-828 was read and adopted, per committee recommendation.

102. JUD-829 was read and adopted, per committee recommendation.

103. Results of Ballot 9 –

<i>Total Ballots Cast:</i>	859	Ian Fitzpatrick	2
<i>Invalid Votes</i>	7	Jorge Julca	2
<i>Necessary to Elect:</i>	568	Harry (Mashangu) Maluleka	2
		Samuel Vassel	2
Carla Sunberg	502	Eunice Brubaker	1
Christian Sarmiento	146	Jim Cooper	1
Robert (Bob) Broadbooks	63	David DeKoker	1
T. Scott Daniels	45	Samuel Flores	1
Deidre Brower Latz	25	Trevor Johnston	1
Min-Gyoo (Min-gyu) Shin	12	Titus Joseph	1
Verne Ward	10	Ishida Manabu	1
Walliere Pierre	7	Oscar Medina-Guzman	1
Mark Louw	4	Mario Paredes	1
Steve Green	3	Stanley (Stan) Reeder	1
Dwight Gunter II	3	Terry Rowland	1
Pascal Permis	3	Charles (Chuck) Sunberg	1
Carlos (Luis) Saenz	3	Michael Thompson	1
Luiz-Andrade Brazon	2	Brian Wilson	1
Daniel (Dan) Copp	2		

104. Chair Crocker declared there is no election and called for Ballot Ten for 43rd General Superintendent.

105. JUD-830 was read and adopted as amended in committee.

106. Results of Ballot Ten –

<i>Total Ballots Cast:</i>	835	Timothy Blamaini	2
<i>Invalid Votes</i>	5	Eddie Estep	2
<i>Necessary to Elect:</i>	554	Mark Louw	2
		Carlos (Luis) Saenz	2
Carla Sunberg	549	Elias Betanzos	1
Christian Sarmiento	155	Samuel Flores	1
Robert (Bob) Broadbooks	39	Oscar Medina-Guzman	1
T. Scott Daniels	25	R. Alphonzo Porter	1
Deidre Brower Latz	15	Stanley (Stan) Reeder	1
Min-Gyoo (Min-gyu) Shin	12	Charles (Chuck) Sunberg	1
Walliere Pierre	8	Samuel Vassel	1
Pascal Permis	4	Verne Ward	1
Steve Green	3	Brian Wilson	1
Harry (Mashangu) Maluleka	3		

107. Chair declared there is no election and called for Ballot Eleven.

108. JUD-831 was read and adopted, per committee recommendation.

109. Results of Ballot 11

<i>Total Ballots Cast:</i>	836	<i>Necessary to Elect:</i>	554
<i>Invalid Votes</i>	5		

Carla Sunberg	614	Samuel Flores	2
Christian Sarmiento	137	Verne Ward	2
Robert (Bob) Broadbooks	23	Steve Green	1
T. Scott Daniels	16	Dwight Gunter II	1
Deidre Brower Latz	9	Mark Louw	1
Walliere Pierre	6	Oscar Medina-Guzman	1
Min-Gyoo (Min-gyu) Shin	6	Carlos (Luis) Saenz	1
Pascal Permis	3	Charles (Chuck) Sunberg	1
Stanley (Stan) Reeder	3	Samuel Vassel	1
Eddie Estep	2	Brian Wilson	1

The General Superintendent Gustavo Crocker declared Dr. Carla Sunberg elected as the 43rd General Superintendent of the Church of the Nazarene.

110. General Secretary David Wilson provided announcements. At 1:30 pm, there is a Memorial service. Caucuses will meet at 3:45 pm.

111. Chair Gustavo Crocker declared the assembly in recess until the afternoon plenary.

TUESDAY AFTERNOON, 27 JUNE 2017

Prelude music was provided by Don Reddick, Scott Kelley, and worship team.

The fifth plenary business meeting of the Twenty-ninth General Assembly of the Church of the Nazarene was called to order at 1:30 P.M. on 27 June 2017, in the Indiana Convention Center in Indianapolis, Indiana, with General Superintendent David Busic presiding.

112. The Memorial Committee Report centered around the theme “A Living Hope.” The call to worship was provided by David McKellips, Starla Rowell, Chuck Fountain, Segundo Rimarachin, Benoit Bergerat, Gift Mtukwa, and Kafoa Muaror. The congregation was led in “How Great Thou Art,” with prayer by Starla Rowell and Chuck Fountain. Martina Arnold read a Dietrich Bonhoeffer quote in German. Responsive reading of Scripture from I Peter 1:3-5, 8-9, with Cheryl Roland leading lines read by and Mark Berry leading the lines read by men. Congregational Hymns of “Amazing Grace” and “It is Well” were led by Samuel Aparicio, Scott Kelley and Don Reddick. During these songs, a list of those ordained ministers who were deceased during the quadrennium scrolled on the screen. The Lord’s Prayer was led by General Superintendent Dr. David A. Busic.

113. Chairman David Busic provided an update on yesterday’s offering \$38,025 toward the \$50,000, totaling \$315, 172, with \$65,100 toward the Syrian refugee project.

114. JUD-832 was read and adopted, per committee recommendation.

115. JUD-833 was read. David McKellips (Oklahoma) spoke in favor of the resolution and made motion to table resolution, which was seconded. Vote on the motion to table resolution passed.

116. JUD-835 was read and adopted, per committee recommendation.

117. GA-317 was read and adopted, per committee recommendation.

118. CP 100 was read and adopted, per committee recommendation.

119. CP 101 was read and adopted, per committee recommendation.

120. CP 102 was read and adopted, per committee recommendation.

General Superintendent Jerry D. Porter assumed the chair at 2:35 pm.

121. CA 701 was read.

122. Dr. T. Scott Daniels, Committee Chair for the Report on Human Sexuality presented the report. The Human Sexuality study committee, as well as the Board of General Superintendents, recommended that resolution CA-701 be considered, after debate, by an up or down vote without allowing for amendments from the floor. Dr. Daniels moved to suspend the rules so that CA-701 may be considered without amendment. Motion seconded and passed.

Following debate, motion was made to postpone discussion to Wednesday morning. Motion was seconded. Following debate, vote was taken. Motion to postpone was defeated. Discussion resumed on CA 701. Vote on the resolution passed.

123. General Secretary David Wilson provided announcements. At 3:45 all Regional caucuses will meet. All USA/Canada delegates will meet in Halls ABC. Reconvene at 7:00 pm.

TUESDAY EVENING, 27 JUNE 2017

Prelude was provided by Scott Kelley, Don Reddick, and the worship team singing "Hosanna." The worship team led the assembly in singing "Bless the Lord, O my Soul."

124. The sixth plenary business meeting of the Twenty-ninth General Assembly of the Church of the Nazarene was called to order at 7:00 P.M. on 27 June 2017, in the Indiana Convention Center in Indianapolis, Indiana, with General Superintendent J. K. Warrick presiding. He led the assembly in prayer.

125. Offering totals \$365,172 of which \$115,172 goes to assist the Syrian refugees.

126. CP-103 was read and adopted, per committee recommendation.

127 . CP-104 was read and adopted, per committee recommendation.

128. LA-402 was read and adopted as amended, per committee recommendation.

129. LA-405 was read and adopted, per committee recommendation.

130. LA-409 was read and adopted as amended, per committee recommendation.

131. LA-411 was read. After debate, motion made to add wording of "annual and special meeting" in line 19 to the amendment. It was seconded. However, upon voting, the amendment failed. The discussion returned to LA-411. After debate, motion made to amend resolution by deleting the statement, "There is no provision for absentee voting in church meetings." Following debate and point of order, vote was taken. Amendment failed.

The discussion returned to LA-411. After debate, motion was made to amend the motion to delete "church meetings" in line 4. Motion was seconded. Following debate, the vote was taken. Amendment failed.

The discussion returned to LA-411. Motion was made as amendment to add the word "simultaneously" before the word "communicate" in line 10. Motion was seconded.

The motion was then made to refer resolution to the BGS. Motion was seconded. The question was called and seconded. Vote was taken by show of hands. A call was made for "division of the house" which takes a simple majority. Motion passed to refer.

132. LA-410 was rejected by a two-thirds vote in committee; therefore, it was not necessary for the assembly to take action.

133. CA-702 was read and adopted, per committee recommendation.

134. CA-703 was rejected by a two-thirds vote in committee; therefore, it was not necessary for the assembly to take action.

135. CA-704 was read and adopted, per committee recommendation.

136. JUD-808 was read and adopted, per committee recommendation.

137. JUD-809 was read and adopted, per committee recommendation.

138. MED-517 was read. Motion was made to amend resolution by adding the wording in lines 17-18 "without direct supervision." It was seconded. Following debate, the General Secretary indicated that General Counsel advised the amendment was out of order due to legal implications. Following further debate, motion was made to refer resolution to the Board of General Superintendents (BGS). Following debate, vote on motion to refer carried.

139. General Secretary David Wilson provided announcements. All Mesoamerica Region delegates meet in Caucus at 8:00 tomorrow. Plenary begins at 8:30 am Wednesday.

FOURTH DAY

WEDNESDAY MORNING, 28 JUNE 2017

Prelude music was provided by Don Reddick, Scott Kelley, and worship team with songs "Name Above All Names."

140. The seventh plenary business meeting of the Twenty-ninth General Assembly of the Church of the Nazarene was called to order at 8:30 A.M. on 28 June 2017, in the Indiana Convention Center in Indianapolis, Indiana, with General Superintendent David Graves presiding.

141. General Superintendent Emeritus Dr. Talmadge Johnson presented the devotional with the challenge from Psalm 121 to keep our eyes on the Maker. For almost 110 years God has been watching over us [the Church of the Nazarene]. Lift our eyes to the mountains, beyond the mountains and praise our Maker.

142. Chair David Graves led in prayer.

143. The Daily Journal Committee Report was read by Rev. Steve Hoffman. He moved the adoption of the report. Motion was seconded and passed.

144. Credentials Committee Report #3 was read by Dr. Geoff Kunselman. There were 829 voting district delegates present, 64 voting ex-officio present. This number included 125 alternates to be seated in lieu of delegates with total voting 893. Report was adopted.

145. An Australia delegate - Motion was made that the rules be suspended on all the remaining resolutions so that no amendments from the floor would be in order. Motion was seconded. There were less than two-thirds in favor and the motion to suspend the rules was defeated.

146. MED-519 was read and adopted, per committee recommendation.

147. GA-300 was read. Following debate, the vote was taken. Resolution defeated.

148. GA-301 was rejected by a two-thirds vote in committee; therefore, it was not necessary for the assembly to take action.

149. GA-304 was rejected by a two-thirds vote in committee; therefore, it was not necessary for the assembly to take action.

150. GA-306 was rejected by a two-thirds vote in committee; therefore, it was not necessary for the assembly to take action.

151. GA 302 was read and adopted, per committee recommendation.

152. GA-303 was read and adopted, per committee recommendation.

153. GA-305 was read and adopted, per committee recommendation.

154. GA-307 was read and adopted, per committee recommendation.

155. GA-315 was read and adopted, per committee recommendation.

156. GA-312a was read and the committee recommended it be rejected by less than two-thirds. Following discussion, Ian Fitzpatrick, Committee Chair, made motion to postpone further consideration until Thursday. The motion to postpone was adopted.

157. SF-603 was rejected by a two-thirds vote in committee; therefore, it was not necessary for the assembly to take action.

158. SF-604 was rejected by a two-thirds vote in committee; therefore, it was not necessary for the assembly to take action.

159. SF-605 was read and adopted, per committee recommendation.

The Chair declared the assembly in recess at 10:00 am for 30 minutes.

General Superintendent Gustavo Crocker assumed the chair and called the assembly back into order at 10:30 am.

160. CA-710 was read. General Superintendent J. K. Warrick asked to speak on behalf of the BGS relative to JUD-833 and CA-710. He then moved that the rules be suspended to allow the assembly to reconsider JUD-833 and CA-710 an additional time. The motion to suspend the rules was adopted by the required two-thirds vote. The assembly then reconsidered these resolutions and referred both to the BGS.

161. CA-711 was read. Dan Boone (Education) made motion to refer this resolution to the BGS. Motion was seconded. Following debate the vote to refer was defeated. The discussion returned to CA-711. Scott Daniels made motion to amend wording by striking out the words "including the use of tobacco in any of its forms." Motion was seconded. The amendment to strike out carried. Discussion then focused on the amended resolution. The vote was taken and the motion was approved by the required two-thirds vote.

162. CA-724 was read. Following debate, a motion was made to amend the resolution by striking out the sentence, "There are instances, though INFREQUENT, [rare,] where people are born with ambiguous genital formation." After discussion, the amendment was defeated. Philip Weatherwill then made a motion to amend by inserting the phrase in paragraph 2 "unless medically justified" so that it would read "we believe that unless medically justified, a person's birth..." Following debate, the amendment was defeated. Charles Davis (Florida) then made a motion to strike the word "gender" in paragraph 3 and replace it with the word "sex." Motion was seconded. After discussion, the amendment carried.

CA-724 as amended was discussed. An amendment was offered to paragraph 2 to strike out the words "However...the vast majority of" and to insert in their place the words "Biologically, all people are born male or female." Motion was seconded. The motion was made to close debate on all pending matters. This motion carried. A vote taken on the amendment was adopted.

The vote was then taken on CA-724 as amended and it was adopted.

A motion was then made to reconsider the vote on CA-724 as amended (Will Haworth). Motion was seconded after which the motion to reconsider was defeated. Motion was then

made to suspend the rules so the matter could be reconsidered for a third time. The motion to suspend the rules did not receive the required two-thirds vote and it was defeated.

163. CA-717 was read. It was rejected by a two-thirds vote in committee; therefore, it was not necessary for the assembly to take action.

164. CA-714 was read and recommended to be referred to the BGS. The motion was referred.

165. CA-719 was read and adopted, per committee recommendation.

166. CA-718 was read and adopted as amended, per committee recommendation. General Superintendent Emeritus Dr. Jesse Middendorf was asked to provide clarification on this resolution, after which the resolution was adopted.

167. CA-722 was rejected by a two-thirds vote in committee; therefore, it was not necessary for the assembly to take action.

168. Chair Gustavo Crocker asked for clarification about rejections of Resolutions SF-603 and SF-604 in committee. Phil Fuller, Chair of the committee responded.

169. General Secretary David Wilson provided announcements. South America Caucus to remain so an announcement can be made. Afternoon plenary will be 2:00-5:00 pm.

The Chair declared the assembly in recess at 12:05 p.m. until the afternoon meeting.

WEDNESDAY AFTERNOON, 28 JUNE 2017

Prelude music was provided by Don Reddick, Scott Kelley, and worship team.

170. The eighth plenary business meeting of the Twenty-ninth General Assembly of the Church of the Nazarene was called to order at 2:00 P.M. on 28 June 2017, in the Indiana Convention Center in Indianapolis, Indiana, with General Superintendent David Busic presiding.

171. Chair David Busic called for a vote to verify a quorum. A quorum was present.

172. The Chair recognized General Superintendent Gustavo Crocker for a statement from the Board of General Superintendents relative to parliamentary procedures and particularly to CA-724.

173. On behalf of the Board of General Superintendents, Dr. Jerry Porter made motion to suspend the rules so that the Assembly could reconsider Resolution CA-724 one more time. No second was required because it came from a group. The motion to suspend the rules was not debatable and was approved by the required two-thirds vote.

Resolution CA-724 was then again before the assembly to be reconsidered. Dan Spaitte made motion to refer CA-724 to a committee appointed by the BGS that shall have global input on the biblical, theological, pastoral, and biological aspects related to this resolution and return recommendations to the next General Assembly. Following debate, Chair David Busic asked General Superintendent Dr. Jerry Porter to pray prior to the vote. The motion to refer was adopted by the required majority vote.

174. General Secretary David Wilson indicated that CA-722 was rejected unanimously and therefore is dead.

175. SF-600 was read and adopted as amended, per committee recommendation.

176. SF-601 was read and adopted, per committee recommendation.

177. SF-602 was read. Motion was made to amend resolution to read “no entity may collateralize charitable pledges for the purpose of underwriting debt.” The amendment was seconded and adopted. The discussion returned to the resolution as amended. It was adopted.

178. The assembly took a brief recess while General Superintendent Dr. Jerry Porter assumed the chair.

179. MED 535-567 – Rev. Randy Berkner, Chair of the Special Resolutions Committee, presented a report on Clergy Restoration. The Special Resolutions Committee recommended unanimously that these resolutions be considered together by a single vote under the provisions of Rule 33 which allows that when two or more resolutions relating to the same subject are referred to a committee, the committee may prepare a single resolution on the subject. The committee also recommended that all these resolutions MED 535-567 be adopted. The committee chair moved that the rules be suspended and that MED 535-567 be considered together with one single vote. This motion was adopted.

180. A motion was then made to suspend the rules so that these resolutions could be considered, after debate, by a single up or down vote without allowing for amendments from the floor. The motion to suspend the rules was adopted by the required two-thirds vote.

181. MED-535 was read.

182. MED-536 was read.

183. MED-537 was read.

184. MED-538 was read.

185. MED-539 was read.

186. MED-540 was read.

187. MED-541 was read.

188. MED-542 was read.

189. MED-543 was read.

190. MED-544 was read.

191. MED-545 was read.

192. MED-546 was read.

193. MED-547 was read.

194. MED-548 was read.

195. MED-549 was read.

196. MED-550 was read.

197. MED-551 was read.

198. MED-552 was read.

199. MED-553 was read.

200. MED-554 was read.

201. MED-555 was read.

202. MED-556 was read.

203. MED-557 was read.

204. MED-558 was read.

205. MED-559 was read.

206. MED-560 was read.

207. MED-561 was read.

208. MED-562 was read.

209. MED-563 was read.

210. MED-564 was read.

211. MED-565 was read.

212. MED-566 was read.

213. MED-567 was read.

214. The question was called to vote on MED 535-567. All of these motions were adopted.

215. Chair Jerry Porter then suggested to the assembly that those who had voted for a four-year General Assembly interval should be sure that they go back and ensure that their church is contributing 5.5% monthly to World Evangelism Fund. As well, follow the example of one district that brought eight people this year. In 2021, they plan to bring nine and utilize the funds for the ninth person toward a global delegate's expenses.

216. David Wilson made announcements. Evening plenary begins at 7:00 pm.

The chair declared the assembly in recess at 5:00 p.m. to meet again in the evening.

WEDNESDAY EVENING, 28 JUNE 2017

Prelude music was provided by Don Reddick, Scott Kelley, and worship team.

217. The ninth plenary business meeting of the Twenty-ninth General Assembly of the Church of the Nazarene was called to order at 7:00 P.M. on 28 June 2017, in the Indiana Convention Center in Indianapolis, Indiana, with General Superintendent David Busic presiding.

218. Rev. Kafoa Muaror led in prayer.

219. Chair Dr. J. K. Warrick announced a \$10,000 gift toward the NTS Center for Pastoral Leadership in honor of Dr. Carla Sunberg's election and Nazarene women clergy.

220. General Secretary David Wilson provided instructions on the General Board elections. Ballots were distributed by the pages.

221. MED-515 was read. Jeren Rowell made motion to amend resolution by striking the phrase "for a maximum of two years," which was seconded. Amendment carried. The amended document passed.

222. MED-514 was read and adopted, per committee recommendation.

223. MED-501 was read and adopted, per committee recommendation.

224. MED-507 was read and adopted as amended, per committee recommendation.

225. MED-502 was read and adopted, per committee recommendation.

226. MED-508 was read and adopted, per committee recommendation.

227. MED-503 was read. David Montgomery made motion to amend and strike "Those ministers applying for career assignment in the U.S.A. military chaplaincy must also appear before the Chaplaincy Advisory Council and the Board of General Superintendents." Motion was then made to postpone discussion until tomorrow. It was seconded. Following debate, motion was defeated. The discussion returned to the amendment with letters stricken, after which amendment carried. MED-503 was adopted as amended

General Superintendent Eugenio R. Duarte assumed the chair at 8:00 pm.

228. MED-509 was read and adopted, per committee recommendation.

229. MED-522 was read and adopted, per committee recommendation.

230. MED-504 was read. Amendment was made to change phrase to “during the past FOUR yearS.” Following debate, amendment was defeated. The discussion returned to MED-504 without the amendment, which carried.

231. LA-401 was read, amended as adopted, per committee recommendation.

232. LA-416 was rejected by a two-thirds vote in committee; therefore, it was not necessary for the assembly to take action.

233. Motion was made to reconsider LA-411. However, motion was defeated. There was a call for division of the house for LA-411. Motion was defeated.

234. LA-403 was read and adopted, per committee recommendation.

235. Motion and second were made to extend the plenary time to 9:30 pm. Motion carried.

236. General Secretary David Wilson indicated the assembly covered only 16 resolutions in this plenary with still 90 more to go.

237. LA-404 was read. Randy Berkner called for the previous question. LA-404 was adopted as amended, per committee recommendation.

238. Ramon Sierra made a motion to suspend the rules. Motion was defeated.

239. LA-406 was read and adopted, per committee recommendation.

240. LA-407 was read and adopted as amended, per committee recommendation.

241. LA-413 was read and adopted, per committee recommendation.

242. General Secretary Dr. David Wilson made announcements. Plenary will begin tomorrow at 8:30 am.

FOURTH DAY

THURSDAY MORNING, 29 JUNE 2017

Prelude was provided by Don Reddick, Scott Kelley, and worship team.

243. The tenth plenary business meeting of the Twenty-ninth General Assembly of the Church of the Nazarene was called to order at 8:30 A.M. on 29 June 2017, in the Indiana Convention Center in Indianapolis, Indiana, with General Superintendent David Graves presiding.

244. General Superintendent Emeritus Dr. Jesse C. Middendorf presented the devotional from Ephesians 4 as a summation of Paul’s ecclesiology. We should have unity not uniformity. Make every effort to keep the unity. We are not the source of unity. Grace has been given as Christ apportioned it. We need the gifts and graces that each of us brings. Our diversity is part of the way Christ is building His church, similar to Revelations 7:9. Our diversity must not be allowed to divide us; we must know how to navigate our diversity. Our maturity can only be measured by our likeness to Jesus Christ and the fruits of the Spirit as we reflect the character of Christ.

245. Chair David Graves led in prayer.

246. The Daily Journal Committee Report was read by Rev. Steve Hoffman. He moved the adoption of the report. Motion was seconded and passed.

247. Chair David Graves called for a quorum through electronic voting if the assembly delegates would be present through noon Friday. The result was no quorum for this plenary. Therefore, if delegates have any amendments to the remaining resolutions, the chair should

have those at the table prior to speaking. Time limit for speaking would be limited to 1 minute, 30 seconds and 3 minutes for delegates utilizing translation.

248. Chair David Graves called for the Election of Court of Appeals. Vote for five and for each one individually. Motion was made to take them by plurality. Motion was seconded and carried. Those on the ballot were:

Virgil Askren
Hunter Cummings
Ian Fitzpatrick
Daniel Gornis
Janine Metcalf
Hans Gunter Mohn
Pascal Permis
Brian Powell
Donna Wilson
Doug Wyatt

Those elected were: Ian Fitzpatrick, Janine Metcalf, Hans Gunter Mohn, Brian Powell, and Donna Wilson.

249. Results of General Board Election were given.

GENERAL BOARD MEMBERS 2018-2021

AFRICA REGION

Solomon Ndlovu, Minister (DS)
Stanley Ushe, Minister (DS)
Arsénio Jeremias Mandlate, Minister
Benjamin Langa, Lay
Sibongile Gumedze, Lay
Angela Moreno, Lay

ASIA-PACIFIC REGION

Kafoa Muaror, Minister (DS)
Min-Gyoo Shin, Minister
Joung Won Lee, Lay
Leonila Domen, Lay

CANADA REGION

D. Ian Fitzpatrick, Minister (DS)
David Falk, Lay

CENTRAL USA REGION

Ronald Blake, Minister (DS)
Judith Owens, Lay

EAST CENTRAL USA REGION

Geoffrey Kunselman, Minister (DS)
Carson Castleman, Lay

EASTERN USA REGION

Samuel Vassel, Minister
Larry Bollinger, Lay

EURASIA REGION

Sanjay Gawali, Minister (DS)
David Montgomery, Minister (DS)
Mary Schaar, Minister
Vinay Gawali, Lay
Christoph Nick, Lay
David Day, Lay

MESOAMERICA REGION

Walliere Pierre, Minister (DS)
Elias Betanzos, Minister (DS)
Antoine St. Louis, Minister
Plinio Urizar, Lay
Abraham Fernandez Gamez, Lay
Carmen Checo, Lay

NORTH CENTRAL USA REGION

Jim Bond, Minister (DS)
Larry McIntire, Lay

NORTHWEST USA REGION

Randall Craker, Minister (DS)
Joel K. Pearsall, Lay

SOUTH AMERICA REGION

Fernando Oliveira, Minister (DS)
Adalberto Herrera, Minister
Amadeu Teixeira, Minister
Galdina Arrais, Lay
Jacob Rivera Medina, Lay
Emerson Natal, Lay

SOUTH CENTRAL USA REGION

Terry Rowland, Minister (DS)
Cheryl Crouch, Lay

SOUTHEAST USA REGION

Larry Dennis, Minister (DS)
Dwight Gunter, Minister
Michael Johnson, Lay
Dennis Moore, Lay

SOUTHWEST USA REGION

Ron Benefiel, Minister
Dan Spaite, Lay

NYI REPRESENTATIVE

Adiel Teixeira

NMI REPRESENTATIVE

Philip Weatherill

EDUCATIONAL REPRESENTATIVE

(Minister)

John Bowling

(Lay)

Bob Brower

250. GA-312A was read. Committee recommended rejection. Patricia Cook (Maine) made motion to amend with the following information: Each Phase 3 district shall be entitled to representation in the GA by two ministerial and two lay delegates for the districts of 6,000 or less full church membership. Amendment passed. The discussion then returned to vote on the resolution with amendment. Motion carried.

251. LA-408 was rejected in committee by a two-thirds vote in committee; therefore, it was not necessary for the assembly to take action.

252. LA-412 was read and adopted, as recommended by committee.

253. LA-414 was read, rejected by committee with less than two-thirds. Motion made and passed to reject.

254. LA-415 was rejected in committee by a two-thirds vote in committee; therefore, it was not necessary for the assembly to take action.

255. LA-417 was read and adopted, per committee recommendation.

256. LA-418 was read and adopted, per committee recommendation.

257. GA-312a – Motion was made by the Mexico District Superintendent Carols Torres to reconsider. Motion was seconded. Greg Mason (North Carolina) made the following statement: If our brother voted against it, he was not voting for the prevailing side and cannot make a motion to reconsider. Torres voted against and motion not eligible for reconsideration.

258. CA-700 was read. Dierdre Brower-Latz (British Isles South) proposed an amendment adding to number one, “As a holiness people, in our pursuit of justice, recognize we are called to repent of any injustices in our past, amend our present and create a just future.” The replaced the stricken number one. It was seconded by Rick Power. Vote on amendment carried. Randy Berkner proposed an amendment to line 18 to strike the word

“bodies” in 2nd paragraph. Amendment carried. The resolution as amended (2 amendments) passed.

259. CA-704a was read and adopted, per committee recommendation.

260. CA-705 was read. Amendment was made by Jerry Wilburg, Northeast Oklahoma, to remove the statement “And we stand in solidarity with our brothers and sisters who have been denied such freedom, either by political or societal restrictions.” It was seconded. Following debate, the motion to strike the statement was defeated. The resolution was then adopted, as per committee recommendation.

261. CA-706 was read.

262. Motion was made that any resolution with unanimous vote from committee should not be brought to the floor for discussion. Motion was seconded. The resolution would still be voted on but no discussion. Motion was also made to suspend the rules. Motion carried.

263. The discussion returned to CA-706 and adopted per committee recommendation.

264. CA-707 was considered and adopted, per committee recommendation.

General Superintendent Gustavo Crocker assumed the chair at 10:10 am.

265. Motion was made to reconsider CA-700. It was seconded. Motion carried. Motion was made to amend and add back the words “and bodies” that were earlier stricken. Motion was seconded. Following debate, motion carried on the amendment. The discussion followed on CA-700 as amended. Following debate, the motion carried.

266. CA-708 was read and adopted, per committee recommendation.

267. CA-709 was read and adopted, per committee recommendation.

268. CA-712 was out of order.

269. CA-713 was rejected in committee by a two-thirds vote in committee; therefore, it was not necessary for the assembly to take action.

270. CA-715 was read. Following debate and electronic vote, the resolution was adopted, per committee recommendation.

271. CA-716 was read and adopted, per committee recommendation.

272. CA-720 was read and referred to the Board of General Superintendents, per committee recommendation.

273. CA-721 was rejected in committee by a two-thirds vote; therefore, it was not necessary for the assembly to take action.

274. CA-723 was rejected in committee by a two-thirds vote; therefore, it was not necessary for the assembly to take action.

275. JUD 801 was rejected in committee by a two-thirds vote; therefore, it was not necessary for the assembly to take action.

276. JUD 803 was rejected in committee by a two-thirds vote; therefore, it was not necessary for the assembly to take action.

277. JUD-804 was read and referred to the Board of General Superintendents, per committee recommendation.

278. JUD 805 was read and referred to the Board of General Superintendents, per committee recommendation.

279. JUD 806 was rejected in committee by a two-thirds vote; therefore, it was not necessary for the assembly to take action.

280. JUD 807 was rejected in committee by a two-thirds vote; therefore, it was not necessary for the assembly to take action.

281. JUD 816 was read and adopted, per committee recommendation.

282. JUD 817 was read and adopted, per committee recommendation.

283. JUD 818 was read and adopted, per committee recommendation.

284. JUD 819 was read and adopted, per committee recommendation.

285. JUD 820 was read and adopted, per committee recommendation.

286. JUD 821 was read and adopted, per committee recommendation.

287. JUD 822 was read and adopted, per committee recommendation.

288. JUD 823 was read and adopted, per committee recommendation.

289. JUD 824 was read and adopted, per committee recommendation.

290. JUD 825 was read and adopted, per committee recommendation.

291. JUD 826a was read and adopted, per committee recommendation.

292. JUD 834 was read and referred, per committee recommendation.

293. SR-752 was read and adopted, per committee recommendation.

294. SR-753 was read and adopted, per committee recommendation.

295. MED-512 was read and adopted as amended, per committee recommendation.

296. MED-521 was rejected in committee was rejected by a two-thirds vote; therefore, it was not necessary for the assembly to take action.

297. MED-505 was read and adopted, per committee recommendation.

298. MED-510 was read and adopted, per committee recommendation.

299. MED-516 was read and adopted, per committee recommendation.

300. MED-518 was read. A Spanish delegate (Mic 1) made amendment to the resolution, adding after "pastor" the phrase "except for those who are engaged in pastoral ministry and preparing for ministry." It was seconded. Following debate, motion on the amendment carried. Antonie Holleman (Netherlands) made motion to refer the resolution to the Board of General Superintendents for action. It was seconded. Motion passed.

General Superintendent David A. Busic assumed the chair at 11:58 am. General Superintendent Emeritus was asked to bring greetings.

301. MED-520 was rejected in committee by a two-thirds vote; therefore, it was not necessary for the assembly to take action.

302. MED-506 was read and adopted, per committee recommendation.

303. MED-511 was read and adopted, per committee recommendation.

304. MED-513 was read and adopted, per committee recommendation.

305. GA-308 was read and adopted as amended, per committee recommendation.

306. GA-309 was read and adopted, per committee recommendation.

307. GA-310 was read and adopted, per committee recommendation.

308. GA-311 was rejected in committee by a two-thirds vote; therefore, it was not necessary for the assembly to take action.

309. GA-313 was read and adopted, per committee recommendation.

310. GA-314 was read and adopted, per committee recommendation.

311. GA-316 was read and adopted as amended, per committee recommendation.

312. GA-312 was rejected in committee by a two-thirds vote; therefore, it was not necessary for the assembly to take action.

313. DA-200 was rejected in committee by a two-thirds vote; therefore, it was not necessary for the assembly to take action.

314. DA-201 was read. Following debate, the resolution was defeated.

General Secretary David Wilson made announcements. The General Superintendents' installation service would be at 7:00 pm, with reception in Sagamore Hall. Special Judicial committee needed to meet briefly following the morning session in Room 218.

Chair David Busic declared the assembly in recess until 2:00 pm.

THURSDAY AFTERNOON, 29 JUNE 2017

Prelude was provided by Don Reddick, Scott Kelley, and worship team.

315. The eleventh plenary business meeting of the Twenty-ninth General Assembly of the Church of the Nazarene was called to order at 2:00 P.M. on 29 June 2017, in the Indiana Convention Center in Indianapolis, Indiana, with General Superintendent Jerry Porter presiding. General Superintendent Jerry Porter expressed appreciation to the pages for their work.

316. DA-204 was rejected in committee by a two-thirds vote; therefore, it was not necessary for the assembly to take action.

317. DA-205 was read and adopted, per committee recommendation.

318. DA-209 was read. Following debate, Jeff Gray made a motion that the rules be suspended and that no amendments allowed to DA-209. Motion was seconded. The motion to suspend the rules did not receive the required two-thirds vote and was defeated. The discussion returned to DA-209. Following debate, Albert Hung (Northern California) made a motion to refer resolution DA-209 to the Board of General Superintendents for action. Motion was seconded and after debate the motion to refer was adopted.

319. DA-210 was rejected in committee by a two-thirds vote; therefore, it was not necessary for the assembly to take action.

320. DA-211 was read and adopted, per committee recommendation.

321. DA-202 was read and adopted, per committee recommendation.

322. DA-203 was read and adopted, per committee recommendation.

323. DA-206 was read and adopted, per committee recommendation.

324. DA-208 was rejected in committee by a two-thirds vote; therefore, it was not necessary for the assembly to take action.

325. DA-212 was read. Following debate, the resolution was adopted.

326. DA-211 General Superintendent Emeritus Talmadge Johnson asked to speak and indicated if someone would make a motion to reconsider DA-211, he would speak to the motion. (He originally did not vote on the prevailing side.) A motion was then made by Flores (South Texas) to reconsider DA-211 and seconded. The motion to reconsider was adopted. Following debate, a motion was made to refer DA-211 to the Board of General Superintendents. Motion was seconded. Following debate, the motion to refer was defeated. The discussion returned to DA-211. Following debate, Dennis Linell (Alaska) moved that debate be closed on DA-211. The motion to close debate was adopted by the required two-thirds vote. The assembly then voted on DA-211 and it was defeated.

General Superintendent Dr. J. K. Warrick assumed the chair at 3:15 pm.

327. DA-207 was read and adopted, per committee recommendation.

328. DA-213 was read and referred to the *Manual* Editing Committee, per committee recommendation.

329. DA-214 was read and adopted as amended, per committee recommendation.

330. DA-215 was rejected in committee by a two-thirds vote; therefore, it was not necessary for the assembly to take action.

331. DA-216 was read and adopted, per committee recommendation.

332. DA-217 was read and adopted, per committee recommendation.

333. DA-218 was read and adopted, per committee recommendation.

334. DA-219 was read and adopted, per committee recommendation.

335. DA-220 was read and adopted, per committee recommendation.

336. DA-221 was read and adopted, per committee recommendation.

337. DA-221a was read and adopted, per committee recommendation.

338. DA-222 was read and adopted, per committee recommendation.

339. JUD-826 was read and adopted, per committee recommendation.

The chair indicated this completed the work of the 29th General Assembly.

340. General Secretary David Wilson read a Special Resolution regarding the appointment of the Manual Editing Committee. The Special Resolution was seconded and adopted.

General Superintendent David Busic assumed the chair.

341. A motion was made and seconded to reconsider GA-300. Following debate, the vote to reconsider, requiring a majority vote, was defeated.

The chair indicated that at this point all of the business of the 29th General Assembly had been completed.

Dr. Busic expressed thanks to General Secretary David Wilson and his staff, as well as the many entities involved in the work of the Assembly, including those non-English speakers who were gracious throughout.

General Superintendent Dr. Jerry Porter prayed the closing prayer.

General Secretary Dr. David Wilson provided announcements including the announcement that the General Board organizational meeting would follow immediately upon the conclusion of this last business meeting (both current and newly elected).

There being no further business, David Busic, Chair of the Board of General Superintendents, declared that at the conclusion of the evening installation service the 29th General Assembly would stand adjourned *sine die*.

THURSDAY EVENING, 29 JUNE 2017

The installation of the 42th and 43st General Superintendents was held on Thursday evening, June 29, 2017, in the Indianapolis Convention Center in Indianapolis, Indiana.

Pre-service music was provided by Don Reddick.

The service opened with Scott Kelley leading the congregation in singing a Holiness Medley of "Nothing Less than Holiness" and "Take My Life."

General Superintendent Emerita Dr. Nina G. Gunter prayed the opening prayer.

General Secretary David P. Wilson presented the 42nd and 43rd General Superintendents to the assembly, Filimao Chambo and Carla J. Sunberg, respectively.

General Superintendent David Basic welcomed the 42nd and 43rd General Superintendents to the Board of General Superintendents. General Superintendent Eugenio R. Duarte presented each of them with a Bible as a reminder to continue spending time in the Word, as well as an ostrich egg from Africa, symbolic of the fact that Jesus is alive and the passion to win souls to the Lord.

The reading of the Holy Scriptures was provided by General Superintendent Eugenio R. Duarte with the Old Testament—Isaiah 42:1-7 and General Superintendent David W. Graves with the New Testament—Ephesians 4:1-7, 11-16.

General Superintendent Gustavo A. Crocker provided the Reading from the *Manual* paragraphs 317, 317.1, 317.3, 317.10, 317.12, 318, and 322.

General Superintendent David A. Basic read the following:

THE CHARGE

We celebrate the leadership of the Holy Spirit in your election as the 42nd and 43rd general superintendents of the Church of the Nazarene. We have earnestly sought God's guidance, and we believe that He has graciously answered our prayers. You have obviously proven yourselves worthy of this trust by your spiritual qualifications, unquestioned integrity, leadership qualities, and record of effective service in the church.

And now in the presence of God and of Christ Jesus and on behalf of the Board of General Superintendents and the Church of the Nazarene, I give each of you this charge:

I charge you to prioritize giving leadership to the church. You have been called out by God through the vote of this assembly to lead the church. You are being asked to join hands, hearts, and minds with five other individuals to provide united, visionary, Spirit-anointed direction to the church. Do it prudently; you have been set aside for prophetic influence. Pray earnestly, think critically, act catalytically. With careful discrimination, use the authority given to you in the *Manual* to lead by influence and persuasion as a general rule rather than by power of position.

I charge you to be a missional leader. Our mission is "to make Christlike disciples in the nations." The Great Commandment and the Great Commission move us to engage the broken and needy in compassion, to embrace the marginalized in justice, to bring the spiritually lost to the world's only Savior, and to fold them into a caring community of faith where they can be loved and disciplined in Christlikeness. This mission extends to all humanity. It begins in worship and adoration, it ministers in passionate evangelism and purposeful compassion, it encourages believers toward Christian maturity through intentional discipleship, and it prepares women and men for Christian life service through transformational leadership training. Be guided by this mission in everything you do.

I charge you to think globally. Your election by the General Assembly signifies that in a very unique way you now belong to the entire church. A provincial ministry perspective is incongruous with this office. We are committed to becoming a truly international church. Thankfully, we have made much progress, but we have not yet hit our elusive target. Thus, leadership must reaffirm its resolve to continue in that pursuit. Think globally. Be sensitive to all the issues of diversity that confront us in this 21st century world.

I charge you to faithfully uphold the doctrinal positions, ethical standards, and governmental policies of the church as stated in the *Manual*. Be guided by the *Manual* in all

your rulings and decisions. Gladly embrace the responsibilities given this office. You will have the holy privilege of laying your hands on the head of a God-called woman or man in the act of ordination into the Christian ministry. Nothing you do will be more sobering or humbling. Help the church recapture the sense of holy awe that accompanies the ordination of its elders and deacons as we project our Core Values to future generations.

I charge you to guard against the intrusion of any threat that will weaken the moral and spiritual fiber of the church or dissipate its effectiveness. The Church of the Nazarene was raised up to “spread scriptural holiness.” You have no greater responsibility than to ensure that the church faithfully and effectively performs this mission. The message is our mission. The Board of General Superintendents has no duty more solemn than doing whatever it deems necessary to ensure doctrinal coherence and clarity. Please, for the sake of our Lord and His Church, do everything you can to make certain that the trumpet is sounding a clear call, for thereby you will help reignite our passion to spread scriptural holiness.

I charge you finally to take care of your own soul. Prioritize your life and live with your priorities as much as possible. Do not be governed by the merely urgent; but live for the truly important. The best thing you can give our church is a Jesus-like person—someone who worships Jesus, loves Jesus, thinks Jesus, talks Jesus, and lives Jesus. That is the kind of leader the church needs and will follow.

On behalf of the church, I have given you a very complex, exact, and formidable charge. The God who has called you to this task will enable you through His unfailing grace to fulfill this charge to the glory of Jesus Christ in His Church

Following the reading of “The Charge,” the new general superintendents knelt at the R. T. Williams altar, and General Superintendent J. K. Warrick prayed the prayer of consecration.

Dr. Jeren L. Rowell, Kansas City District Superintendent, sang “I Will Not Forget Thee,” followed by the congregation singing “The Church’s One Foundation.” General Superintendent Jerry D. Porter offered the benediction.

General Secretary David P. Wilson presented the Board of General Superintendents and their spouses to the assembly, followed by the postlude by Don Reddick.

PROCEEDINGS

USA/CANADA CAUCUS

TUESDAY AFTERNOON, 27 JUNE

1. The USA/Canada Caucus of the Twenty-ninth General Assembly in Indianapolis, Indiana, USA was called to order at 3:45 P.M. by Regional Director Robert Broadbooks.

2. An election was called for 9 ministers and 9 laypersons to serve on the Nazarene Theological Seminary Board of Trustees. They will be elected by educational regions in the USA/Canada.

3. The ballot and voting for the Board of Trustees of Nazarene Theological Seminary was completed with the ballot report read.

<i>Ministers</i>		<i>Laypersons</i>	
<i>Canada</i>			
Doug Herbert	99	Ruth Copeland-Holtz	81
Earl Wood	218	Dawn Falk	283
<i>Central USA</i>			
Phil Kizzee	105	Mary Margaret Reed	298
David Roland	254	Jim Upchurch	67
<i>East Central USA</i>			
Darryl Blank	151	Scott Couchenhour	319
Dave Lutz	207	Brinda Price	62
<i>Eastern USA</i>			
Miriam Mouzon	137	Dennis Jones	43
Victor Price	174	Merritt Mann	334
<i>North Central USA</i>			
Jeren Rowell	302	John Leon	95
David Sharpes	89	Jeannie Williams	254
<i>Northwest USA</i>			
Bill Russell	165	Bob Helstrom	326
Brian Thomas	172	Robert Weatherford	49
<i>South Central USA</i>			
Jim Cooper	97	Howard Hendrick	314
David Downs	283	Wiley Smith	51
<i>Southeast USA</i>			
Daron Brown	126	Monroe Ballard	60
Kevin Ulmet	240	Rob Edwards	279
<i>Southwest USA</i>			
Tara Beth Leach	103	Allen Brown	286
Tom Taylor	259	Christine Jones	71

4. With the first part of the business completed, the Canada Caucus was dismissed.

5. An election was called for the Nazarene Bible College Board of Trustees. The ballot and voting was completed with the ballot report read.

<i>Central USA</i>		<i>Northwest USA</i>	
James Kraemer, DS	157	Bill Carr, DS	264
David Roland, DS	185	Paul Hartley, DS	68
Rob Prince, Minister	127	Brandin Melton, Minister	78
Lenny Wisheart, Minister	245	Shawn Siegfried, Minister	271
Mark Abla, Lay	119	Jeremy Carr, Lay	252
Jim Knight, Lay	215	Steve Emerson, Lay	64
<i>East Central USA</i>		<i>South Central USA</i>	
Kevin Dennis, DS	243	Randy Berkner, DS	274
Bob Mahaffey, DS	107	Charles Fountain, DS	79
Doug Boquist, Minister	205	Ken Carney, Minister	267
Kevin Jack, Minister	136	C. B. Glidden, Minister	70
Carol Dockery, Lay	96	Duane Cox, Lay	76

Homer McKnight, Lay	260	Peggy Stark-Wilson, Lay	277
<i>Eastern USA</i>		<i>Southeast USA</i>	
Kevin Dunlop, DS	97	Ron McCormack, DS	80
J. Phillip Fuller, DS	271	Roy Rogers, DS	264
Althea Taylor, Minister	143	Brett Rickey, Minister	244
Bud Reedy, Minister	205	Tim Gates, Minister	95
Christi Le Shankel, Lay	170	Donna Alder, Lay	254
Jay Wilson, Lay	155	Marcus Clemants, Lay	68
<i>North Central USA</i>		<i>Southwest USA</i>	
Jim Bond, DS	266	John Nells, DS	248
Dan Cole, DS	97	Doug Pierce, DS	97
John Marra, Minister	112	Kendall Franklin, Minister	259
Brent Van Hook, Minister	212	James Kinzler, Minister	104
Jeanie Helstrom, Lay	84	Saurabh Emmanuel, Lay	249
Bonnie Perry, Lay	276	Mark Potter, Lay	86

6. Stewardship and Finance-USA Committee Report #1 was read.

7. Resolution USA-900 was read. The recommendation of the committee was that USA-900 be referred to the Board of Pensions and Benefits USA and a report should be provided to the USA National Board.

8. Upon vote by a show of hands, Resolution USA-900 was referred to the Board of Pensions and Benefits USA.

9. Stewardship and Finance-USA Committee Report #2 was read.

10. Resolution USA-901 was read. The recommendation of the committee was that USA-901 be referred to the Board of Pension and Benefits USA and a report should be provided to the USA National Board.

11. Upon vote by a show of hands, Resolution USA-901 was referred to the Board of Pensions and Benefits USA.

12. The meeting adjourned.

ASSEMBLY COMMITTEES

STANDING COMMITTEES

<i>Committee</i>	<i>Chairperson</i>	<i>Secretary</i>	<i>Numbering</i>
CHRISTIAN ACTION	Scott Daniels	Doug Pierce	CA-700 – 749
CHURCH PROGRAM <i>(Missions, Evangelism, Publishing)</i>	Stan Reeder	Mike Pelley	CP-100 – 199
DISTRICT ADMINISTRATION	Eddie Estep	Terry Sowden	DA-200 – 299
GENERAL ADMINISTRATION	Ian Fitzpatrick	William Bantom	GA-300 – 399

LOCAL ADMINISTRATION	Dwight Gunter	David Montgomery	LA-400 – 499
MINISTRY & EDUCATION	Antonie Holleman	Peggy Stark-Wilson	MED-500 – 599
STEWARDSHIP & FINANCE	Phil Fuller	Mark Patrick	SF-600 – 699
SPECIAL COMMITTEES			
SPECIAL RESOLUTIONS	Randy Berkner	Marshall Duke	SR-750 – 799
SPECIAL JUDICIAL	Keith Pardue	Larry Leonard	JUD-800 – 899
REGIONAL CAUCUSES			-----900 – 999

CODE FOR AMENDING RESOLUTIONS

Where separate resolutions are identical or closely related in subject matter, the same number is used with further identification by use of an added letter such as 100a, 100b, 100c, etc. In some instances, the Reference Committee may prepare a "composite" resolution to assist the committee in handling this legislation.

RESOLUTIONS WHICH AMEND THE *Manual* show words to be removed in brackets: [example]; and words to be added are underlined: example.

RESOLUTIONS AMENDED IN COMMITTEE show words to be removed with strikes: ~~example~~; and words to be added are in upper case letters: EXAMPLE.

RESOLUTIONS AMENDED BY THE GENERAL ASSEMBLY show words to be removed with italics and double-strikes: ~~*example*~~; and words to be added in uppercase italics: *EXAMPLE*.

Notes: The listing in parentheses following the committee vote record of each resolution item in this section includes the final action taken by a General Assembly (i.e., adopted, amended and adopted, referred, rejected, or substituted), as well as the action item number from the proceedings contained in this journal, where the resolution was discussed. If a listing in this same area appears like this (See CA-701, See GA-310, etc.), it indicates that the resolution was grouped into another resolution with that one becoming the primary one to be considered for that issue, so a separate action was not taken on it by the General Assembly.

CHRISTIAN ACTION COMMITTEE

The Christian Action Committee having had referred to it the following resolutions, which were reported to the assembly in three reports, recommends action as indicated:

1. **CA-700—Affirmation and Declaration of Human Freedoms**, United Kingdom British Isles South District, recommends that it be amended and adopted. The vote: 89 for the resolution and 8 against the resolution. (Amended and Adopted, see 258.)

RESOLVED that a new paragraph be added to *Manual* section 903 as follows:

Affirmation and Declaration of Human Freedoms

Whereas, as Nazarenes, we embrace the divine call to a life of holiness, wholeness, and restorative living where all things and all peoples are reconciled to God. In response, the Holy Spirit brings freedom to the marginalized, oppressed, broken, and hurting, and justice to right injustices and cease selfish influence caused by sin, until all things are restored in God's reign.

Consistent with our Wesleyan-Holiness heritage and character, we confront the contemporary scourge of modern slavery, illegal or forced labor, and the trafficking of human beings AND BODIES ~~and bodies~~.

And, in keeping with these affirmations,

We resolve that members and congregations of the International Church of the Nazarene will:

1. ~~Confess our complicity and silence in a world that still enslaves millions;~~ AS A HOLINESS PEOPLE, IN OUR PURSUIT OF JUSTICE, RECOGNIZE THAT WE ARE CALLED TO REPENT OF ANY INJUSTICES IN OUR PAST, AMEND OUR PRESENT, AND CREATE A JUST FUTURE;
2. Call to account those who oppress others;
3. Engage in compassionate care for those caught up in illegal or forced labor, organ harvesting, and sex slavery (along with any other emerging oppression as yet unknown to us);
4. Listen actively for and amplify the cries of the oppressed;
5. Denounce injustices and work humbly against the causes of injustice;
6. Act in solidarity with our sister/brother against whatever binds in order to move together towards freedom; and
7. Come alongside those who are vulnerable through Godly practices that bring redemption, restoration, healing, and freedom (1 John 3:8).

Built upon our Wesleyan-Holiness Christian heritage and call to holiness, we make the following affirmations:

1. We affirm that the pursuit of justice, reconciliation, and freedom is at the heart of God's holiness being reflected in people. We commit ourselves and our ecclesial resources to working for the abolition of all forms of slavery, trafficking, and oppression, and to participate in intentional networks, conversations, and actions that provide hopeful alternatives.
2. We affirm that churches should faithfully respond to the impulse of God's holy love by working for God's reign to be ever more visible. We are called to be faithful witnesses in thought, word, and deed, to the holy God who hears the cries of those who are oppressed, imprisoned, trafficked, and abused by economic, political, selfish, and evil systems and persons. God calls us to respond in humility with compassion and justice.
3. We affirm that acting justly involves the compassionate care for those in our immediate surroundings and also being able to name injustice, and denounce the powers that cause it. Acting justly and loving mercy have often brought the people of God in conflict with the ruling powers and principalities of the day. God's justice calls us beyond equal treatment, tolerance of one another's differences, or simply reversing the role of oppressed and oppressor. By Jesus'

example, we are called to a justice whereby we are willing to give ourselves up for the sake of another.

4. We affirm that Christian justice requires a deep commitment to both personal and corporate confession, repentance, and forgiveness as necessary steps. ~~We confess and mourn the church's complicity in the injustice to which it has contributed throughout history. We confess and mourn the church's complicity in the injustices to which we continue to contribute. We confess and mourn our sins of omission, when we fail to act in Christian ways in response to the injustice we see around us. We confess and mourn being caught up in the very oppression the church seeks to oppose.~~
5. We affirm that we must advocate for just and hopeful practices in all areas of life. Reflecting the compassionate hope of Christ and love for all people, we identify with the conditions that bring dehumanizing circumstances. We will speak for those who are not heard, and come alongside the vulnerable by offering practices that bring redemption, restoration, healing, and freedom.
6. We affirm that we are called to become a people who embody a hopeful alternative to oppression and injustice. We are called to reflect the holy God in holy lives, bringing justice in motive and practice to people, circumstances, systems, and nations. While we may not end all suffering, as the body of Christ we are compelled to bring the holiness of God in healing fashion to the redemptive enterprise of restoring all things.
7. We affirm that as a collaborative network we must think deeply, work holistically, and engage locally and globally. Complex issues drive modern slavery; therefore, multiple solutions must be undertaken.

These will proceed from the fabric of who we are in Christian community naturally flowing into what we do.

We therefore pledge:

1. To work separately and together, as individuals and institutions, consistent with our Wesleyan-holiness identity to serve with compassion and to prophetically challenge oppressive systems;
2. To support, encourage, resource, plan, and engage together in effective, wise, sustainable action;
3. To labor as a worshipping community, with Christ at the center, infused with the power of the Spirit as a movement of hope;
4. To think deeply, pray with expectation, and act with courage.

For this we live and labor until God's reign comes "on earth as it is in heaven."

2. **CA-701—Human Sexuality**, Board of General Superintendents, recommends that it be amended and adopted. The vote: 118 for the resolution and 0 against the resolution. (Adopted, see 122.)

RESOLVED that *Manual* paragraph 32 be amended as follows:

32. [The Church of the Nazarene views human sexuality as one expression of the holiness and beauty that God the Creator intended for His creation. It is one of the ways by which the covenant between a husband and a wife is sealed and expressed. Christians are to understand that in marriage human sexuality can and ought to be sanctified by God. Human

sexuality achieves fulfillment only as a sign of comprehensive love and loyalty. Christian husbands and wives should view sexuality as a part of their much larger commitment to one another and to Christ from whom the meaning of life is drawn.

The Christian home should serve as a setting for teaching children the sacred character of human sexuality and for showing them how its meaning is fulfilled in the context of love, fidelity, and patience.

Our ministers and Christian educators should state clearly the Christian understanding of human sexuality, urging Christians to celebrate its rightful excellence, and rigorously to guard against its betrayal and distortion.

Sexuality misses its purpose when treated as an end in itself or when cheapened by using another person to satisfy pornographic and perverted sexual interests. We view all forms of sexual intimacy that occur outside the covenant of heterosexual marriage as sinful distortions of the holiness and beauty God intended for it.

Homosexuality is one means by which human sexuality is perverted. We recognize the depth of the perversion that leads to homosexual acts but affirm the biblical position that such acts are sinful and subject to the wrath of God. We believe the grace of God sufficient to overcome the practice of homosexuality (1 Corinthians 6:9–11). We deplore any action or statement that would seem to imply compatibility between Christian morality and the practice of homosexuality. We urge clear preaching and teaching concerning Bible standards of sexual morality.

(Genesis 1:27; 19:1–25; Leviticus 20:13; Romans 1:26–27; 1 Corinthians 6:9–11; 1 Timothy 1:8–10)]

Human Sexuality and Marriage

The Church of the Nazarene views human sexuality as one expression of the holiness and beauty that God the Creator intended. Because all humans are beings created in the image of God, they are of inestimable value and worth. As a result we believe that human sexuality is meant to include more than the sensual experience, and is a gift of God designed to reflect the whole of our physical and relational createdness.

As a holiness people, the Church of the Nazarene affirms that the human body matters to God. Christians are both called and enabled by the transforming and sanctifying work of the Holy Spirit to glorify God in and with our bodies. Our senses, our sexual appetites, our ability to experience pleasure, and our desire for connection to another are shaped out of the very character of God. Our bodies are good, very good.

We affirm belief in a God whose creation is an act of love. Having experienced God as holy love, we understand the Trinity to be a unity of love among Father, Son, and Holy Spirit. Therefore, we are made with a yearning for connection with others at the core of our being. That yearning is ultimately fulfilled as we live in covenanted relationship with God, the creation, and loving one's neighbor as one's self. Our creation as social beings is both good and beautiful. We reflect the image of God in our capacity to relate and our desire to do so. The people of God are formed as one in Christ, a rich community of love and grace.

Within this community, believers are called to live as faithful members of the body of Christ. Singleness among the people of God is to be valued and sustained by the rich fellowship of the church and the communion of the saints. To live as a single person is to engage, as Jesus

did, in the intimacy of community, surrounded by friends, welcoming and being welcomed to tables, and expressing faithful witness.

Also within this community, we affirm that some believers are called to be married. As defined in Genesis, “a man leaves his father and mother and clings to his wife, and they become one flesh.” The marriage covenant, a reflection of the covenant between God and the people of God, is one of exclusive sexual fidelity, unselfish service, and social witness. A woman and a man publicly devote themselves to one another as a witness to the way God loves. Marital intimacy is intended to reflect the union of Christ and the Church, a mystery of grace. It is also God’s intention that in this sacramental union the man and woman may experience the joy and pleasure of sexual intimacy and from this act of intimate love new life may enter the world and into a covenantal community of care. The Christ-centered home ought to serve as a primary location for spiritual formation. The church is to take great care in the formation of marriage through pre-marital counseling and teaching that denotes the sacredness of marriage.

The Scriptural story, however, also includes the sad chapter of the fracturing of human desire in the fall, resulting in behaviors that elevate self-sovereignty, damage and objectify the other, and darken the path of human desire. As fallen beings, we have experienced this evil on every level – personal and corporate. The principalities and powers of a fallen world have saturated us with lies about our sexuality. Our desires have been twisted by sin and we are turned inward on ourselves. We have also contributed to the fracturing of the creation by our willful choice to violate the love of God and live on our own terms apart from God.

Our brokenness in the areas of sexuality takes many forms, some due to our own choosing and some brought into our lives via a broken world. However, God’s grace is sufficient in our weaknesses, enough to bring conviction, transformation, and sanctification in our lives. Therefore, in order to resist adding to the brokenness of sin and to be able to witness to the beauty and uniqueness of God’s holy purposes for our bodies, we believe members of the body of Christ, enabled by the Spirit, can and should refrain from:

- Unmarried sexual intercourse and other forms of inappropriate sexual bonding. Because we believe that it is God’s intention for our sexuality to be lived out in the covenantal union between one woman and one man, we believe that these practices often lead to the objectification of the other in a relationship. In all its forms, it also potentially harms our ability to enter into the beauty and holiness of Christian marriage with our whole selves.
- Sexual activity between people of the same sex. Because we believe that it is God’s intention for our sexuality to be lived out in the covenantal union between one woman and one man, we believe the practice of same-sex sexual intimacy is contrary to God’s will for human sexuality. While a person’s homosexual or bisexual attraction may have complex and differing origins, and the implication of this call to sexual purity is costly, we believe the grace of God is sufficient for such a calling. We recognize the shared responsibility of the body of Christ to be a welcoming, forgiving, and loving community where hospitality, encouragement, transformation, and accountability are available to all.
- Extra-marital sexual relations. Because we believe this behavior is a violation of the vows that we made before God and within the body of Christ, adultery is a

selfish act, a family-destroying choice, and an offense to the God who has loved us purely and devotedly.

- Divorce. Because marriage is intended to be a life-long commitment, the fracturing of the covenant of marriage, whether initiated personally, or by the choice of a spouse, falls short of God's best intentions. The church must take care in preserving the marriage bond where wise and possible, and offering counsel and grace to those wounded by divorce.
- Practices such as polygamy or polyandry. Because we believe that the covenantal faithfulness of God is reflected in the monogamous commitment of husband and wife, these practices take away from the unique and exclusive fidelity intended in marriage.

Sexual sin and brokenness is not only personal but pervades the systems and structures of the world. Therefore, as the church bears witness to the reality of the beauty and uniqueness of God's holy purposes we also believe the church should refrain from and advocate against:

- Pornography in all its forms, which is desire gone awry. It is the objectification of people for selfish sexual gratification. This habit destroys our capacity to love unselfishly.
- Sexual violence in any form, including rape, sexual assault, sexual bullying, hateful speech, marital abuse, incest, sex trafficking, forced marriage, female genital mutilation, bestiality, sexual harassment, and the abuse of minors and other vulnerable populations. All people and systems that perpetrate sexual violence transgress the command to love and to protect our neighbor. The body of Christ should always be a place of justice, protection, and healing for those who are, who have been, and who continue to be affected by sexual violence.

Therefore we affirm that:

- Where sin abounds grace abounds all the more. Although the effects of sin are universal and holistic, the efficacy of grace is also universal and holistic. In Christ, through the Holy Spirit, we are renewed in the image of God. The old is gone and the new comes. Although the forming of our lives as a new creation may be a gradual process, God's healing is effective in dealing with the brokenness of humanity in the areas of sexuality.
- The human body is the temple of the Holy Spirit. We affirm the need for our sexuality to be conformed to God's will. Our bodies are not our own but have been bought with a price. Therefore, we are called to glorify God in our bodies through a life of yielded obedience.
- The people of God are marked by holy love. We affirm that, above all the virtues, the people of God are to clothe themselves with love. The people of God have always welcomed broken people into our gathering. Such Christian hospitality is neither an excusing of individual disobedience nor a refusal to participate redemptively in discerning the roots of brokenness. Restoring humans to the likeness of Jesus requires confession, forgiveness, formative practices, sanctification, and Godly counsel – but most of all, it includes the welcome of love which invites the broken person into the circle of grace known as the

church. If we fail to honestly confront sin and brokenness, we have not loved. If we fail to love, we cannot participate in God's healing of brokenness.

As the global church receives and ministers to the people of our world, the faithful outworking of these statements as congregations is complex and must be navigated with care, humility, courage, and discernment.

FURTHER RESOLVED that *Manual* paragraphs 30-30.4 be deleted as follows:

~~B. Marriage and Divorce and/or Dissolution of Marriage~~

~~30. The Christian family, knit together in a common bond through Jesus Christ, is a circle of love, fellowship, and worship to be earnestly cultivated in a society in which family ties are easily dissolved. We urge upon the ministry and congregations of our church such teachings and practices as will strengthen and develop family ties. In particular, we urge upon the ministry the importance of teaching and preaching clearly the biblical plan of the permanence of marriage. The institution of marriage was ordained by God in the time of man's innocence, and is, according to apostolic authority, "honourable in all;" it is the mutual union of one man and one woman for fellowship, helpfulness, and the propagation of the race. Our people should cherish this sacred estate as becomes Christians, and should enter it only after earnest prayer for divine direction, and when assured that the contemplated union is in accordance with scriptural requirements.~~

~~They should seek earnestly the blessings that God has ordained in connection with the wedded state, namely, holy companionship, parenthood, and mutual love—the elements of home building. The marriage covenant is morally binding so long as both shall live, and breaking of it is a breach of the divine plan of the permanence of marriage. (Genesis 1:26–28, 31; 2:21–24; Malachi 2:13–16; Matthew 19:3–9; John 2:1–11; Ephesians 5:21–6:4; 1 Thessalonians 4:3–8; Hebrews 13:4)~~

~~30.1. In biblical teaching, marriage is the commitment of male and female to each other for life, reflecting Christ's sacrificial love for the Church. As such, marriage is intended to be permanent, and divorce an infraction of the clear teaching of Christ. Such infractions, however, are not beyond the forgiving grace of God when this is sought with repentance, faith and humility. It is recognized that some have divorce thrust upon them against their will or are compelled to resort to it for legal or physical protection. (Genesis 2:21–24; Mark 10:2–12; Luke 7:36–50, 16:18; John 7:53–8:11; 1 Corinthians 6:9–11; 7:10–16; Ephesians 5:25–33)~~

~~30.2. Ministers of the Church of the Nazarene are instructed to give due care to matters relating to solemnizing marriages. They shall seek, in every manner possible, to convey to their congregations the sacredness of Christian marriage. They shall provide premarital counseling in every instance possible before performing a marriage ceremony including proper spiritual guidance for those who have experienced divorce. They shall only solemnize marriages of persons having the biblical basis for marriage.~~

~~Biblical marriage only exists in a relationship involving one man and one woman. (30–30.1, 32, 514.10, 536.16)~~

~~30.3. Members of the Church of the Nazarene are to seek prayerfully a redemptive course of action when involved in marital unhappiness, in full harmony with their vows and the clear teachings of the Scripture, their aim being to save the home and safeguard the good name of both Christ and His Church. Couples having serious marital problems are urged to seek counsel and guidance of their pastor and/or any other appropriate spiritual leaders. Failure to~~

~~comply with this procedure in good faith and with sincere endeavor to seek a Christian solution, and subsequent obtainment of divorce and remarriage, makes one or both parties subject to possible discipline as prescribed in 604–604.2 and 605–605.12. —~~

~~30.4. Through ignorance, sin, and human frailties, many in our society fall short of the divine plan. We believe that Christ can redeem these persons even as He did the woman at Samaria's well, and that sin against God's design for marriage does not place one beyond the forgiving grace of the gospel. Where a marriage has been dissolved and remarriage has followed, the marriage partners are enjoined to seek the grace of God and His redemptive help in their marriage relation. Such persons may be received into the membership of the church at such time as they have given evidence of their regeneration and an awareness of their understanding of the sanctity of Christian marriage. (21, 107.1)~~

3. CA-701a—Human Sexuality, Netherlands District Assembly. (See CA-701.)

RESOLVED that *Manual* paragraph 32 be amended as follows:

32. The Church of the Nazarene views human sexuality as one expression of the holiness and beauty that God the Creator intended for His creation. It is one of the ways by which the covenant between a husband and a wife is sealed and expressed. Christians are to understand that in marriage human sexuality can and ought to be sanctified by God. Human sexuality achieves fulfillment only as a sign of comprehensive love and loyalty. Christian husbands and wives should view sexuality as a part of their much larger commitment to one another and to Christ from whom the meaning of life is drawn.

The Christian home should serve as a setting for teaching children the sacred character of human sexuality and for showing them how its meaning is fulfilled in the context of love, fidelity, and patience.

Our ministers and Christian educators should state clearly the Christian understanding of human sexuality, urging Christians to celebrate its rightful excellence, and rigorously to guard against its betrayal and distortion.

[Sexuality misses its purpose when treated as an end in itself or when cheapened by using another person to satisfy pornographic and perverted sexual interests. We view all forms of sexual intimacy that occur outside the covenant of heterosexual marriage as sinful distortions of the holiness and beauty God intended for it.

Homosexuality is one means by which human sexuality is perverted. We recognize the depth of the perversion that leads to homosexual acts but affirm the biblical position that such acts are sinful and subject to the wrath of God. We believe the grace of God sufficient to overcome the practice of homosexuality (1 Corinthians 6:9-11). We deplore any action or statement that would seem to imply compatibility between Christian morality and the practice of homosexuality. We urge clear preaching and teaching concerning Bible standards of sexual morality.]

(Genesis 1:27; 19:1–25; Leviticus 20:13; Romans 1:26–27; 1 Corinthians 6:9–11; 1 Timothy 1:8–10)

4. CA-701b—Human Sexuality, New England District Resolutions Committee and Kansas City District. (See CA-701.)

RESOLVED that *Manual* paragraph 32 be amended as follows:

32. The Church of the Nazarene views human sexuality as one expression of the holiness and beauty that God the Creator intended for His creation. It is one of the ways by which the

covenant between a husband and a wife is sealed and expressed. Christians are to understand that in marriage human sexuality can and ought to be sanctified by God. Human sexuality achieves fulfillment only as a sign of comprehensive love and loyalty. Christian husbands and wives should view sexuality as a part of their much larger commitment to one another and to Christ from whom the meaning of life is drawn. The Christian home should serve as a setting for teaching children the sacred character of human sexuality and for showing them how its meaning is fulfilled in the context of love, fidelity, and patience.

Our ministers and Christian educators should state clearly the Christian understanding of human sexuality, urging Christians to celebrate its rightful excellence, and rigorously to guard against its betrayal and distortion.

Sexuality misses its purpose when treated as an end in itself or when cheapened by using another person to satisfy pornographic and perverted sexual interests. We view all forms of sexual intimacy that occur outside the covenant of heterosexual marriage as sinful distortions of the holiness and beauty God intended for it.

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(Genesis 1:27; 19:1–25; Leviticus 20:13; Romans 1:26–27; 1 Corinthians 6:9–11; 1 Timothy 1:8–10)

5. **CA-702—Matrimony**, Mid-Atlantic District Resolutions Committee, recommends that it be adopted. The vote: 94 for the resolution and 4 against the resolution. (Adopted, see 133.)

RESOLVED that *Manual* paragraph 803 be amended as follows:

803. Matrimony. At the day and time appointed for the solemnization of matrimony, the persons to be married—having been qualified according to law and by careful counsel and guidance by the minister—standing together, facing the minister, the man to the minister’s left and the woman to the right, the minister shall address the congregation as follows:

Dearly Beloved: We are gathered together here in the sight of God, and in the presence of these witnesses, to join together this man and this woman in holy matrimony, which is an honorable estate, instituted of God in the time of [man’s] humankind’s innocency, signifying unto us the mystical union that exists between Christ and His Church. This holy estate Christ adorned and beautified with His presence and first miracle that He wrought, in Cana of Galilee, and [St. Paul] the writer to the Hebrews commended as being honorable among all [men] people. It is, therefore, not to be entered into unadvisedly, but reverently, discreetly, and in the fear of God.

...REMAINDER OF PARAGRAPH REMAINS THE SAME.

6. **CA-703—Matrimony**, Kansas City District, recommends that it be rejected. The vote: 4 for the resolution and 92 against the resolution. (Rejected, see 134.)

RESOLVED that *Manual* paragraph 803 be amended as follows:

803. Matrimony. At the day and time appointed for the solemnization of matrimony, the persons to be married—having been qualified [according to law and] by careful counsel and

guidance by the minister—standing together, facing the minister, the man to the minister’s left and the woman to the right, the minister shall address the congregation as follows:

Dearly Beloved: We are gathered together here in the sight of God, and in the presence of these witnesses, to join together this man and this woman in holy matrimony, which is an honorable estate, instituted of God in the time of man’s innocency, signifying unto us the mystical union that exists between Christ and His Church. This holy estate Christ adorned and beautified with His presence and first miracle that He wrought, in Cana of Galilee, and St. Paul commended as being honorable among all men. It is, therefore, not to be entered into unadvisedly, but reverently, discreetly, and in the fear of God.

...REMAINDER OF PARAGRAPH REMAINS THE SAME.

7. **CA-704—Manual Appendix Review—Discrimination**, Reference Committee, recommends that this paragraph remain in the *Manual* and that it be adopted. The vote: 94 for the resolution and 2 against the resolution. (Adopted, see 135.)

RESOLVED that *Manual* paragraph 903.2 be reconsidered, and that a recommendation be made to include it as is in the 2017 *Manual*, or modify it, or eliminate it from the 2017 and succeeding *Manuals*, according to *Manual* paragraph 902.5.

KEEP, MODIFY, or ELIMINATE?

903.2. Discrimination

The Church of the Nazarene reiterates its historic position of Christian compassion for people of all races. We believe that God is the Creator of all people, and that of one blood are all people created.

We believe that each individual, regardless of race, color, gender, or creed, should have equality before law, including the right to vote, equal access to educational opportunities, to all public facilities, and to the equal opportunity, according to one’s ability, to earn a living free from any job or economic discrimination.

We urge our churches everywhere to continue and strengthen programs of education to promote racial understanding and harmony. We also feel that the scriptural admonition of Hebrews 12:14 should guide the actions of our people. We urge that each member of the Church of the Nazarene humbly examine his or her personal attitudes and actions toward others, as a first step in achieving the Christian goal of full participation by all in the life of the church and the entire community.

We reemphasize our belief that holiness of heart and life is the basis for right living. We believe that Christian charity between racial groups or gender will come when the hearts of people have been changed by complete submission to Jesus Christ, and that the essence of true Christianity consists in loving God with one’s heart, soul, mind, and strength, and one’s neighbor as oneself. (2005)

8. **CA-704a—Discrimination**, Kansas City District and Virginia District, recommends that it be adopted. The vote: 77 for the resolution and 5 against the resolution. (Adopted, see 259.)

RESOLVED that *Manual* paragraph 903.2 be amended as follows:

903.2. Discrimination

The Church of the Nazarene reiterates its historic position of Christian compassion for people of all races. We believe that God is the Creator of all people, and that of one blood are all people created.

We believe that each individual, regardless of race, color, gender, or creed, should have

equality before law, including the right to vote, equal access to educational opportunities, to all public facilities, and to the equal opportunity, according to one's ability, to earn a living free from any job or economic discrimination.

We urge our churches everywhere to continue and strengthen programs of education to promote racial understanding and harmony. We also feel that the scriptural admonition of Hebrews 12:14 should guide the actions of our people. We urge that each member of the Church of the Nazarene humbly examine his or her personal attitudes and actions toward others, as a first step in achieving the Christian goal of full participation by all in the life of the church and the entire community.

We reemphasize our belief that holiness of heart and life is the basis for right living. We believe that Christian charity between racial groups or gender will come when the hearts of people have been changed by complete submission to Jesus Christ, and that the essence of true Christianity consists in loving God with one's heart, soul, mind, and strength, and one's neighbor as oneself. (2005)

Therefore, we renounce any form of racial and ethnic indifference, exclusion, subjugation, or oppression as a grave sin against God and our fellow human beings. We lament the legacy of every form of racism throughout the world, and we seek to confront that legacy through repentance, reconciliation, and biblical justice. We seek to repent of every behavior in which we have been overtly or covertly complicit with the sin of racism, both past and present; and in confession and lament we seek forgiveness and reconciliation.

Further, we acknowledge that there is no reconciliation apart from human struggle to stand against and to overcome all personal, institutional and structural prejudice responsible for racial and ethnic humiliation and oppression. We call upon Nazarenes everywhere to identify and seek to remove acts and structures of prejudice, to facilitate occasions for seeking forgiveness and reconciliation, and to take action toward empowering those who have been marginalized.

9. CA-705—Manual Appendix Review—The Church and Human Freedom, Reference Committee, recommends that this paragraph remain in the *Manual* as modified and that it be adopted. The vote: 87 for the resolution and 0 against the resolution. (Adopted, see 260.)

RESOLVED that *Manual* paragraph 903.6 be reconsidered, and that a recommendation be made to include it as is in the 2017 *Manual*, or modify it, or eliminate it from the 2017 and succeeding *Manuals*, according to *Manual* paragraph 902.5.

KEEP, MODIFY, or ELIMINATE?

903.6. The Church and Human Freedom

Concerned that our great Christian heritage be understood and safeguarded, we remind our people that both political and religious freedom rest upon biblical concepts of the dignity of humankind as God's creation and the sanctity of one's own individual conscience. We encourage our people to participate in appropriate activity in support of these biblical concepts and to be ever vigilant against threats to this precious freedom.

These freedoms are constantly in danger, therefore we urge election of persons to public office at all levels of government who believe in these principles and who are answerable only to God and the constituency that elected them when carrying out a public trust. Further, we resist any invasion of these principles by religious groups seeking special favors. AND WE

STAND IN SOLIDARITY WITH OUR BROTHERS AND SISTERS WHO HAVE BEEN DENIED SUCH FREEDOM, EITHER BY POLITICAL OR SOCIETAL RESTRICTIONS.

We believe that the role of the Church is to be prophetic and constantly to remind the people that “righteousness exalts a nation” (Proverbs 14:34). (2005)

10. **CA-706—Manual Appendix Review—War and Military Service**, Reference Committee, recommends that this paragraph remain in the *Manual* and that it be adopted. The vote: 98 for the resolution and 0 against the resolution. (Adopted, see 263.)

RESOLVED that *Manual* paragraph 903.7 be reconsidered, and that a recommendation be made to include it as is in the 2017 *Manual*, or modify it, or eliminate it from the 2017 and succeeding *Manuals*, according to *Manual* paragraph 902.5.

KEEP, MODIFY, or ELIMINATE?

903.7. War and Military Service

The Church of the Nazarene believes that the ideal world condition is that of peace and that it is the full obligation of the Christian Church to use its influence to seek such means as will enable the nations of the earth to be at peace and to devote all of its agencies for the propagation of the message of peace. However, we realize that we are living in a world where evil forces and philosophies are actively in conflict with these Christian ideals and that there may arise such international emergencies as will require a nation to resort to war in defense of its ideals, its freedom, and its existence.

While thus committed to the cause of peace, the Church of the Nazarene recognizes that the supreme allegiance of the Christian is due to God, and therefore it does not endeavor to bind the conscience of its members relative to participation in military service in case of war, although it does believe that the individual Christian as a citizen is bound to give service to his or her own nation in all ways that are compatible with the Christian faith and the Christian way of life.

We also recognize that, as an outgrowth of the Christian teaching and of the Christian desire for peace on earth, there are among our membership individuals who have conscientious objection to certain forms of military service. Therefore the Church of the Nazarene claims for conscientious objectors within its membership the same exemptions and considerations regarding military service as are accorded members of recognized noncombatant religious organizations.

The Church of the Nazarene, through its general secretary, shall set up a register whereon those persons who supply evidence of being members of the Church of the Nazarene may record their convictions as conscientious objectors. (2005)

11. **CA-707—Manual Appendix Review—Christian Modesty of Dress**, Reference Committee, recommends that this paragraph remain in the *Manual* and that it be adopted. The vote: 97 for the resolution and 0 against the resolution. (Adopted, see 264.)

RESOLVED that *Manual* paragraph 903.12 be reconsidered, and that a recommendation be made to include it as is in the 2017 *Manual*, or modify it, or eliminate it from the 2017 and succeeding *Manuals*, according to *Manual* paragraph 902.5.

KEEP, MODIFY, or ELIMINATE?

903.12. Christian Modesty of Dress

Recognizing the increasing trend toward immodesty of dress in public places, we remind our people of the Christian concept of modesty as an expression of holiness and urge that Christian modesty be exercised at all times in public. (2005)

12. **CA-708—The Christian Life**, Mid-Atlantic District Resolutions Committee, Northwestern Ohio District General Assembly Resolutions Committee, and Reference Committee, recommends that it be adopted. The vote: 92 for the resolution and 0 against the resolution. (Adopted, see 266.)

RESOLVED that *Manual* paragraph 28.6 be amended as follows:

28.6. Education is of the utmost importance for the social and spiritual well-being of society. [Public schools have a mandate to educate all. They are limited, however, as to their scope and, in fact, are prohibited by court rulings from teaching the basic tenets of Christianity.] Nazarene educational organizations and institutions, such as Sunday Schools, schools (birth through secondary), child care centers, adult care centers, colleges, and seminaries, are expected to teach children, youth, and adults biblical principles and ethical standards in such a way that our doctrines may be known. This practice may be instead of or in addition to public schools[, which often teach secular humanism and fall short of teaching principles of holy living]. The education from public sources should be complemented by holiness teaching in the home. Christians should also be encouraged to work in and with public institutions to witness to and influence these institutions for God's kingdom. (Matthew 5:13–14)

13. **CA-709—The Use of Social Media**, Mid-Atlantic District Resolutions Committee and Reference Committee, recommends that it be adopted. The vote: 102 for the resolution and 0 against the resolution. (Adopted, see 267.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

903.19 The Use of Social Media. First and foremost, the content that we share should be respectful. As in all interpersonal relationships, we believe that the content of our social media should also be a reflection of the sanctified hearts for which we strive. Clergy and laity alike must be mindful of how their activities on social media affect the image of Christ and His church and impact its mission within their communities. Our activities should be life giving and affirming and should seek to uplift all persons.

(Proverbs 15:4, 15:28, 16:24; Ecclesiastes 5:2-4; Matthew 15:11; Galatians 5:13-15; Ephesians 4:29; Colossians 4:6; 2 Timothy 2:16; James 3:1-13)

14. **CA-710—The Use of Intoxicants**, Nebraska District Resolutions Committee, Mid-Atlantic District Resolutions Committee, and Reference Committee, recommends that it be amended and adopted. The vote: 91 for the resolution and 33 against the resolution. (Referred to the Board of General Superintendents, see 160.)

RESOLVED that *Manual* paragraph 29.5 be amended as follows:

29.5. The use of intoxicating liquors as a beverage[, or trafficking therein; giving influence to, or voting for, the licensing of places for the sale of the same; using illicit drugs or trafficking therein; using of tobacco in any of its forms, or trafficking therein.

In light of the Holy Scriptures and human experience concerning the ruinous consequences of the use of alcohol as a beverage, and in light of the findings of medical science regarding the detrimental effect of both alcohol and tobacco to the body and mind, as a community of faith committed to the pursuit of a holy life, our position and practice is abstinence rather than moderation. Holy Scripture teaches that our body is the temple of the

Holy Spirit. With loving regard for ourselves and others, we call our people to total abstinence from all intoxicants.

Furthermore, our Christian social responsibility calls us to use any legitimate and legal means to minimize the availability of both beverage alcohol and tobacco to others. The widespread incidence of alcohol abuse in our world demands that we embody a position that stands as a witness to others. (903.14–903.16)]

IN LIGHT OF BIBLICAL DIRECTIVES CONCERNING THE RUINOUS CONSEQUENCES OF THE ABUSE OF ALCOHOL, THE TRAGIC HUMAN EXPERIENCE WITH ALCOHOL, AND THE FINDINGS OF MEDICAL SCIENCE REGARDING THE DETRIMENTAL EFFECT OF THE ABUSE OF ALCOHOL ON THE BODY AND MIND, WE URGE OUR PEOPLE TO PRACTICE ABSTINENCE AS AN EXPRESSION OF LOVING REGARD FOR OURSELVES AND OTHERS.

FROM ITS EARLIEST DAYS, THE CHURCH OF THE NAZARENE HAS HAD A SPECIAL CALLING TO THE POOR, LOST AND FORGOTTEN. WE RECOGNIZE THE PAIN AND TRAUMA SUFFERED BY INDIVIDUALS AND FAMILIES AS A RESULT OF ALCOHOL ABUSE AND ADDICTION. BECAUSE OF THIS CALLING, WE ASK OUR MEMBERS TO REFRAIN FROM ALCOHOL AND OTHER INTOXICATING SUBSTANCES AS AN EXPRESSION OF SOLIDARITY WITH THOSE WHO SUFFER. FURTHER, WE SEEK TO MINIMIZE THE IRRESPONSIBLE USE OF ALCOHOL AND GLORIFICATION OF THE SAME IN SOCIETY AND CULTURE. ATTENTION MUST BE PAID TO THE CONSEQUENCES OF IRRESPONSIBLE ALCOHOL USE AND ITS EFFECT ON PEOPLE FOR WHOM CHRIST DIED. THE PREVALENCE OF ALCOHOL ABUSE IN OUR WORLD DEMANDS WE EMBODY A POSITION THAT STANDS AS A WITNESS TO OTHERS.

WE ACKNOWLEDGE THAT GOD HAS NOT CALLED ALL CHRISTIANS TO ABSTINENCE FROM ALCOHOL AND THEREFORE, THIS POSITION SHOULD NOT BE CONSIDERED AN ESSENTIAL OF THE CHRISTIAN FAITH.

~~Acknowledging that consumption of alcohol in moderation is, in itself, not inherently sinful, we recognize the pain and trauma suffered by individuals and families as a result of alcohol abuse and addiction. Society often prefers to minimize or hide these problems.~~

~~From its earliest days, the Church of the Nazarene has had a special calling to the poor, lost, and forgotten. Because of this calling, we ask our members to refrain from alcohol and other intoxicating substances as an expression of solidarity with those who suffer.~~

~~We acknowledge this is not God's calling for all people and that abstinence from alcohol cannot be considered an essential of the Christian faith.~~

~~Nor is it the only way to faithfully respond to addiction. We make the choice to abstain in response to the biblical mandate of self-giving love for our brothers and sisters. Our position must be embodied with grace and without judgment. For that reason, we do not hold adherence to this position as required for fellowship MEMBERSHIP, either in the body of Christ or the Church of the Nazarene.~~

~~Further, we seek to minimize the irresponsible use of alcohol and glorification of the same in society and culture. Attention must be paid to the consequences of irresponsible alcohol use and its effect on people for whom Christ died. The prevalence of alcohol abuse in our world demands we embody a position that stands as a witness to others.~~

(Proverbs 20:1; 23:29–24:2; Hosea 4:10–11; Habakkuk 2:5; Romans 13:8; 14:15–21; 15:1–2; 1 Corinthians 3:16–17; 6:9–12, 19–20; 10:31–33; Galatians 5:13–14, 21; Ephesians 5:18)

(In light of this stance, [O]nly unfermented wine should be used in celebration of the Lord's Supper.) (514.9, 530.7, 531.2, 532.1, 802)

FURTHER RESOLVED that *Manual* paragraph 29.6 be amended as follows:

29.6. [The unprescribed use of hallucinogenics, stimulants, and depressants, and the misuse and abuse of regularly prescribed medicines. Only on competent medical advice and under medical supervision should such drugs be used.]

~~In light of medical evidence outlining the addictive and enslaving properties of mind-altering substances, along with scriptural admonitions to remain in responsible control of mind and body, we choose to abstain from their use outside proper medical care and guidance regardless of their legality and availability.~~

~~(Matthew 22:37-39; 27:34; Romans 12:1-2; 1 Corinthians 6:19-20; 9:24-27)~~

FURTHER RESOLVED that *Manual* paragraph 903.15 be amended as follows:

903.15. Use of Alcohol [Desocialization].

The recommended social practice of the Church of the Nazarene is driven by an ethic of love for God and neighbor. As regards the use of alcohol as a beverage, we practice a radical discipleship that chooses to abstain from the use of alcohol. In love for God, this is in part an attempt to live our lives for the glory and pleasure of God. In love for neighbor, we believe that by abstaining from alcohol we stand in solidarity with those whose lives, health, and relationships have been damaged by the undisciplined consumption of alcohol, whether by themselves or by those whose actions were detrimental to them in some way. We would not want our consumption of alcohol to be a cause for offense to these.

While Nazarenes choose to abstain from the use of alcohol as a social beverage, we covenant to do so in a manner that is non-judgmental toward fellow believers who choose to drink alcoholic beverages responsibly while belonging to the family of God. To abstain in a prideful or selfish manner would be inconsistent with our ethic of love. We seek the good of our neighbor, and believe with the Apostle Paul that, while certain products may be lawful or permissible, not all things are beneficial or constructive (1 Corinthians 10:23-24). We believe this choice to be one of grace extended to those who have suffered because of alcohol.

The Church of the Nazarene publicly supports [the desocialization of alcohol consumption. We encourage civic, labor, business, professional, social, voluntary, and private agencies and organizations to assist in such desocialization] efforts to counteract the advertising and media promotion of the [social] acceptability of the "alcohol culture." (2013)

15. CA-711—Use of Stimulants and Other Intoxicants, Virginia District Resolutions Committee and Mid-Atlantic District Resolutions Committee, recommends that it be amended and adopted. The vote: 129 for the resolution and 0 against the resolution. (Amended and Adopted, see 161.)

RESOLVED that *Manual* paragraph 29.6 be amended as follows:

29.6. [The unprescribed use of hallucinogenics, stimulants, and depressants, and the misuse and abuse of regularly prescribed medicines. Only on competent medical advice and under medical supervision should such drugs be used.] The use of stimulants, depressants, hallucinogens and other intoxicants (not listed in *Manual* 29.5), outside proper medical care and guidance, ~~INCLUDING THE USE OF TOBACCO IN ANY OF ITS FORMS.~~ In light of medical evidence outlining the dangers of such substances, along with scriptural admonitions to remain in responsible control of mind and body, we choose to abstain from intoxicants, stimulants, and

hallucinogens outside proper medical care and guidance, regardless of the legality and availability of such substances.

(Matthew 22:37-39; 27:34; Romans 12:1-2; 1 Corinthians 6:19-20; 9:24-27)

16. **CA-712—Marriage and Divorce and/or Dissolution of Marriage**, Mid-Atlantic District Resolutions Committee, recommends that it be adopted. The vote: 101 for the resolution and 1 against the resolution. (See CA-701.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

B. Marriage and Divorce and/or Dissolution of Marriage

30.1. The meaning of divorce in this covenant shall include “dissolution of marriage” when it is used as a legal substitute for divorce.

17. **CA-713—Marriage and Divorce and/or Dissolution of Marriage**, Mid-Atlantic District Resolutions Committee, recommends that it be rejected. The vote: 22 for the resolution and 75 against the resolution. (Rejected, see 269.)

RESOLVED that *Manual* paragraph 30.4 be amended as follows:

30.4. Through ignorance, sin, and human frailties, [many in] our society has fallen short of the divine plan. We believe that Christ can redeem these persons even as He did the woman at Samaria’s well, and that sin against God’s design for marriage does not place one beyond the forgiving grace of the gospel. Where a marriage has been dissolved and remarriage has followed, the marriage partners are enjoined to seek the grace of God and His redemptive help in their marriage relation. Such persons may be received into the membership of the church at such time as they have given evidence of their regeneration and an awareness of their understanding of the sanctity of Christian marriage. (21, 107.1)

18. **CA-714—Sanctity of Human Life**, Mid-Atlantic District Resolutions Committee, recommends that it be referred to the Board of General Superintendents. The vote: 114 for the resolution and 1 against the resolution. (Referred to the Board of General Superintendents, see 164.)

RESOLVED that *Manual* section C. Sanctity of Human Life and *Manual* paragraphs 31-31.6 be deleted as follows:

[C. Sanctity of Human Life

31. The Church of the Nazarene believes in the sanctity of human life and strives to protect against abortion, embryonic stem cell research, euthanasia, and the withholding of reasonable medical care to handicapped or elderly.

31.1. Induced Abortion. The Church of the Nazarene affirms the sanctity of human life as established by God the Creator and believes that such sanctity extends to the child not yet born. Life is a gift from God. All human life, including life developing in the womb, is created by God in His image and is, therefore, to be nurtured, supported, and protected. From the moment of conception, a child is a human being with all of the developing characteristics of human life, and this life is dependent on the mother for its continued development. Therefore, we believe that human life must be respected and protected from the moment of conception. We oppose induced abortion by any means, when used for either personal convenience or population control. We oppose laws that allow abortion. Realizing that there are rare, but real medical conditions wherein the mother or the unborn child, or both, could not survive the pregnancy, termination of the pregnancy should only be made after sound medical and Christian counseling.

Responsible opposition to abortion requires our commitment to the initiation and support of programs designed to provide care for mothers and children. The crisis of an unwanted pregnancy calls for the community of believers (represented only by those for whom knowledge of the crisis is appropriate) to provide a context of love, prayer, and counsel. In such instances, support can take the form of counseling centers, homes for expectant mothers, and the creation or utilization of Christian adoption services.

The Church of the Nazarene recognizes that consideration of abortion as a means of ending an unwanted pregnancy often occurs because Christian standards of sexual responsibility have been ignored. Therefore the church calls for persons to practice the ethic of the New Testament as it bears upon human sexuality and to deal with the issue of abortion by placing it within the larger framework of biblical principles that provide guidance for moral decision making.

(Genesis 2:7, 9:6; Exodus 20:13; 21:12–16, 22–25; Leviticus 18:21; Job 31:15; Psalms 22:9; 139:3–16; Isaiah 44:2, 24; 49:5; Jeremiah 1:5; Luke 1:15, 23–25, 36–45; Acts 17:25; Romans 12:1–2; 1 Corinthians 6:16; 7:1ff.; 1 Thessalonians 4:3–6)

The Church of the Nazarene also recognizes that many have been affected by the tragedy of abortion. Each local congregation and individual believer is urged to offer the message of forgiveness by God for each person who has experienced abortion. Our local congregations are to be communities of redemption and hope to all who suffer physical, emotional, and spiritual pain as a result of the willful termination of a pregnancy.

(Romans 3:22–24; Galatians 6:1)

31.2. Genetic Engineering and Gene Therapy. The Church of the Nazarene supports the use of genetic engineering to achieve gene therapy. We recognize that gene therapy can lead to preventing and curing disease, and preventing and curing anatomical and mental disorders. We oppose any use of genetic engineering that promotes social injustice, disregards the dignity of persons, or that attempts to achieve racial, intellectual, or social superiority over others (Eugenics). We oppose initiation of DNA studies whose results might encourage or support human abortion as an alternative to term live birth. In all cases, humility, a respect for the inviolable dignity of human life, human equality before God, and a commitment to mercy and justice should govern genetic engineering and gene therapy.

(Micah 6:8)

31.3. Human Embryonic Stem Cell Research and Other Medical/Scientific Endeavors that Destroy Human Life after Conception. The Church of the Nazarene strongly encourages the scientific community to aggressively pursue advances in stem cell technology obtained from sources such as adult human tissues, placenta, umbilical cord blood, animal sources, and other non-human embryonic sources. This has the righteous end of attempting to bring healing to many, without violating the sanctity of human life. Our stand on human embryonic stem cell research flows from our affirmation that the human embryo is a person made in the image of God. Therefore, we oppose the use of stem cells produced from human embryos for research, therapeutic interventions, or any other purpose.

As future scientific advances make new technologies available, we strongly support this research when it does not violate the sanctity of human life or other moral, biblical laws. However, we oppose the destruction of human embryos for any purpose and any type of

research that takes the life of a human after conception. Consistent with this view, we oppose the use, for any purpose, of tissue derived from aborted human fetuses.

31.4. Human Cloning. We oppose the cloning of an individual human being. Humankind is valued by God, who created us in His image, and the cloning of an individual human being treats that being as an object, thus denying the personal dignity and worth bestowed on us by our Creator.

(Genesis 1:27)

31.5. Euthanasia (Including Physician Assisted Suicide). We believe that euthanasia (intentionally ending the life of a terminally ill person, or one who has a debilitating and incurable disease that is not immediately life-threatening, for the purpose of ending suffering) is incompatible with the Christian faith. This applies when euthanasia is requested or consented to by the terminally ill person (voluntary euthanasia) and when the terminally ill person is not mentally competent to give consent (involuntary euthanasia). We believe that the historic rejection of euthanasia by the Christian church is confirmed by Christian convictions that derive from the Bible and that are central to the Church's confession of faith in Jesus Christ as Lord. Euthanasia violates Christian confidence in God as the sovereign Lord of life by claiming sovereignty for oneself; it violates our role as stewards before God; it contributes to an erosion of the value the Bible places on human life and community; it attaches too much importance to the cessation of suffering; and it reflects a human arrogance before a graciously sovereign God. We urge our people to oppose all efforts to legalize euthanasia.

31.6. Allowing to Die. When human death is imminent, we believe that either withdrawing or not originating artificial life-support systems is permissible within the range of Christian faith and practice. This position applies to persons who are in a persistent vegetative state and to those for whom the application of extraordinary means for prolonging life provide no reasonable hope for a return to health. We believe that when death is imminent, nothing in the Christian faith requires that the process of dying be artificially postponed. As Christians we trust in God's faithfulness and have the hope of eternal life. This makes it possible for Christians to accept death as an expression of faith in Christ who overcame death on our behalf and robbed it of its victory.]

FURTHER RESOLVED that a new paragraph be added to the *Manual* appendix section (Current Moral and Social Issues) as follows:

903.19. The Church of the Nazarene affirms God as creator of all life. Because of this divine creation, all life is imbued with incalculable meaning and purpose. We affirm the sanctity of human life in all its forms and stages, both born and unborn striving to protect against any action leading to death or the diminution of life. Following the words and example of Jesus Christ, we recognize such actions are never justified and should be avoided at all costs; we affirm the call and example of our Savior to sacrifice everything, even our own lives, to prevent the death of another.

However, understanding that we live in a sinful world, one that is still being transformed by the saving love and grace of God, and that we, even as sanctified followers of Jesus Christ, often see "as through a glass dimly," lacking knowledge and creativity, we humbly recognize that there may be times when the taking of life seems a regrettable option. In such instances we urge caution, admonishing our members to act only after thorough contemplation of available scientific, medical, scriptural, and pastoral guidance.

We further urge understanding and grace when the decisions and opinions of our brothers and sisters differ from our own. Recognizing that each person and situation is genuinely unique, we seek to understand and support each other with the life-changing love of God that will one day see all life restored in the beauty of new creation.

Knowing that such issues of life and death are often political, including, but not limited to abortion, capital punishment, end of life care, war, medical research, family planning, and defense of self and others, and recognizing that members of the Church of the Nazarene will not always agree on how to proceed specifically in every case, we challenge each other to deeper understanding, respect, and sacrifice of and for the precious, God-given gift of life. We make no position on these issues determinative of salvation, faith, or good standing so long as they are arrived at through intense study of Scripture, the input of the Church, and sincere examination of one's conscience and the will of God.

(Genesis 1:27; Genesis 2:7, 9:6; Exodus 20:13; 21:12-16, 22-25; Leviticus 18:21; Job 31:15; Psalms 22:9; 139:3-16; Isaiah 44:2, 24; 49:5; Jeremiah 1:5; Micah 6:8; Luke 1:15, 23-25, 36-45; Acts 17:25; Romans 3:22-24, Romans 12:1-2; 1 Corinthians 6:16, 7:1ff.; Galatians 6:1; 1 Thessalonians 4:3-6)

19. **CA-715—Reception of Church Members**, Mid-Atlantic District Resolutions Committee, recommends that it be adopted. The vote: 77 for the resolution and 27 against the resolution. (Adopted, see 270.)

RESOLVED that *Manual* paragraph 801 be amended as follows:

801. The Reception of Church Members

The prospective members having come forward to stand before the altar of the church, the pastor shall address them as follows:

Dearly Beloved: The privileges and blessings that we have in association together in the Church of Jesus Christ are very sacred and precious. There is in it such hallowed fellowship as cannot otherwise be known.

There is such helpfulness with brotherly watch care and counsel as can be found only in the Church.

There is the godly care of pastors, with the teachings of the Word; and the helpful inspiration of corporate worship. And there is cooperation in service, accomplishing that which cannot otherwise be done. The doctrines upon which the church rests as essential to Christian experience are brief.

[Note: The minister may choose one of the following creedal options.

Option 1:

We believe in God the Father, Son, and Holy Spirit. We especially emphasize the deity of Jesus Christ and the personality of the Holy Spirit.

We believe that human beings are born in sin; that they need the work of forgiveness through Christ and the new birth by the Holy Spirit; that subsequent to this there is the deeper work of heart cleansing or entire sanctification through the infilling of the Holy Spirit, and that to each of these works of grace the Holy Spirit gives witness.

We believe that our Lord will return, the dead shall be raised, and that all shall come to final judgment with its rewards and punishments.]

The Agreed Statement of Belief for the Church of the Nazarene affirms our belief in:

One God—the Father, Son, and Holy Spirit; that the Old and New Testament Scriptures,

given by plenary inspiration, contain all truth necessary to faith and Christian living; that human beings are born with a fallen nature, and are, therefore, inclined to evil, and that continually; that the finally impenitent are hopelessly and eternally lost; that the atonement through Jesus Christ is for the whole human race; and that whosoever repents and believes on the Lord Jesus Christ is justified and regenerated and saved from the dominion of sin; that believers are to be sanctified wholly, subsequent to regeneration, through faith in the Lord Jesus Christ; that the Holy Spirit bears witness to the new birth, and also to the entire sanctification of believers; and that our Lord will return, the dead will be raised, and the final judgment will take place (*Manual* paragraphs 20.1-20.8).

Do you heartily believe these truths? If so, answer, "I do."

Do you acknowledge Jesus Christ as your personal Savior, and do you realize that He saves you now?

Response: I do.

[Desiring to unite with] Will you support the teachings of the Church of the Nazarene[, do you covenant to give yourself to the fellowship and work of God in connection with it,] as set forth in the Covenant of Christian Character and the Covenant of Christian Conduct [of the Church of the Nazarene]? Will you strive, with God's help, to grow in your understanding and practice of the same in a way that enhances the witness of the church? Will you endeavor in every way to glorify God, by a humble walk, godly conversation, and holy service; by devotedly giving of your means; by faithful attendance upon the means of grace; and, abstaining from all evil, will you seek earnestly to perfect holiness of heart and life in the fear of the Lord?

Response: I will.

The minister shall then say to the person or persons:

I welcome you into this church, to its sacred fellowship, responsibilities, and privileges. May the great Head of the Church bless and keep you, and enable you to be faithful in all good works, that your life and witness may be effective in leading others to Christ.

The minister shall then take each one by the hand, and with appropriate words of personal greeting welcome each into the church.

(Alternate form for members joining by letter of transfer:)

_____, formerly a member (members) of the Church of the Nazarene at _____, comes (come) to join the fellowship of this local congregation.

Taking each by the hand, or speaking to the group, the minister shall say:

It gives me pleasure on behalf of this church to welcome you into our membership. We trust that we will be a source of encouragement and strength to you and that you, in turn, will be a source of blessing and help to us. May the Lord richly bless you in the salvation of souls and in the advancement of His kingdom.

[Option 2:

We believe:

In one God—the Father, Son, and Holy Spirit.

That the Old and New Testament Scriptures, given by plenary inspiration, contain all truth necessary to faith and Christian living.

That all humanity is born with a fallen nature, and is, therefore, inclined to evil, and that continually.

That the finally impenitent are hopelessly and eternally lost.

That the atonement through Jesus Christ is for the whole human race; and that whosoever repents and believes on the Lord Jesus Christ is justified and regenerated and saved from the dominion of sin.

That believers are to be sanctified wholly, subsequent to regeneration, through faith in the Lord Jesus Christ.

That the Holy Spirit bears witness to the new birth, and also to the entire sanctification of believers.

That our Lord will return, the dead will be raised, and the final judgment will take place, (paragraphs 20.1-20.8)

Do you heartily believe these truths? If so, answer, "I do."

Do you acknowledge Jesus Christ as your personal Savior, and do you realize that He saves you now?

Response: I do.

Desiring to unite with the Church of the Nazarene, do you covenant to give yourself to the fellowship and work of God in connection with it, as set forth in the Covenant of Christian Character and the Covenant of Christian Conduct of the Church of the Nazarene? Will you endeavor in every way to glorify God, by a humble walk, godly conversation, and holy service; by devotedly giving of your means; by faithful attendance upon the means of grace; and, abstaining from all evil, will you seek earnestly to perfect holiness of heart and life in the fear of the Lord?

Response: I will.

The minister shall then say to the person or persons:

I welcome you into this church, to its sacred fellowship, responsibilities, and privileges. May the great Head of the Church bless and keep you, and enable you to be faithful in all good works, that your life and witness may be effective in leading others to Christ.

The minister shall then take each one by the hand, and with appropriate words of personal greeting welcome each into the church.

(Alternate form for members joining by letter of transfer:)

_____, formerly a member (members) of the Church of the Nazarene at _____, comes (come) to join the fellowship of this local congregation.

Taking each by the hand, or speaking to the group, the minister shall say:

It gives me pleasure on behalf of this church to welcome you into our membership. We trust that we will be a source of encouragement and strength to you and that you, in turn, will be a source of blessing and help to us. May the Lord richly bless you in the salvation of souls and in the advancement of His kingdom.]

20. **CA-716—Bible Societies**, Mid-Atlantic District Resolutions Committee, recommends that it be adopted. The vote: 103 for the resolution and 0 against the resolution. (Adopted, see 271.)

RESOLVED that *Manual* paragraph 902.3 be amended as follows:

902.3. Bible Societies

(1) Approved Bible Societies

The Church of the Nazarene places special emphasis upon the Bible as the written

revelation of God, and we believe that it is the primary agency to win new followers to Jesus Christ, and because there is an increasing need for more copies of the Scripture; therefore be it Resolved,

First, That the General Assembly express its hearty approval of and sympathy with the work of the United Bible Societies around the world.

Second, That we endorse the observance of Universal Bible Sunday, directing attention on this day to the essential place the Scriptures should occupy in the lives of Christian people.

(2) Offering for Bible Societies

Resolved, That the Church of the Nazarene designate the second Sunday of December of each year as a special time for the presentation of this important matter and the taking of an offering for each nation's Bible Society. The Bible Society chosen shall be members (associate or full), of the worldwide fellowship of the United Bible Societies or in the absence of a member society, such other Bible Society designated by the district; also that a special effort be made to have all of our churches take part in such an offering. (2009)

Note: It is understood that our churches in Scotland send their contributions to the National Bible Society in Scotland; the churches in England, to the British and Foreign Bible Society; and the churches in Canada, to the Canadian Bible Society, etc. The churches of the United States shall forward contributions to the Global Ministry Center, 17001 Prairie Star Parkway, Lenexa, KS 66220, USA. All other churches should consult their district office for instructions regarding how to send their contributions to their respective country's Bible society.

21. **CA-717—Covenant of Christian Character**, Netherlands District Assembly, recommends that it be rejected. The vote: 26 for the resolution and 81 against the resolution. (Rejected, see 163.)

RESOLVED that *Manual* paragraph 21.1 be amended as follows:

V. The Covenant of Christian Character

21. To be identified with the visible Church is the blessed privilege and sacred duty of all who are saved from their sins and are seeking completeness in Christ Jesus. It is required of all who desire to unite with the Church of the Nazarene, and thus to walk in fellowship with us, that they shall show evidence of salvation from their sins by a godly walk and vital piety; and that they shall be, or earnestly desire to be, cleansed from all indwelling sin. They shall evidence their commitment to God—

21.1. First. By doing that which is enjoined in the Word of God, which is our rule of both faith and practice[, including:

(1)] as summed up by our Lord: Loving God with all the heart, soul, mind, and strength, and one's neighbor as oneself. (Exodus 20:3-6; Leviticus 19:17-18; Deuteronomy 5:7-10; 6:4-5; Mark 12:28-31; Romans 13:8-10).

[(2) Pressing upon the attention of the unsaved the claims of the gospel, inviting them to the house of the Lord, and trying to compass their salvation (Matthew 28:19-20; Acts 1:8; Romans 1:14-16; 2 Corinthians 5:18-20).

(3) Being courteous to all people (Ephesians 4:32; Titus 3:2; 1 Peter 2:17; 1 John 3:18).

(4) Being helpful to those who are also of the faith, in love forbearing one another (Romans 12:13; Galatians 6:2, 10; Colossians 3:12-14).

(5) Seeking to do good to the bodies and souls of people; feeding the hungry, clothing

the naked, visiting the sick and imprisoned, and ministering to the needy, as opportunity and ability are given (Matthew 25:35-36; 2 Corinthians 9:8-10; Galatians 2:10; James 2:15-16; 1 John 3:17-18).

(6) Contributing to the support of the ministry and the church and its work in tithes and offerings (Malachi 3:10; Luke 6:38; 1 Corinthians 9:14; 16:2; 2 Corinthians 9:6-10; Philippians 4:15-19).

(7) Attending faithfully all the ordinances of God, and the means of grace, including the public worship of God (Hebrews 10:25), the ministry of the Word (Acts 2:42), the sacrament of the Lord's Supper (1 Corinthians 11:23-30); searching the Scriptures and meditating thereon (Acts 17:11; 2 Timothy 2:15; 3:14-16); family and private devotions (Deuteronomy 6:6-7; Matthew 6:6).]

FURTHER RESOLVED that *Manual* paragraph 21.2 be amended as follows:

21.2. Second. By avoiding evil of every kind in thought, habits or behavior.[, including:

(1) Taking the name of God in vain (Exodus 20:7; Leviticus 19:12; James 5:12).

(2) Profaning of the Lord's Day by participation in unnecessary secular activities, thereby indulging in practices that deny its sanctity (Exodus 20:8-11; Isaiah 58:13-14; Mark 2:27-28; Acts 20:7; Revelation 1:10).

(3) Sexual immorality, such as premarital, extramarital, or same-sex relations; perversion in any form or looseness and impropriety of conduct (Genesis 19:4-11; Exodus 20:14; Leviticus 18:22; 20:13; Matthew 5:27-32; Romans 1:26-27; 1 Corinthians 6:9-11; Galatians 5:19; 1 Thessalonians 4:3-7; 1 Timothy 1:10).

(4) Habits or practices known to be destructive of physical and mental well-being.] Christians are to regard themselves as temples of the Holy Spirit (Proverbs 20:1; 23:1-3; 1 Corinthians 6:17-20; 2 Corinthians 7:1; Ephesians 5:18).

[(5) Quarreling, returning evil for evil, gossiping, slandering, spreading surmises injurious to the good names of others (2 Corinthians 12:20; Galatians 5:15; Ephesians 4:30-32; James 3:5-18; 1 Peter 3:9-10). (6)

Dishonesty, taking advantage in buying and selling, bearing false witness, and like works of darkness (Leviticus 19:10-11; Romans 12:17; 1 Corinthians 6:7-10). (7) The

indulging of pride in dress or behavior. Our people are to dress with the Christian simplicity and modesty that become holiness (Proverbs 29:23; 1 Timothy 2:8-10; James 4:6; 1 Peter 3:3-4; 1 John 2:15-17). (8) Music,

literature, and entertainments that dishonor God (1 Corinthians 10:31; 2 Corinthians 6:14-17; James 4:4).]

22. CA-718—The Christian Life (The Basic Christian Ethic), New England District Resolutions Committee, recommends that it be amended and adopted. The vote: 108 for the resolution and 0 against the resolution. (Adopted, see 166.)

RESOLVED that *Manual* paragraph 28.1 be amended as follows:

28.1. The Church of the Nazarene purposes to relate timeless biblical principles to contemporary society in such a way that the doctrines and covenants of the church may be known and understood in many lands and within a variety of cultures. We hold that the {Ten Commandments, as reaffirmed in the New Testament,} teachings of Jesus Christ, demonstrated most fully and concisely in the Great Commandment and the Sermon on the Mount, constitute the basic Christian ethic [and ought to be obeyed in all particulars].

23. **CA-719—Creation**, North Arkansas District Resolutions Committee, recommends that it be adopted. The vote: 110 for the resolution and 2 against the resolution. (Adopted, see 165.)

RESOLVED that *Manual* paragraph 903.8 be amended as follows:

903.8. The Church of the Nazarene believes in the biblical account of creation (“In the beginning God created the heavens and the earth ...”—Genesis 1:1). We are open to scientific explanations on the nature of creation while opposing [We oppose] any [godless] interpretation of the origin of the universe and of humankind that rejects God as the Creator (Hebrews 11:3). (1, 5.1, 7) (2009)

24. **CA-720—Dedication Ritual**, North Central Ohio District Advisory Board, recommends that it be referred to the Board of General Superintendents. The vote: 87 for the resolution and 6 against the resolution. (Referred to the Board of General Superintendents, see 272.)

RESOLVED that *Manual* paragraph 800.3 be amended as follows:

800.3. The Dedication of Infants or Young Children

When the parents or guardians have presented themselves with the child (or children) the minister shall say:

“Then little children were brought to Jesus for him to place his hands on them and pray for them. But the disciples rebuked those who brought them. Jesus said, ‘Let the little children come to me, and do not hinder them, for the kingdom of heaven belongs to such as these’ ” (Matthew 19:13–14).

In presenting this child for dedication you signify not only your faith in the Christian religion but also your desire that he (she) may early know and follow the will of God, may live and die a Christian, and come unto everlasting blessedness.

In order to attain this holy end, it will be your duty, as parents (guardians), to model for him (her) a Christ like love and life; to teach him (her) early the [fear] reverence and grace of the Lord; to watch over his (her) education, that he (she) be not led astray; to direct his (her) youthful mind to the Holy Scriptures, and his (her) feet to the sanctuary; to restrain him (her) from evil associates and habits; and, as much as in you lies, to bring him (her) up in the nurture and [admonition] righteous counsel of the Lord.

...REMAINDER OF PARAGRAPH REMAINS THE SAME.

FURTHER RESOLVED that *Manual* paragraph 800.4 be amended as follows:

800.4. The Dedication of Infants or Young Children

(Ritual for Single Parent or Guardian)

When the parent or guardian has presented himself (herself) with the child (or children) the minister shall say:

“Then little children were brought to Jesus for him to place his hands on them and pray for them. But the disciples rebuked those who brought them. Jesus said, ‘Let the little children come to me, and do not hinder them, for the kingdom of heaven belongs to such as these’ ” (Matthew 19:13–14).

In presenting this child for dedication you signify not only your faith in the Christian religion but also your desire that he (she) may early know and follow the will of God, may live and die a Christian, and come unto everlasting blessedness.

In order to attain this holy end, it will be your duty, as parent (guardian), to model for him (her) a Christ like love and life; to teach him (her) early the [fear] reverence and grace of the Lord; to watch over his (her) education, that he (she) be not led astray; to direct his (her) youthful mind to the Holy Scriptures, and his (her) feet to the sanctuary; to restrain him (her) from evil associates and habits; and, as much as in you lies, to bring him (her) up in the nurture and [admonition] righteous counsel of the Lord.

...REMAINDER OF PARAGRAPH REMAINS THE SAME.

25. **CA-721—Christian Marriage**, Southwest Indiana District Assembly Resolutions Committee, recommends that it be rejected. The vote: 36 for the resolution and 69 against the resolution. (See CA-701.)

RESOLVED that *Manual* paragraph 30.2 be amended as follows:

30.2. Ministers of the Church of the Nazarene are instructed to give due care to matters relating to solemnizing marriages. They shall seek, in every manner possible, to convey to their congregations the sacredness of Christian marriage. They shall provide premarital counseling in every instance possible before performing a marriage ceremony including proper spiritual guidance for those who have experienced divorce. They shall only solemnize marriages of persons having the biblical basis for marriage. [Biblical] Christian marriage only exists in a relationship involving one man and one woman. (30-30.1, 32, 514.10, 536.16)

26. **CA-722—Cohabitation**, Southwest Indiana District Assembly Resolutions Committee, recommends that it be rejected. The vote: 0 for the resolution and 115 against the resolution. (Rejected, see 167.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

30.5. Cohabitation, or a couple sharing a common home and sexual intimacy outside of the bonds of Christian marriage, goes against God's desire for those who profess faith in Christ. Members of the Church of the Nazarene are to live separately prior to marriage. Ministers in the Church of the Nazarene are encouraged to work with couples who are cohabiting outside of the bonds of marriage to either unite in Christian marriage or to make other living arrangements.

27. **CA-723—Membership/Baptism**, Southwest Indiana District Assembly Resolutions Committee, recommends that it be rejected. The vote: 7 for the resolution and 92 against the resolution. (Rejected, see 274.)

RESOLVED that *Manual* paragraph 23 be amended as follows:

Article II. Local Churches

23. The membership of a local church shall consist of all who have been organized as a church by those authorized so to do and who have been publicly received by those having proper authority, after having experienced Christian baptism, and having declared their experience of salvation, their belief in our doctrines, and their willingness to submit to our government. (100-107)

FURTHER RESOLVED that *Manual* paragraph 107 be amended as follows:

B. Local Church Membership

107. Full Membership. The full membership of the local church shall be composed of all persons who have been organized into a local church by those authorized so to do, and all who have been publicly received by the pastor, the district superintendent, or the general superintendent, after having experienced Christian baptism, and having declared their

experience of salvation, and their belief in the doctrines of the Church of the Nazarene, and their willingness to submit to its government. The local church leadership shall seek to place every member into a ministry of service and a circle of care and support. (23, 30.4, 107.2 111, 113.1, 515.1, 519, 530.8, 536.8-536.9)

FURTHER RESOLVED that *Manual* paragraph 801 be amended as follows:

801. The Reception of Church Members

The prospective members having come forward to stand before the altar of the church, the pastor shall address them as follows:

Dearly Beloved: The privileges and blessings that we have in association together in the Church of Jesus Christ are very sacred and precious. There is in it such hallowed fellowship as cannot otherwise be known.

There is such helpfulness with brotherly watch care and counsel as can be found only in the Church.

There is the godly care of pastors, with the teachings of the Word; and the helpful inspiration of social worship. And there is cooperation in service, accomplishing that which cannot otherwise be done. The doctrines upon which the church rests as essential to Christian experience are brief.

Note: The minister may choose one of the following creedal options.

Option 1:

We believe in God the Father, Son, and Holy Spirit. We especially emphasize the deity of Jesus Christ and the personality of the Holy Spirit.

We believe that human beings are born in sin; that they need the work of forgiveness through Christ and the new birth by the Holy Spirit; that subsequent to this there is the deeper work of heart cleansing or entire sanctification through the infilling of the Holy Spirit, and that to each of these works of grace the Holy Spirit gives witness.

We believe that our Lord will return, the dead shall be raised, and that all shall come to final judgment with its rewards and punishments.

Do you heartily believe these truths? If so, answer, "I do."

Having experienced Christian baptism do [Do] you acknowledge Jesus Christ as your personal Savior, and do you realize that He saves you now?

Response: I do.

Desiring to unite with the Church of the Nazarene, do you covenant to give yourself to the fellowship and work of God in connection with it, as set forth in the General Rules and the Covenant of Christian Conduct of the Church of the Nazarene? Will you endeavor in every way to glorify God, by a humble walk, godly conversation, and holy service; by devotedly giving of your means of grace; and, abstaining from all evil, will you seek earnestly to perfect holiness of heart and life in the fear of the Lord?

Response: I will.

The minister shall then say to the person or persons:

I welcome you into this church, to its sacred fellowship, responsibilities, and privileges. May the great Head of the Church bless and keep you, and enable you to be faithful in all good works, that your life and witness may be effective in leading others to Christ.

The minister shall then take each one by the hand, and with appropriate words of personal greeting welcome each into the church.

(Alternate form for members joining by letter of transfer:)

_____, formerly a member (members) of the Church of the Nazarene at _____, comes (come) to join the fellowship of this local congregation.

Taking each by the hand, or speaking to the group, the minister shall say:

It gives me pleasure on behalf of this church to welcome you into our membership. We trust that we will be a source of encouragement and strength to you and that you, in turn, will be a source of blessing and help to us. May the Lord richly bless you in the salvation of souls and in the advancement of His kingdom.

Option 2:

We believe:

In one God—the Father, Son, and Holy Spirit.

That the Old and New Testament Scriptures, given by plenary inspiration, contain all truth necessary to faith and Christian living.

That all humanity is born with a fallen nature, and is, therefore, inclined to evil, and that continually.

That the finally impenitent are hopelessly and eternally lost.

That the atonement through Jesus Christ is for the whole human race; and that whosoever repents and believes on the Lord Jesus Christ is justified and regenerated and saved from the dominion of sin.

That believers are to be sanctified wholly, subsequent to regeneration, through faith in the Lord Jesus Christ.

That the Holy Spirit bears witness to the new birth, and also to the entire sanctification of believers.

That our Lord will return, the dead will be raised, and the final judgment will take place, (paragraphs 20.1–20.8)

Do you heartily believe these truths? If so, answer, “I do.”

Having experienced Christian baptism do [Do] you acknowledge Jesus Christ as your personal Savior, and do you realize that He saves you now?

Response: I do.

Desiring to unite with the Church of the Nazarene, do you covenant to give yourself to the fellowship and work of God in connection with it, as set forth in the Covenant of Christian Character and the Covenant of Christian Conduct of the Church of the Nazarene? Will you endeavor in every way to glorify God, by a humble walk, godly conversation, and holy service; by devotedly giving of your means; by faithful attendance upon the means of grace; and, abstaining from all evil, will you seek earnestly to perfect holiness of heart and life in the fear of the Lord?

Response: I will.

The minister shall then say to the person or persons:

I welcome you into this church, to its sacred fellowship, responsibilities, and privileges. May the great Head of the Church bless and keep you, and enable you to be faithful in all good works, that your life and witness may be effective in leading others to Christ.

The minister shall then take each one by the hand, and with appropriate words of personal greeting welcome each into the church.

(Alternate form for members joining by letter of transfer:)

_____, formerly a member (members) of the Church of the Nazarene at _____, comes (come) to join the fellowship of this local congregation.

Taking each by the hand, or speaking to the group, the minister shall say:

It gives me pleasure on behalf of this church to welcome you into our membership. We trust that we will be a source of encouragement and strength to you and that you, in turn, will be a source of blessing and help to us. May the Lord richly bless you in the salvation of souls and in the advancement of His kingdom.

28. CA-724—Gender Identity, Board of General Superintendents, recommends that it be amended and adopted. The vote: 114 for the resolution and 4 against the resolution. (Referred to the Board of General Superintendents, see 173.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

903.6. In the story of God the formation of humankind culminated in the creation of male and female – part of a divine design that God indelibly engraved upon the world.

God gives our bodies to us for spiritual and relational purposes, as well as physical ones. There are instances, though INFREQUENT rare, where people are born with ambiguous genital formation. However, biologically the vast majority of people are born male or female.

In addition to such biological realities, we recognize the increasingly complex nature of gender differentiation. Although gendered roles, behaviors and temperaments are often the product of social and cultural construction, we believe that a person’s birth gender is primary and formative.

WE ACKNOWLEDGE THAT AS WE SERVE GOD’S MISSION THROUGH THE CHURCH WE ENGAGE WITH PEOPLE AS THEY COME INTO CONGREGATIONS, TO LEAD THEM INTO THE FULLNESS OF LIFE IN CHRIST, AND CALL THEM INTO LIFELONG HOLINESS.

FURTHER RESOLVED that *Manual* paragraphs 903.6-903.18 be renumbered accordingly.

CHURCH PROGRAM COMMITTEE

The Church Program Committee having had referred to it the following resolutions, which were presented to the assembly in three reports (Note: Two of these reports included resolutions that were reassigned from the Christian Action Committee, but which are reported under the latter committee.), recommends action as indicated:

1. CP-100—Duties of the District Sunday School and Discipleship Ministries International Chairperson, Mid-Atlantic District Resolutions Committee, recommends that it be adopted. The vote: 81 for the resolution and 2 against the resolution. (Adopted, see 118.)

RESOLVED that *Manual* paragraph 239.3 be amended as follows:

239.3. To [report to the Sunday School and Discipleship Ministries International (SDMI) office of the Church of the Nazarene, Inc. accurate SDMI statistics each month and to] prepare for the District SDMI Board a written report for the annual assembly journal.

2. CP-101—Historic Landmark Designation—Sharpe Memorial Church of the Nazarene (“The Old Stone Church”), Swaziland Central District, recommends that it be adopted. The vote: 92 for the resolution and 0 against the resolution. (Adopted, see 119.)

RESOLVED that the 29th General Assembly of the Church of the Nazarene designate “The Old Stone Church” of the Nazarene in Manzini, Swaziland as an “Historic Landmark” in accordance with *Manual* paragraph 902.8.

On October 19th, 2016, in compliance with *Manual* paragraph 902.8, the Swaziland Central District Assembly designated that the Sharpe Memorial Church of the Nazarene (“The Old Stone Church”) in Manzini, Swaziland become an “Historic Site.”

NOTE: The resolution was presented to and approved by the Board of General Superintendents in February 2017, in accordance with *Manual* paragraph 902.8.

3. **CP-102—Nazarene Publishing House Governance—Mission Statement**, Nazarene Publishing House Board, recommends that it be adopted. The vote: 100 for the resolution and 0 against the resolution. (Adopted, see 120.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

O. Nazarene Publishing House Board

339. The mission of Nazarene Publishing House is to publish or otherwise produce, merchandise, own, license, and manage content for the benefit of the Church of the Nazarene and other Christian markets consistent with the mission of the Church. In order to protect and manage the media assets utilized by the Church of the Nazarene and its affiliates, the Church of the Nazarene entrusts Nazarene Publishing House with these primary responsibilities.

4. **CP-103—The Local Church Nazarene Youth International and the District Nazarene Youth International**, Global Nazarene Youth International Convention, recommends that it be adopted. The vote: 94 for the resolution and 1 against the resolution. (Adopted, see 126.)

RESOLVED that *Manual* paragraph 150.1 be amended as follows:

O. The Local Church Nazarene Youth International (NYI) Council

150. Nazarene youth ministry is organized in the local church under the auspices of Nazarene Youth International (NYI). Local groups are organized under the NYI Charter and the authority of the local church board.

150.1. The local Nazarene Youth International (NYI) shall organize itself according to the NYI Local Ministry Plan (810.100-810.118), which may be adapted in response to local youth ministry needs (see 810.103), consistent with the NYI Charter and the *Manual of the Church of the Nazarene*.

FURTHER RESOLVED that *Manual* paragraphs 150.2-151.5 be deleted as follows:

[150.2. The local Nazarene Youth International (NYI) shall be coordinated by an NYI Council, responsible for planning and organizing ministry for youth ages 12 and older, college/university students, and young adults, and collectively casting the vision for local youth ministry. All work of the NYI Council pertaining to Sunday School/Bible studies/small groups is subject to the approval of the SDMI superintendent and SDMI Board.

150.3. The Nazarene Youth International (NYI) Council shall be composed of the president and other officers with assigned ministry responsibilities according to local church needs, youth representatives and ministry directors as deemed necessary, and the local pastor and/or youth pastor. NYI Council officers shall be members of the local Church of the Nazarene where they serve. The council shall be responsible to the church board.

150.4. Nazarene Youth International (NYI) officers and council members are elected by the NYI membership. Only those NYI members who are also members of the local Church of the Nazarene shall be entitled to vote for the NYI president.

151. NYI President. The president of the local Nazarene Youth International (NYI) group shall be elected according to the NYI Local Ministry Plan, at the annual NYI meeting by the NYI members present who are also members of the Church of the Nazarene. Nominees shall be

approved by the local pastor and church board. The NYI president shall be a member ex-officio of the church board (127), the Sunday School and Discipleship Ministries International (SDMI) Board (145), and the district assembly (201). Should the term “president” not effectively communicate in a particular culture, a more appropriate title may be used by vote of the local NYI Council.

The duties of the NYI president are:

151.1. To chair the Nazarene Youth International (NYI) Council in facilitating the development of youth ministry in the local church.

151.2. To work with the Nazarene Missions International (NMI) president in the development of a missions emphasis for youth.

151.3. To perform those duties for youth Sunday School/Bible studies/small groups as assigned to all age-group directors in 147.1–147.9.

151.4. To report monthly to the local church board and the annual meeting of the local church. (113.9, 127)

151.5. When a youth pastor is employed in a church, the pastor, in consultation with the church board and Nazarene Youth International (NYI) Council, assigns the responsibility for NYI to the youth pastor. In that case, the youth pastor carries out some of the duties otherwise designated to the local NYI president. However, the importance of the NYI president remains in providing lay leadership, support, and representation for local youth ministry. The pastor, youth pastor, and NYI Council work together to define the roles and responsibilities of the two positions and how they work together for the benefit of the church’s youth ministry. A youth pastor may not serve as the NYI president. (160.4)]

FURTHER RESOLVED that *Manual* paragraph 240.1 be amended as follows:

Q. The District Nazarene Youth International

240. Nazarene youth ministry is organized on the district under the auspices of Nazarene Youth International (NYI), under the NYI Charter, and the authority of the district superintendent, the District Advisory Board, and the district assembly. The district NYI shall be composed of the members and local groups of Nazarene Youth International of the assembly district.

240.1. The district Nazarene Youth International (NYI) shall organize itself according to the NYI District Ministry Plan (810.200-810.219), which may be adapted in response to district youth ministry needs (see 810.203), consistent with the NYI Charter and the *Manual of the Church of the Nazarene*.

FURTHER RESOLVED that *Manual* paragraphs 240.2-240.4 be deleted as follows:

[240.2. The district Nazarene Youth International (NYI) shall be coordinated by a District NYI Council, responsible for planning and organizing ministry for youth ages 12 and older, college/university students, and young adults, and collectively casting the vision for district youth ministry. The council shall be responsible to the district superintendent and District Advisory Board. All work of the NYI Council pertaining to Sunday School/Bible studies/small groups is subject to the approval of the district Sunday School and Discipleship Ministries International (SDMI) chairperson and SDMI Board.

240.3. The District Nazarene Youth International (NYI) Council shall be composed of the president, vice president, secretary, and treasurer, youth representatives and ministry directors as deemed necessary, and the district superintendent. District NYI officers and council

members are elected by the annual District NYI Convention according to the NYI District Ministry Plan, and shall serve without salary. Nominees shall be approved by the district superintendent. Should the terms used to describe officers not effectively communicate in a particular culture, more appropriate titles may be used by vote of the District NYI Council.

240.4. The duties of the district Nazarene Youth International (NYI) president are:

1. To give direction and leadership to the district NYI;
2. To chair the District NYI Council in facilitating the development of youth ministry on the district;
3. To preside at the annual District NYI Convention;
4. To represent the interests of the district NYI on appropriate district boards and committees, and;
5. To encourage the development of NYI ministry in local churches on the district.

The district NYI president shall report to the district superintendent and District Advisory Board, and annually to the district assembly. The district NYI president shall be a member ex-officio of the district assembly (201.)]

5. CP-104—Nomination and Election of Global Nazarene Missions International Director, Global Nazarene Missions International Convention, recommends that it be adopted. The vote: 97 for the resolution and 0 against the resolution. (Adopted, see 127.)

RESOLVED that *Manual* paragraph 343.2 be amended as follows:

343.2. [The global director shall be nominated by the Global Mission office director, in consultation with the general superintendent in jurisdiction for the Global Mission office, and shall be approved by a majority vote of the Global Council before being submitted to the Global Mission Committee for approval by a majority vote with the recommendation submitted for election by the Board of General Superintendents. In the event the nomination is not approved, the director of the Global Mission office and the Board of General Superintendents shall submit further nominations until one is approved by majority ballot vote of the Global Council.]

Nomination and Election of Global NMI Director. The global NMI executive committee and the jurisdictional general superintendent will form the search committee to identify potential candidates for the position of global NMI director. Up to two names of potential candidates will be submitted to the Global Mission Committee of the General Board.

The Global Mission Committee of the General Board with the jurisdictional general superintendent will consider the names submitted to it and ratify up to two names for election by the Board of General Superintendents.

The Board of General Superintendents will elect the global NMI director by ballot from the names submitted to it by the Global Mission Committee of the General Board.

The global director shall be an ex-officio member of the Global Nazarene Missions International (NMI) Council and a member of the staff of the Global Mission Office.

DISTRICT ADMINISTRATION COMMITTEE

The District Administration Committee having had referred to it the following resolutions, which were presented to the assembly in one report, recommends action as indicated:

1. **DA-200—Final Receipt of Credential by Receiving District**, Colorado District Resolutions Committee, Mid-Atlantic District Resolutions Committee, and Reference

Committee, recommends that it be rejected. The vote: 6 for the resolution and 78 against the resolution. (Rejected, see 313.)

RESOLVED that *Manual* paragraph 203.8 be amended as follows:

203.8. To receive, by transfer from other districts, [persons having ministerial credentials,] members of the clergy, and those having commissions for continuing ministry roles, in harmony with 503, 507-510.1, including interim transfers [approved] contingently received by the District Advisory Board and subject to final acceptance by district assembly, who may be judged as desirable for membership in the district assembly upon favorable recommendation of the Ministerial Credentials Board. Until the transfer is received by vote of the district assembly to which credentials is addressed, the person transferred shall remain a member of the issuing district assembly. Such transfer is valid only until the close of the next session following the date of issue of the district assembly to which addressed. (228.9-228.10, 535-535.2)

FURTHER RESOLVED that *Manual* paragraph 203.9 be amended as follows:

203.9. To issue a transfer of members of the clergy, and those having commissions for continuing ministry roles according to 503, 507-510.1, including interim transfers [approved] contingently received by the District Advisory Board and subject to final acceptance by district assembly, who desire to transfer to another district upon favorable recommendation of the Ministerial Credentials Board. (228.9-228.10, 535-535.1)

FURTHER RESOLVED that *Manual* paragraph 228.9 be amended as follows:

228.9. To recommend to the district assembly thereby making the receiving district at that time to have full and final receipt and responsibility of authority of said credential, members of the clergy, and those licensed for continuing ministry roles, for transfer to another district, including interim transfers approved by the District Advisory Board. (203.9, 535-535.2)

FURTHER RESOLVED that *Manual* paragraph 228.10 be amended as follows:

228.10. To recommend for full and final receipt of credential to the district assembly, persons having ministerial credentials, members of the clergy, and those licensed for continuing ministry roles for reception of transfer from other districts, including interim transfers approved by the District Advisory Board. (203.8, 535-535.2)

FURTHER RESOLVED that *Manual* paragraph 535 be amended as follows:

535. When a member of the clergy desires to transfer to another district, transfer of ministerial membership may be issued by vote of the district assembly, or contingently by the District Advisory Board in the interim of assemblies, in which his or her ministerial membership is held. Such transfer may be received by the District Advisory Board contingently in the interim before the district assembly meets, granting to said minister full rights and privileges of membership on the district on which it is received, subject to final approval of the Ministerial Credentials Board and the district assembly. Receiving District Advisory Board may reject and return to the transferring district a credential for cause that may have occurred prior to transfer that came to light prior to the district assembly, or the receiving district assembly may reject by a "no" vote the reception of a credential and credential shall be returned to sending district. (203.8-203.9, 223, 228.9-228.10)

FURTHER RESOLVED that *Manual* paragraph 535.2 be amended as follows:

535.2. The district assembly receiving a transfer shall notify the district assembly issuing said transfer of the reception of the transferred person's membership. Until the transfer is

received by vote of the district assembly to which addressed, the person thus transferred shall [be] remain a member of the issuing district assembly. Such transfer is valid only until the close of the next session following the date of issue of the district assembly to which addressed. Until such credential has been approved by district assembly the receipting district shall have authority to revert credential back to issuing district. (203.8, 223, 228.10)

2. **DA-201—District Advisory Board Duties**, Daniel Gilmore, et al., recommends that it be adopted. The vote 82 for the resolution and 17 against the resolution. (Rejected, see 314.)

RESOLVED that *Manual* paragraph 222.11 be amended as follows:

222.11. To recommend the granting of an initial district license, or renewal of a district license for the district licensed minister serving as pastor, and, when deemed necessary and with the approval of the general superintendent in jurisdiction, to grant between assemblies a district license to the qualified candidate who is serving as pastor or will begin serving as pastor before the next assembly. (530.5)

FURTHER RESOLVED that other related *Manual* paragraphs also include the word “district” when referring to a district licensed minister.

3. **DA-202—Election and Organization of a Board of Ministry**, Global Clergy Development, recommends that it be adopted. The vote: 110 for the resolution and 1 against the resolution. (Adopted, see 321.)

RESOLVED that *Manual* paragraph 203.17 be amended as follows:

203.17. To facilitate [greater flexibility on districts in the use of the most appropriate persons for specific assignments in] its efforts to [in] prepare[ing] candidates for ordination and provide support and clergy development opportunities for its ministers, a district[s] may elect the total number necessary to serve on both the District Ministerial Credentials Board and the District Ministerial Studies Board as a District Board of Ministry. Those ministers elected shall serve for four years.

[At the first meeting of this] The District Board of Ministry, with the district superintendent as ex-officio chairperson (213) [may] shall organize [the group] the Board of Ministry to carry out all the duties and responsibilities of the [into a] Ministerial Credentials Board and [a] of the Ministerial Studies Board[, a Rehabilitation Committee, and any other committees that may be deemed wise. (226, 229)] as described in *Manual* 226-231.4.

4. **DA-203—Retired Relation**, Global Clergy Development, recommends that it be adopted. The vote: 129 for the resolution and 0 against the resolution. (Adopted, see 322.)

RESOLVED that *Manual* paragraph 228.8 be amended as follows:

228. The duties of the Ministerial Credentials Board are:

228.8. To recommend to the district assembly retired relationship for a minister requesting such relation [and who, in the judgment of the board, is unable to continue in the active ministerial service because of disability (203.27, 534) or] who desires to discontinue active ministerial service because of age or disability. (203.27, 534)

5. **DA-204—District Pastoral Care Director**, Guatemala Central District Assembly and Reference Committee, recommends that it be rejected. The vote: 9 for the resolution and 98 against the resolution. (Rejected, see 316.)

RESOLVED that *Manual* paragraph 208.9 be amended as follows:

208.9. To appoint a district chaplaincy director to promote and amplify holiness evangelism through the specialized ministry of chaplaincy[.], and a district pastoral care director

to promote and seek the comprehensive wellbeing of pastors and their families through a responsible pastoral care. (237, 237.2).

FURTHER RESOLVED that the section title be amended and a new paragraph be added to the *Manual* as follows:

O. [The] District [Chaplaincy] Pastoral Directors

237.1. The district superintendent may appoint a district pastoral care director. In cooperation with the district superintendent, the pastoral care director shall promote and seek the comprehensive wellbeing of pastors and their families in congregations that belong to the district, through the establishment of an intentional program that gives evidence of a genuine and loving interest for the comprehensive needs of pastoral families, as well as for the planning of strategies that meet the caring needs.

6. **DA-205—The District Superintendent**, Kansas City District, recommends that it be adopted. The vote: 89 for the resolution and 9 against the resolution. (Adopted, see 317.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

208. The role of the district superintendent is to provide oversight and spiritual leadership for the pastors and congregations of the district by:

- modeling a life of prayer and devotion to the Scriptures
- promoting biblical pastoral theology and practices among district clergy
- promoting Wesleyan-holiness theology and practices throughout the district
- casting vision for evangelism and planting churches in the district
- resourcing district congregations toward organizational health.

FURTHER RESOLVED that *Manual* paragraphs 208-208.20 be renumbered accordingly.

7. **DA-206—Membership of District Assembly**, Mid-Atlantic District Resolutions Committee, recommends that it be adopted. The vote: 129 for the resolution and 0 against the resolution. (Adopted, see 323.)

RESOLVED that *Manual* paragraph 201 be amended as follows:

201. Membership. The district assembly shall be composed of all assigned elders (532-532.3, 533-533.1, 536.9); all assigned deacons (531-531.4, 536.9); all assigned licensed ministers (530.8); all retired assigned ministers (534-534.1); the district secretary (216.2); the district treasurer (219.2); chairpersons of standing district committees reporting to the district assembly; any lay presidents of Nazarene institutions of higher education, whose local church membership is on the district; the District Sunday School and Discipleship Ministries International (SDMI) chairperson (239.2); the district age-group ministries international directors (children and adult); the District SDMI Board; the president of the District Nazarene Youth International (NYI) (240.4); the president of the District Nazarene Missions International (NMI) (241.2); the newly elected superintendent or vice superintendent of each local SDMI Board (146); the newly elected president or vice president of each local NYI (151); the newly elected president or vice president of each local NMI (153.2); or an appropriately elected alternate may represent the NMI, NYI, and SDMI organizations in the district assembly; those serving in assigned roles of ministry according to 503-526.1; the lay members of the District Advisory Board (221.4); active lay [career] missionaries whose local church membership is on the district; all retired [assigned] lay [career] missionaries whose local church membership is on the district who were active missionaries at the time of retirement; and the lay delegates from

each local church and church-type mission in the assembly district. (24, 113.14-113.15, 201.1-201.2)

8. **DA-207—Duties of the District Superintendent**, Mid-Atlantic District Resolutions Committee, recommends that it be amended and adopted. The vote: 130 for the resolution and 0 against the resolution. (Adopted, see 327.)

RESOLVED that *Manual* paragraph 214 be amended as follows:

214. The district superintendent shall not create financial obligations, count moneys, or disburse funds for the district unless authorized and directed by majority vote of the District Advisory Board; such action, if taken, must be duly recorded in the minutes of the District Advisory Board. No district superintendent or any member of his or her immediate family shall be authorized to [sign checks on any district account] ~~have direct UNRESTRICTED access to THE FINANCIAL any district bank accounts or ASSETS OF other THE district funds WITHOUT CLEARLY DEFINED AND WRITTEN INTERNAL CONTROLS APPROVED BY~~ except upon the written approval of the District Advisory Board ~~and the district assembly~~. Immediate family shall include spouse, children, siblings, or parents. (215, 219-220.2)

9. **DA-208—The District Advisory Board**, Mid-Atlantic District Resolutions Committee, recommends that it be rejected. The vote: 5 for the resolution and 118 against the resolution. (Rejected, see 324.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

221.5. Alternative board and committee structures may be used by the District Advisory Board in organizing itself for ministry and missional action, provided such alternatives comply with civil requirements.

10. **DA-209—Renewing the District Superintendent Relationship**, MidSouth District Resolutions Committee, Alabama South District Advisory Board, Nebraska District Resolutions Committee, and Reference Committee, recommends that it be adopted. The vote: 64 for the resolution and 49 against the resolution. (Referred to the Board of General Superintendents, see 318.)

RESOLVED that *Manual* paragraph 206 be amended as follows:

206. The initial term of office for a district superintendent who is elected at a district assembly begins 30 days after the adjournment of the district assembly. It runs for two full assembly years ending 30 days after the adjournment of the assembly that marks the second anniversary of the election. Prior to the second anniversary of the election, a district/district superintendent review may be conducted, where the question of continuing the relationship will be considered (206.1). [At the time of said assembly, the superintendent may be reelected (203.11-203.12) or a successor elected or appointed and qualified.] The initial term of office for a district superintendent who is appointed by the general superintendent in jurisdiction begins at the time of the appointment, includes the remainder of the church year in which the superintendent was appointed, and extends through the two following church years. The term of office ends 30 days after the adjournment of the assembly that marks the end of the second full assembly year of service. Prior to the second full assembly year of service, a district/district superintendent review may be conducted, where the question of continuing the relationship will be considered (206.1). At said assembly the [superintendent may be elected (203.11-203.12) for another term, or a successor will be elected or appointed and qualified.] district/district superintendent relationship may be continued as per 206.1. No elder employed

by the district office shall be eligible to be elected or appointed to the office of district superintendent on the district where they are serving without the approval of the District Advisory Board and the general superintendent in jurisdiction (in harmony with paragraph 115). (203.11-203.13)

FURTHER RESOLVED that a new paragraph be added to the *Manual* as follows:

Renewing The District/District Superintendent Relationship

206.1. The district/district superintendent relationship may be continued in one of the two following ways:

The Regular District Superintendent Election.

At the time of said assembly, the superintendent may be reelected (203.11-203.12) or a successor elected or appointed and qualified. No elder employed by the district office shall be eligible to be elected or appointed to the office of district superintendent on the district where they are serving without the approval of the District Advisory Board and the general superintendent in jurisdiction (in harmony with paragraph 115). (203.11-203.13)

The Regular District/District Superintendent Review.

The district/district superintendent relationship may, at the request of the general superintendent or the district superintendent and District Advisory Board, be reviewed by the officers of the district: District Advisory Board, chairperson of the District SDMI Board, the presidents of the district NMI and NYI, the district secretary, and the district treasurer, meeting with the general superintendent in jurisdiction or their designee, prior to the second district assembly following his or her election or appointment and every four years thereafter. The secretary of the District Advisory Board shall be responsible for scheduling the review meeting(s), in consultation with the general superintendent in jurisdiction and district superintendent. The review meeting(s) shall be conducted in executive session. At the discretion of the general superintendent in jurisdiction or their designee, a portion of the review may be conducted in the absence of the district superintendent.

A public and/or printed announcement explaining the purpose of this review shall be conveyed to the district no less than seven days prior to the regular district/district superintendent review.

At this review meeting, the question of continuing the district/district superintendent relationship shall be discussed. The objective is to discover consensus without the need of a formal vote by the officers of the district. If the officers of the district do not vote to present the question of continuing the district/district superintendent relationship to the district assembly, the district/district superintendent relationship will continue.

The officers of the district may vote to present to the district assembly the question of continuing the district/district superintendent relationship. The vote by the officers of the district will be by ballot and require a majority of all officers of the district present to carry.

If the officers of the district vote to present the question of continuing the district/district superintendent relationship to the district assembly, the matter shall be presented at the next district assembly. The question shall be presented, "Shall the present district superintendent continue in office beyond this district assembly?" The vote shall be by ballot and require a two-thirds favorable vote to continue the district/district superintendent relationship, except where civil law of a given country requires otherwise. The chairperson of

the Board of Tellers and the general superintendent shall personally inform the district superintendent of the results of the vote before any public announcement is made.

If the district assembly votes to continue the district/district superintendent relationship, the district/district superintendent relationship shall continue as though such a vote had not been taken; otherwise, the district/district superintendent relationship shall end 30 -180 days following the close of that district assembly, with the date to be determined by the general superintendent in jurisdiction in consultation with the officers of the district. If the district superintendent chooses not to proceed with the vote of the district assembly, he or she shall submit a resignation. In such case, the district/district superintendent relationship shall end prior to the district assembly, the date to be determined by the general superintendent in jurisdiction in consultation with the officers of the district.

The purpose of the review is improvement – focused communication in which all parties are evaluating their strengths, weaknesses, areas that need attention, and accomplishments to be celebrated.

FURTHER RESOLVED that *Manual* paragraph 203.11 be amended as follows:

203.11. To elect, by two-thirds favorable vote, by ballot, an elder to the office of district superintendent, to serve until 30 days following the final adjournment of the second district assembly following his or her election and until a successor is elected or appointed and qualified. [The procedure for re-election of a district superintendent shall be by a “yes” or “no” ballot vote.] The procedure for continuing the relationship between the district and the district superintendent will be governed according to paragraph 206.1. No elder shall be considered eligible for election to this office who has at any time surrendered his or her credential for disciplinary reasons. No superintendent shall be elected, relationship renewed, or re-elected following his or her 70th birthday.

FURTHER RESOLVED that *Manual* paragraph 203.12 be amended as follows:

203.12. After a district superintendent of a Phase 2 or Phase 3 district (200.2) has served a district for at least two assembly years, the district assembly may [reelect said] extend the relationship with the district superintendent for a period of four years subject to the approval of the general superintendent in jurisdiction. [The procedure for election to an extended term of office shall be by a two-thirds favorable “yes” or “no” ballot.] The procedure for extending the relationship shall be governed by paragraph 206.1.

FURTHER RESOLVED that *Manual* paragraph 203.13 be amended as follows:

203.13. Special District/District Superintendent Review

In the interim of regular reviews, [I]n case the general superintendent and the District Advisory Committee, shall be of the opinion (by a two-thirds vote of all the officers of the district present) that the services of the district superintendent should not continue beyond the current year, the general superintendent having jurisdiction and the DAC may order the question submitted for a vote of the district assembly. The question shall be submitted in the following form: “Shall the present district superintendent [be continued] continue in office beyond this district assembly?”

If the district assembly, by a two-thirds vote by ballot, decides to continue the district superintendent in office, he or she shall continue to serve as though such vote had not been taken.

If, however, the district assembly fails to decide by such vote to continue the district

superintendent in office, his or her term of office shall terminate 30-180 days following the close of that district assembly, with the date to be determined by the general superintendent in jurisdiction in consultation with the DAC (204.2, 206, 236).

11. **DA-210—Election and Review of the District Superintendent**, Nebraska District Resolutions Committee, recommends that it be rejected. The vote: 0 for the resolution and 112 against the resolution. (Rejected, see 319.)

RESOLVED that *Manual* paragraph 203.11 be amended as follows:

203.11. To elect, by two-thirds favorable vote of a “yes” or “no” [by] ballot, an elder to the office of district superintendent [to] who has been recommended to the assembly by the general superintendent of the jurisdiction in consultation with a committee composed of the District Advisory Board, the chairperson of the District SDMI Board, the presidents of the district NMI and NYI, the district secretary and the district treasurer. This individual will serve until 30 days following the final adjournment of the second district assembly following his or her election and until a successor is elected or appointed and qualified. The procedure for reelection of a district superintendent shall be by a “yes” or “no” ballot vote. No elder shall be considered eligible for election to this office who has at any time surrendered his or her credential for disciplinary reasons. No superintendent shall be elected or reelected following his or her 70th birthday.

12. **DA-211—Age Limit for District Superintendents**, Northern California District Advisory Board, recommends that it be adopted. The vote: 87 for the resolution and 36 against the resolution. (Rejected, see 326.)

RESOLVED that *Manual* paragraph 203.11 be amended as follows:

203.11. To elect, by two-thirds favorable vote, by ballot, an elder to the office of district superintendent, to serve until 30 days following the final adjournment of the second district assembly following his or her election and until a successor is elected or appointed and qualified. The procedure for reelection of a district superintendent shall be by a “yes” or “no” ballot vote. No elder shall be considered eligible for election to this office who has at any time surrendered his or her credential for disciplinary reasons. [No superintendent shall be elected or reelected following his or her 70th birthday.]

13. **DA-212—Duties of District Superintendent Church/Pastoral Reviews**, Northwestern Ohio District General Assembly Resolutions Committee, recommends that it be adopted. The vote: 72 for the resolution and 58 against the resolution. (Adopted, see 325.)

RESOLVED that *Manual* paragraph 208.5 be amended as follows:

208.5. To schedule and conduct, with each local church board, the regular church/pastoral review according to the provisions of 123. The district superintendent shall provide an annual record of regular church/pastoral reviews conducted to the District Advisory Board and the general superintendent in jurisdiction.

14. **DA-213—District Superintendents/Ex-Officio Chair**, Northwestern Ohio District General Assembly Resolutions Committee, recommended that it be referred to the *Manual* Editing Committee. The vote: 132 for the resolution and 0 against the resolution. (Referred to the *Manual* Editing Committee, see 328.)

RESOLVED that *Manual* paragraph 213 be amended as follows:

213. The district superintendent shall be ex-officio chairperson of the District Advisory

Board (221.2) and the District Ministerial Credentials Board or District Board of Ministry. (227.1).

15. **DA-214—Electronic and Multi-Site Meetings—District**, Oregon Pacific District Resolutions Committee, recommends that it be amended and adopted. The vote: 126 for the resolution and 4 against the resolution. (Adopted, see 329.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

201. All district entities (assemblies, boards, committees, councils, task forces, etc.) shall be authorized to meet by telephone conference or through other electronic media if all involved can communicate and participate. Voting methods shall be approved by the District Advisory Board. All communications and voting required may be carried out electronically.

FURTHER RESOLVED that *Manual* paragraphs 201-201.2 be renumbered accordingly.

16. **DA-215—Licensed Ministers as Active Members in Local Church**, Oregon Pacific District Resolutions Committee recommends that it be rejected. The vote: 22 for the resolution and 87 against the resolution. (Rejected, see 330.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

530.9. All licensed ministers (assigned and unassigned) shall be active members in a local Church of the Nazarene where they will be faithful in attendance, in tithe, and in participation in the ministries of the church. Exceptions to this requirement may be granted only by approval of the District Advisory Board. If a licensed minister does not hold membership in a local Church of the Nazarene on the district where his or her license is held, he or she can be dropped from the roll of ministers.

FURTHER RESOLVED that *Manual* paragraph 530.9 be renumbered accordingly.

17. **DA-216—Composition of the Credentials Board**, Virginia District General Assembly Resolutions Committee, recommends that it be adopted. The vote: 102 for the resolution and 22 against the resolution. (Adopted, see 331.)

RESOLVED that *Manual* paragraph 203.15 be amended as follows:

203.15. To elect a District Ministerial Credentials Board of not less than five assigned ordained ministers, [one] two of whom shall be the district superintendent and the district secretary (if ordained; if district secretary is a layperson they would serve as a non-voting member of the Credentials Board), to serve for four years and until their successors are elected and qualified. This board shall meet prior to the district assembly to consider all matters subject to its authority and, insofar as is possible, to complete its work prior to the district assembly. (226-228.10)

FURTHER RESOLVED that *Manual* paragraph 226 be amended as follows:

I. The District Ministerial Credentials Board

226. The District Ministerial Credentials Board shall be composed of not less than five assigned ordained ministers, [one] two of whom shall be the district superintendent and the district secretary (if ordained; if district secretary is a layperson they would serve as a non-voting member of the Credentials Board). They shall serve for a period of four years and until their successors are elected and qualified. However, their terms of service may be staggered by electing a proportion of the board annually. (203.15)

18. **DA-217—District Incorporation**, Board of General Superintendents, recommends that it be adopted. The vote: 124 for the resolution and 1 against the resolution. (Adopted, see 332.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

222.6. When a District Advisory Board incorporates pursuant to paragraph 222.5, the Articles of Incorporation, bylaws, or comparable legal documentation will provide that the corporation is governed by the provisions of the *Manual of the Church of the Nazarene*. They will include such provisions as shall be recommended by the general superintendent in jurisdiction to insure that upon dissolution or attempt to leave the Church of the Nazarene, the assets of the corporation will not be diverted from the Church of the Nazarene. Once the district's incorporation has been approved by the Board of General Superintendents, upon recommendation of the general superintendent in jurisdiction, the proposed Articles of Incorporation shall be sent to the General Secretary's Office for review and filing and they shall include provisions similar to those in paragraph 102.4.

FURTHER RESOLVED that existing *Manual* paragraphs 222.6-222.22 be renumbered accordingly.

19. **DA-218—District Paid Assistants**, Board of General Superintendents, recommends that it be adopted. The vote: 127 for the resolution and 2 against the resolution. (Adopted, see 333.)

RESOLVED that *Manual* paragraph 242.3 be amended as follows:

242.3. [Within 30 days after a new] Upon the resignation or termination of the district superintendent [assumes administrative duties on the district], the term of service of the paid assistants shall be considered concluded, unless otherwise stipulated by national labor law. [(Such clerical assistants as office secretaries shall not be included in the above provisions.)] However, one or more of the staff members may remain with the written approval of the general superintendent in jurisdiction and the District Advisory Board, but not longer than the date of the new superintendent's assumption of duties. (207.3-207.4)

20. **DA-219—Paid District Assistant Not Eligible to Serve on the District Advisory Board**, Board of General Superintendents, recommends that it be adopted. The vote: 125 for the resolution and 3 against the resolution. (Adopted, see 334.)

RESOLVED that *Manual* paragraph 242.4 be amended as follows:

242.4. Service as a paid district assistant shall not prohibit one from serving in other district elected or appointed offices such as district secretary or district treasurer. A paid district assistant is not eligible to serve on the District Advisory Board.

21. **DA-220—Process for a Phase 3 District to be Declared in Crisis**, Board of General Superintendents, recommends that it be adopted. The vote: 126 for the resolution and 0 against the resolution. (Adopted, see 335.)

RESOLVED that *Manual* paragraph 200.2 be amended as follows:

200.2. Work in the Church of the Nazarene may begin as a pioneer area and lead to the establishment of new districts and district assembly boundaries. Phase 3 districts may emerge as quickly as possible according to the following pattern:

Phase 1. A Phase 1 district shall be designated when opportunity for entry into a new area is presented, within guidelines for strategic development and evangelism. Requests may be made by a regional director, a district through the Regional Advisory Council, or the sponsoring district superintendent and/or District Advisory Board for final approvals by the general superintendent(s) in jurisdiction and the Board of General Superintendents. (200.1, #5)

A Phase 1 district superintendent in regions related to the Global Mission office shall be

recommended by the regional director, in consultation with the Global Mission office director, to the general superintendent having jurisdiction who shall appoint. The region shall give guidance to the Phase 1 district regarding resources available for development. In other regions, the district superintendent shall be appointed by the general superintendent in jurisdiction after consultation with the district superintendent(s) and Advisory Board(s) of the sponsoring district(s). (204.2, 207.1)

When, in the opinion of the field strategy coordinator and regional director, a Phase 1 district in regions related to the Global Mission office is in crisis—financial, morale, or otherwise—and this crisis seriously affects the stability and future of the district, a district may be declared in crisis with the approval of the general superintendent in jurisdiction and in consultation with the Global Mission office director. The regional director, with the approval of the general superintendent in jurisdiction, may appoint an interim board for the management of the district and in lieu of all existing boards, until the next regularly scheduled district assembly. On those districts not served by a regional director and Regional Advisory Council, the general superintendent in jurisdiction, in consultation with the Board of General Superintendents, may make such a determination.

Phase 2. A Phase 2 district may be designated when a sufficient number of organized churches and ordained ministers and a district infrastructure of adequate maturity exists to recommend such designation.

Such designation will be by the Board of General Superintendents upon recommendation of the general superintendent in jurisdiction after consultation with the Global Mission office director, regional director, and other individuals and boards involved in the appointment of the district superintendent. A district superintendent will be elected or appointed. Quantifiable guidelines would include a minimum of 10 organized churches, 500 full members, and 5 ordained ministers, and a minimum of 50% of district administration expense shall be generated by district ministries fund income at the time of designation. A District Advisory Board or national board may request the general superintendent in jurisdiction for an exception to these criteria. (204.2, 207.1)

When, in the opinion of the field strategy coordinator and regional director, a Phase 2 district in regions related to the Global Mission office is in crisis—financial, morale, or otherwise—and this crisis seriously affects the stability and future of the district, a district may be declared in crisis with the approval of the general superintendent in jurisdiction and in consultation with the Global Mission office director. The regional director, with the approval of the general superintendent in jurisdiction, may appoint an interim board for the management of the district and in lieu of all existing boards, until the next regularly scheduled district assembly. On those districts not served by a regional director and Regional Advisory Council, the general superintendent in jurisdiction, in consultation with the Board of General Superintendents, may make such determination.

Phase 3. A Phase 3 district may be declared when a sufficient number of organized churches, ordained ministers, and members exist to warrant such designation. Leadership, infrastructure, budgetary responsibility, and doctrinal integrity must be demonstrated. A Phase 3 district must be able to shoulder these burdens and share the challenges of the Great Commission within the global scope of an international church.

Such designation will be by the Board of General Superintendents upon recommendation of the general superintendent in jurisdiction after consultation with the Global Mission office director, regional director, and other individuals and boards involved in the appointment of the district superintendent. (203.12, 207.1) A district superintendent will be selected in accordance with *Manual* provisions.

Quantifiable criteria include a minimum of 20 organized churches, 1,000 full members, and 10 ordained ministers. A District Advisory Board or national board may request to the general superintendent in jurisdiction for an exception to these criteria.

A Phase 3 district must be 100% self-supporting in regard to district administration.

Phase 3 districts are an integral part of their respective regions. In regions having a regional director, the general superintendent in jurisdiction may enlist the assistance of the regional director to facilitate communication with and supervision of the district.

When in the opinion of a general superintendent in jurisdiction, a district is in crisis—financial, morale, or otherwise—and this crisis seriously affects the stability and future of the district, a district may be declared in crisis with the approval of the Board of General Superintendents [and the General Board Executive Committee]. The general superintendent in jurisdiction, with approval of the Board of General Superintendents and the Executive Committee of the General Board may take one or more of the following actions:

1. Remove the district superintendent;
2. Appoint an interim board for the management of the district in lieu of all existing boards, until the next regularly scheduled district assembly; and
3. Initiate such special interventions as may be necessary to restore the district's health and mission effectiveness. (307.9, 322)

22. DA-221—The Licensed Minister/Recognized Credentialed Elder Validated Course of Study Requirements, Southwest Oklahoma District Advisory Board, North Arkansas District Resolutions Committee, South Central USA/Canada Region District Superintendents, Louisiana District Delegation, West Texas District Advisory Board, and South Texas District Advisory Board/Delegate Committee, recommends that it be adopted. The vote: 99 for the resolution and 22 against the resolution. (Adopted, see 336.)

RESOLVED that *Manual* paragraph 530.1, item 2, be amended as follows:

530.1. When members of the Church of the Nazarene acknowledge a call to a lifetime of ministry, they may be licensed as ministers by the district assembly provided they:

1. have held a local minister's license for one full year;
2. have completed one-fourth of a validated course of study for ministers, [or have passed the Nazarene history and polity courses and five additional courses in a validated course of study for ministers;] and can demonstrate appreciation, comprehension, and application of the *Manual* and the history of the Church of the Nazarene, and of the doctrine of holiness, by successfully completing the related portions of a validated course of study;
3. have been recommended for such work by the church board of the local church of which they are members, to which recommendation shall be attached the Application for Minister's License carefully filled in;
4. have given evidence of grace, gifts, and usefulness;
5. have been carefully examined, under the direction of the district assembly of the district within the bounds of which they hold their church membership, regarding their

spiritual, intellectual, and other fitness for such work, including appropriate background checks as determined by the District Advisory Board;

6. have promised to pursue immediately a validated course of study prescribed for licensed ministers and candidates for ordination;

7. have had any disqualification, which may have been imposed by a district assembly, removed by an explanation in writing by the district superintendent and the District Advisory Board of the district where the disqualification was imposed; and provided further that their marriage relationship does not render them ineligible for a district license; and

8. in case of a previous divorce, the recommendation of the District Ministerial Credentials Board along with supporting documents will be given to the Board of General Superintendents, which may remove this as a barrier to pursuing a license. (30.1–30.3, 129.14, 205.6, 529.5)

If enrolled in a Nazarene college/university or seminary, the minister must have completed one-fourth of a validated college/university or college/university-seminary course of study for ministry, or have completed one-fourth of a validated district or regional training center curriculum. Exceptions to this requirement may be made by the District Ministerial Credentials Board provided the candidate is pastoring an organized church and is registered in a system of approved studies, and provided the candidate annually fulfills the minimum amount of studies required by the *Manual* for the renewal of a license, and provided the district superintendent approves the exception.

In the case where a background check reveals criminal misconduct prior to one's salvation, this fact should not be interpreted by the District Ministerial Credentials Board as automatically excluding the applicant from credentialed ministry, except under the provisions of paragraph 538.9.

FURTHER RESOLVED that *Manual* paragraph 533, item 1, be amended as follows:

533. Ordained ministers from other denominations, desiring to unite with the Church of the Nazarene and presenting their ordination papers, may have their ordination recognized by the district assembly, after satisfactory examination by the District Ministerial Credentials Board as to their conduct, personal experience and doctrine, provided that:

(1) they demonstrate appreciation, comprehension and application of the *Manual* and the history of the Church of the Nazarene and of the doctrine of holiness by successfully completing the related portions of a validated course of study;

(2) they file with the district assembly the Ordination/Recognition Questionnaire, carefully filled in; and

(3) they meet all requirements for ordination as outlined in 531–531.3 or 532–532.3; and (4) provided further that the candidate must currently be serving in a ministry assignment. (203.7, 225, 527, 530.2)

23. DA-221a—Requirements for District License, Northwestern Illinois District Assembly Resolution Committee, recommends that it be amended and adopted. The vote: 129 for the resolution and 0 against the resolution. (Adopted, see 337.)

RESOLVED that *Manual* paragraph 530.1 be amended as follows:

530.1. When members of the Church of the Nazarene acknowledge a call to a lifetime of ministry, they may be licensed as ministers by the district assembly provided they:

1. have held a local minister's license for one full year;
2. [have completed one-fourth of a validated course of study for ministers, or] have passed the Nazarene history and polity course[s and five additional courses in a validated course of study for ministers];
3. have been recommended for such work by the church board of the local church of which they are members, to which recommendation shall be attached the Application for Minister's License carefully filled in;
4. have given evidence of grace, gifts, and usefulness;
5. have been carefully examined, under the direction of the district assembly of the district within the bounds of which they hold their church membership, regarding their spiritual, intellectual, and other fitness for such work, including appropriate background checks as determined by the District Advisory Board;
6. have promised to pursue immediately a validated course of study prescribed for licensed ministers and candidates for ordination;
7. have had any disqualification, which may have been imposed by a district assembly, removed by an explanation in writing by the district superintendent and the District Advisory Board of the district where the disqualification was imposed; and provided further that their marriage relationship does not render them ineligible for a district license; and
8. in case of a previous divorce, the recommendation of the District Ministerial Credentials Board along with supporting documents will be given to the Board of General Superintendents, which may remove this as a barrier to pursuing a license. (30.1-30.3, 129.14, 205.6, 529.5)

[If enrolled in a Nazarene college/university or seminary,] the minister must have completed the equivalent of one-fourth of a validated course of study in the Church of the Nazarene [college/university or college/university-seminary course of study for ministry, or have completed one-fourth of a validated district or regional training center curriculum]. Exceptions to this requirement may be made by the District Ministerial Credentials Board provided the candidate is pastoring an organized church and is registered in a system of approved studies, and provided the candidate annually fulfills the minimum amount of studies required by the *Manual* for the renewal of a license, and provided the district superintendent approves the exception. In the case where a background check reveals criminal misconduct prior to one's salvation, this fact should not be interpreted by the District Ministerial Credentials Board as automatically excluding the applicant from credentialed ministry, except under the provisions of paragraph 538.9.

FURTHER RESOLVED that *Manual* paragraph 530.2 be amended as follows:

530.2. Licensed ministers from other denominations, desiring to unite with the Church of the Nazarene, may be licensed as ministers by the district assembly, provided they present the credentials issued to them by the denomination in which they formerly held their membership; and further provided that they:

1. have passed a course of study equivalent to a validated course of study in the Church of the Nazarene for local ministers ~~and have passed the Nazarene history and polity course;~~ CAN DEMONSTRATE APPRECIATION, COMPREHENSION, AND APPLICATION OF THE *MANUAL* AND THE HISTORY OF THE CHURCH OF THE NAZARENE, AND OF THE DOCTRINE OF HOLINESS, BY SUCCESSFULLY COMPLETING THE RELATED PORTIONS OF A VALIDATED COURSE OF STUDY.

2. have been recommended by the church board of the local Church of the Nazarene of which they are members;

3. have given evidence of grace, gifts, and usefulness;

4. have been carefully examined under the direction of the district assembly regarding their spiritual, intellectual, and other fitness for such work;

5. have promised to pursue immediately a validated course of study prescribed for licensed ministers and candidates for ordination;

6. have had any disqualification, which may have been imposed by a district assembly or its equivalent, removed by an explanation in writing by the district superintendent or his or her equivalent and the District Advisory Board or its equivalent of the district where the disqualification was imposed; and provided further that their marriage relationship does not render them ineligible for a district license; and

7. in case of a previous divorce, the recommendation of the District Ministerial Credentials Board along with supporting documents will be given to the Board of General Superintendents, which may remove this as a barrier to pursuing a license. (530.1)

24. **DA-222—Pastoral Support**, Republic of South Africa Limpopo Northwest District Assembly, recommends that it be adopted. The vote: 134 for the resolution and 1 against the resolution. (Adopted, see 338.)

RESOLVED that a new paragraph be added to *Manual* section 200 as follows:

Alternative plans for pastoral support may be considered by cooperative efforts of local churches and their respective districts.

FURTHER RESOLVED that a new paragraph be added to *Manual* section 100 as follows:

Alternative plans for pastoral support may be considered by cooperative efforts of local churches and their respective districts.

GENERAL ADMINISTRATION COMMITTEE

The General Administration Committee having had referred to it the following resolutions, which were presented to the assembly in four reports, recommends action as indicated:

1. **Recommendation #1** on the number of General Superintendents to be elected, recommends that it be adopted. The vote: 80 for the recommendation and 1 against the recommendation. (Adopted, see 28.)

Recommendation #1

RESOLVED that six persons be elected as general superintendents at the 2017 General Assembly.

2. **Recommendation #2** on the process for electing new general superintendents, recommends that it be adopted. The vote: 84 for the recommendation and 0 against the recommendation. (Adopted, see 29.)

Recommendation #2

RESOLVED that the process for electing the new general superintendents be by ballot and in accordance with the adopted rules of the 2017 General Assembly. (The first ballot for new general superintendents will be taken during the regional caucus meetings on Saturday.)

3. **GA-300—Time of General Assembly**, Board of General Superintendents, Mid-Atlantic District Resolutions Committee, South Central Ohio District Resolutions Committee and District

Advisory Board, Northwestern Ohio District General Assembly Resolutions Committee, and Kansas City District, recommends that it be adopted. The vote: 63 for the resolution and 17 against the resolution. (Rejected, see 147.)

RESOLVED that *Manual* paragraph 302 be amended as follows:

302. The General Assembly shall meet in the month of June, every [fourth] fifth year, at such time and place determined by a General Assembly Commission composed of the general superintendents and an equal number of persons chosen by the Board of General Superintendents. The General Assembly Commission shall have power, in case of an emergency, to change the time and place of the meeting of the General Assembly.

4. **GA-301—General Assembly**, Louisiana District Delegation, Southwest Oklahoma District Advisory Board, South Arkansas General Assembly Delegates Resolutions Committee, and Reference Committee, recommends that it be rejected. The vote: 2 for the resolution and 79 against the resolution. (Rejected, see 148.)

RESOLVED that *Manual* paragraph 301 be amended as follows:

301. The General Assembly shall be composed of ministerial and lay delegates in equal numbers from each Phase 3 district [the district superintendent serving as one of the assigned ordained ministerial delegates, remaining assigned ordained ministerial delegates and all lay delegates] elected by district assemblies; general superintendents emeriti and retired; general superintendents; district superintendents of Phase 2 and Phase 3 districts; Global Nazarene Missions International president; Global Nazarene Youth International chair; Church of the Nazarene, Inc. officers and directors who report to the plenary of the General Board; one-half of the regional International Board of Education school presidents from each region will be voting members, and the other one-half will be non-voting members, with the number and selection process determined by the International Board of Education; Nazarene Publishing House president; Pensions and Benefits International director; Stewardship Ministries global director; Church of the Nazarene Foundation president; Research Services global director; and one General Board-commissioned missionary delegate per region elected by the assigned contracted missionaries serving in that region. In the absence of such election the missionary representative shall be elected by the Global Mission Committee.

FURTHER RESOLVED that *Manual* paragraph 301.2 be amended as follows:

301.2. Each Phase 2 district shall be entitled to one assigned ordained minister and one layperson delegate to the General Assembly. [The assigned ordained ministerial delegate shall be the district superintendent.] An alternate will be elected for each delegate.

5. **GA-302—Composition of General Assembly**, Mid-Atlantic District Resolutions Committee, recommends that it be adopted. The vote: 79 for the resolution and 3 against the resolution. (Adopted, see 151.)

RESOLVED that *Manual* paragraph 25.1 be amended as follows:

25.1. How Composed. The General Assembly shall be composed of ministerial and lay delegates in equal numbers, elected thereto by district assemblies of the Church of the Nazarene; such ex-officio members as the General Assembly shall from time to time direct; and such delegates [of districts under the administration of the Global Mission Committee of the Church of the Nazarene] as may be provided for by the General Assembly.

6. **GA-303—Membership of the General Assembly**, Mid-Atlantic District Resolutions Committee, recommends that it be adopted. The vote: 82 for the resolution and 0 against the resolution. (Adopted, see 152.)

RESOLVED that *Manual* paragraph 301.4 be amended as follows:

301.4. The right of an assigned ministerial delegate-elect to the General Assembly to represent the district assembly electing him or her shall be vacated in case he or she shall move to a new ministerial assignment on another district, or if the delegate-elect shall leave the active, assigned ministry of the Church of the Nazarene prior to the convening of the General Assembly. Any minister who has been granted official retirement status by a district [would be] is ineligible to [be nominated as a delegate or a delegate-elect] serve as a delegate to the General Assembly.

7. **GA-304—Prioritizing Voting Business**, Mid-Atlantic District Resolutions Committee, recommends that it be rejected. The vote: 9 for the resolution and 75 against the resolution. (Rejected, see 149.)

RESOLVED that *Manual* paragraph 302.2 be amended as follows:

302.2. The General Assembly shall open with devotional and inspirational services. Provision shall be made to attend to all matters requiring Assembly voting prior to the celebration of any special recognitions, addresses, or ceremonies, with the exception of opening services, morning devotionals, and prayer [for transaction of business and other inspirational services]. The General Assembly shall set the time of adjournment. (25.4)

8. **GA-305—The General Secretary**, Mid-Atlantic District Resolutions Committee, recommends that it be adopted. The vote: 83 for the resolution and 0 against the resolution. (Adopted, see 153.)

RESOLVED that *Manual* paragraph 326.1 be amended as follows:

326.1. Serve as ex-officio secretary of the Church of the Nazarene, Inc., the General Board, and the General Assembly and shall [R]record and preserve the journal of their proceedings [of General Assembly and General Board]. (331.2)

9. **GA-306—Historical Sites**, Mid-Atlantic District Resolutions Committee, recommends that it be rejected. The vote: 13 for the resolution and 69 against the resolution. (Rejected, see 150.)

RESOLVED that *Manual* paragraph 327.2 be amended as follows:

327.2. The general secretary shall keep a register of Historic Sites [and Landmarks] as designated by district assemblies according to paragraph 902.8.

FURTHER RESOLVED that *Manual* paragraph 902.8 be amended as follows:

902.8. Historic Sites [and Landmarks]

District and regional assemblies may designate places of historic significance within their boundaries as Historic Sites. At least 50 years must elapse after a place achieves historic significance before it is recognized as a Historic Site. A Historic Site does not have to have original buildings or structures surviving in order to be designated. The assembly secretary shall report newly designated Historic Sites to the general secretary, reporting the action taken, information on the site, and the site's significance.

[District and regional assemblies can ask the General Assembly to designate places of denomination-wide significance as Historic Landmarks. Nominations are restricted to previously designated Historic Sites. The general superintendents or a committee appointed for the

purpose of screening nominations must concur with a nomination before it receives General Assembly consideration.]

The general secretary shall keep a register of Historic Sites [and Landmarks] and publicize them appropriately (paragraph 327.2). (2009)

10. **GA-307—Elections to the General Board**, Mid-Atlantic District Resolutions Committee, recommends that it be adopted. The vote: 81 for the resolution and 0 against the resolution. (Adopted, see 154.)

RESOLVED that *Manual* paragraph 333.4 be amended as follows:

333.4. From the nominee presented by the Global Council of the Nazarene Missions International, the General Assembly shall elect by a majority “yes” vote by ballot. (343.3, 901.4)

11. **GA-308—Elections to the General Board—Sunday School and Discipleship Ministries International (SDMI)**, Mid-Atlantic District Resolutions Committee, recommends that it be amended and adopted. The vote: 95 for the resolution and 0 against the resolution. (Adopted, see 305.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

333.5. From the nominee presented by PURSUANT TO MANUAL PARAGRAPH 332.6, regional SDMI coordinators and the Global SDMI director, the General Assembly shall elect by a majority “yes” vote by ballot. (332.6)

12. **GA-309—Duties of the General Board**, Mid-Atlantic District Resolutions Committee, recommends that it be adopted. The vote: 96 for the resolution and 0 against the resolution. (Adopted, see 306.)

RESOLVED that *Manual* paragraph 335 be amended as follows:

335. The General Board shall serve as the board of directors of the Church of the Nazarene, Inc., and shall have primary authority with regard to non-ecclesiastical policies and plans—that is, with regard to topics such as budgeting, auditing, property management, and legal issues. The General Board shall encourage and expect all national, regional, district, and local boards to fulfill the mission of the Church of the Nazarene, which is to propagate Christian holiness in the Wesleyan tradition by making Christlike disciples in the nations, and shall facilitate the progress of the global church in each nation and/or region. The General Board shall promote the financial and material affairs of all committees of the Church of the Nazarene, subject to instructions as may be given by the General Assembly. It shall coordinate, correlate, and unify plans and activities of the constituent committees so that a unified policy may be established by and in all activities of the Church of the Nazarene. It shall have power to direct auditing of the accounts of all departments and institutions relating to or associated with the Church of the Nazarene, and it shall direct the business and administrative affairs of the denomination, as well as the departments of the Church of the Nazarene, Inc. and of all organizations and institutions that are a part of, related to, or associated with this denomination. These departments, organizations, and institutions shall give due consideration to the advice and recommendations of the General Board.

13. **GA-310—Duties of the General Board/Meetings**, Mid-Atlantic District Resolutions Committee, recommends that it be amended and adopted. The vote: 91 for the resolution and 2 against the resolution. (Adopted, see 307.)

RESOLVED that *Manual* paragraph 335.4 be amended as follows:

335.4. Meetings. The General Board shall meet in session at least three times during the INTERIM BETWEEN GENERAL ASSEMBLIES quadrennium, at a time and place specified by the bylaws of the said board[, in the Kansas City, Missouri area, U.S.A.; however,] or at the hour, date, and place [of the regular meeting may, by resolution] unanimously adopted at any regular or special meeting[, be changed] in order to suit the best interests of the General Board and its committees.

14. **GA-311—Diversification of General Assembly Delegates**, New England District Resolutions Committee, recommends that it be rejected. The vote: 3 for the resolution and 97 against the resolution. (Rejected, see 308.)

RESOLVED that *Manual* paragraph 203.23 be amended as follows:

203.23. To elect, by ballot, at a session within 16 months of the meeting of the General Assembly, or within 24 months in areas where travel visas or other unusual preparations are necessary, all of the lay delegates and all but one of the ministerial delegates, since one shall be the district superintendent. Every Phase 3 district assembly shall be entitled to representation at the General Assembly by an equal number of ministerial and lay delegates. The district superintendent at the time of the General Assembly shall be one of the ministerial delegates, and the remaining ministerial delegates shall be ordained ministers. In case the district superintendent is unable to attend, or in case there has been a vacancy and the new district superintendent has not been appointed, the properly elected alternate shall be seated in the district superintendent's place. The Nominating Committee shall submit a nominating ballot containing at least six times the number of delegates eligible from that district in each category, ministerial and lay. As an encouragement to represent every demographic on the district, the Nominating Committee should make every effort to nominate individuals under the age of 40, male and female alike, and a wide range of ethnicity reflective of the district. From these nominees, the number of names for the electing ballot will be reduced to no more than three times the number to be elected. Then, the allowed delegates and alternates shall be elected by plurality vote, according to paragraphs 301.1-301.3. Each district assembly may elect alternates not to exceed twice the number of delegates. In situations where travel visas are problematic, a district assembly may authorize the District Advisory Board to select additional alternates. Delegates elected are expected to attend faithfully all meetings of the General Assembly from opening to closing unless providentially prevented. (25.1-25.3, 301.1-301.3, 303, 332.1)

FURTHER RESOLVED that *Manual* paragraph 301.1 be amended as follows:

301.1. Each Phase 3 district shall be entitled to representation in the General Assembly by: one assigned ordained minister and one layperson for the first 4,000 or fewer full church members, and one additional assigned ordained minister and one additional layperson for the next 4,000 full members, and for each successive additional 4,000 full members. Districts sending 4 or more total delegates to the General Assembly should make every possible effort to send a minimum of 25% of delegates under the age of 40. "Assigned ordained minister" shall include elders and deacons. (See chart below.)

Number of Full Members	Number of Delegates
0-4,000	2 (1 lay, 1 ministerial)
4,001-8,000	4 (2 lay, 2 ministerial)
8,001-12,000	6 (3 lay, 3 ministerial)
12,001-16,000	8 (4 lay, 4 ministerial)

16,001-20,000	10 (5 lay, 5 ministerial)
20,001-24,000	12 (6 lay, 6 ministerial)
24,001-28,000	14 (7 lay, 7 ministerial)
28,001-32,000	16 (8 lay, 8 ministerial)
32,001-36,000	18 (9 lay, 9 ministerial)

Etc.

15. **GA-312—General Assembly**, Southwest Oklahoma District Advisory Board and North Arkansas District Resolutions Committee, recommends that it be rejected. The vote: 9 for the resolution and 80 against the resolution. (Rejected, see 312.)

RESOLVED that *Manual* paragraph 301.1 be amended as follows:

301.1. Each Phase 3 district shall be entitled to representation in the General Assembly by: one assigned ordained minister and one layperson for the first [4,000] 2,000 or fewer full church members, and one additional assigned ordained minister and one additional layperson for the next [4,000] 1 to 3,500 full members, and for each successive additional [4,000] 1 to 3,500 full members. “Assigned ordained minister” shall include elders and deacons. (See chart below.)

Number of Full Members	Number of Delegates
[0-4,000	2 (1 lay, 1 ministerial))
[4,001-8,000	4 (2 lay, 2 ministerial))
[8,001-12,000	6 (3 lay, 3 ministerial))
[12,001-16,000	8 (4 lay, 4 ministerial))
[16,001-20,000	10 (5 lay, 5 ministerial))
[20,001-24,000	12 (6 lay, 6 ministerial))
[24,001-28,000	14 (7 lay, 7 ministerial))
[28,001-32,000	16 (8 lay, 8 ministerial))
[32,001-36,000	18 (9 lay, 9 ministerial))

[Etc.]

16. **GA-312a—General Assembly**, South Arkansas General Assembly Delegates Resolutions Committee, recommends that it be rejected. The vote: 42 for the resolution and 54 against the resolution. (Amended and Adopted, see 250.)

RESOLVED that *Manual* paragraph 301.1 be amended as follows:

301.1. Each Phase 3 district shall be entitled to representation in the General Assembly by: ~~one~~ **TWO** assigned ordained ministerS and ~~one~~ **TWO** laypersonS for the first [4,000] 6,000 or fewer full church members, and one additional assigned ordained minister and one additional layperson for the next 4,000 full members, and for each successive additional [4,000] 5,000 full members. “Assigned ordained minister” shall include elders and deacons. (See chart below.)

Number of Full Members	Number of Delegates
[0-4,000	2 (1 lay, 1 ministerial))
[4,001-8,000] <u>0-6,000</u>	4 (2 lay, 2 ministerial)
[8,001-12,000] <u>6,001-10,000</u>	6 (3 lay, 3 ministerial)
[12,001-16,000] <u>10,001-15,000</u>	8 (4 lay, 4 ministerial)
[16,001-20,000] <u>15,001-20,000</u>	10 (5 lay, 5 ministerial)
20,001-[24,000] <u>25,000</u>	12 (6 lay, 6 ministerial)
[24,001-28,000] <u>25,001-30,000</u>	14 (7 lay, 7 ministerial)

[28,001-32,000] 30,001-35,000 16 (8 lay, 8 ministerial)
[32,001-36,000] 35,001-40,000 18 (9 lay, 9 ministerial)
Etc. (increments of 5,000)

17. **GA-313—Layperson Who Transitions to Ministerial Status and Eligibility to Continue to Serve on the General Board**, Board of General Superintendents, recommends that it be adopted. The vote: 102 for the resolution and 0 against the resolution. (Adopted, see 309.)

RESOLVED that *Manual* paragraph 334 be amended as follows:

334. The members of the General Board shall hold office until final adjournment of the next General Assembly and until their successors are elected and qualified. In the event that a member of the General Board shall move his or her church membership or residence from the region he or she represents, or if a minister changes from the category of ministerial assignment for which elected, [before the second regular meeting of the quadrennium,] or if a minister becomes unassigned, or if a layperson requests and receives a district minister's license, his or her membership shall be terminated immediately. The vacancy so created shall be filled promptly. (331)

18. **GA-314—Membership of the General Assembly**, Board of General Superintendents, recommends that it be adopted. The vote: 99 for the resolution and 0 against the resolution. (Adopted, see 310.)

RESOLVED that *Manual* paragraph 301 be amended as follows:

B. Membership of the General Assembly

301. The General Assembly shall be composed of ministerial and lay delegates in equal numbers from each Phase 3 district, the district superintendent serving as one of the assigned ordained ministerial delegates, remaining assigned ordained ministerial delegates and all lay delegates elected by district assemblies; general superintendents emeriti and retired; general superintendents; Global Nazarene Missions International president; Global Nazarene Youth International chair; Church of the Nazarene, Inc. officers and directors who have global responsibility and report to the plenary of the General Board; one-half of the regional International Board of Education school presidents from each region will be voting members, and the other one-half will be non-voting members, with the number and selection process determined by the International Board of Education; [Nazarene Publishing House president; Pensions and Benefits International director; Stewardship Ministries global director; Church of the Nazarene Foundation president; Research Services global director;] and one General Board-commissioned missionary delegate per region elected by the assigned contracted missionaries serving in that region. In the absence of such election the missionary representative shall be elected by the Global Mission Committee.

19. **GA-315—Duties of General Board and Board of General Superintendents**, General Board, recommends that it be amended and adopted. The vote: 94 for the resolution and 0 against the resolution. (Adopted, see 155.)

RESOLVED that *Manual* paragraph 317.3 be amended as follows:

317.3. Have primary authority with regard to ecclesiastical policies and plans [(that is, issues of theology, ordination, and mission strategy)], and to advise the General Board, its committees, and all boards of the Church of the Nazarene on other matters. The Board of General Superintendents shall make to the General Board and to the committees recommendations they deem advisable. The Board of General Superintendents shall approve or

disapprove all nominations made by the Global Mission Committee to the General Board for appointment as missionaries.

FURTHER RESOLVED that *Manual* paragraph 335 be amended as follows:

335. The General Board shall serve as the board of directors of the Church of the Nazarene, Inc., and shall have primary authority with regard to non-ecclesiastical policies and plans[—that is, with regard to topics such as budgeting, auditing, property management, and legal issues]. The General Board shall encourage and expect all national, regional, district, and local boards to fulfill the mission of the Church of the Nazarene, which is to propagate Christian holiness in the Wesleyan tradition, and shall facilitate the progress of the global church in each nation and/or region. The General Board shall promote the financial and material affairs of all committees of the Church of the Nazarene, Inc., subject to instructions as may be given by the General Assembly. It shall coordinate, correlate, and unify plans and activities of the constituent committees so that a unified policy may be established by and in all activities of the Church of the Nazarene INC. It shall have power to direct auditing of the accounts of all ITS departments and ALL ENTITIES LEGALLY RELATED ~~institutions relating to or associated with~~ the Church of the Nazarene INC., and it shall direct the business and administrative affairs of the CHURCH OF THE NAZARENE INC., AND ITS ~~denomination, as well as the departments of the Church of the Nazarene, Inc.~~ and of all ENTITIES LEGALLY RELATED TO THE CHURCH OF THE NAZARENE, INC. ~~organizations and institutions that are a part of, related to, or associated with this denomination.~~ These departments AND ENTITIES, ~~organizations, and institutions~~ shall give due consideration to the advice and recommendations of the General Board.

20. **GA-316—Role of the General Superintendents**, Board of General Superintendents, recommends that it be amended and adopted. The vote: 103 for the resolution and 1 against the resolution. (Adopted, see 311.)

RESOLVED that *Manual* paragraph 306 be amended as follows:

G. The General Superintendents

306. The role of the general superintendents is to provide apostolic and visionary spiritual leadership by:

- articulating mission
- casting vision
- ordaining members of the clergy
- propagating theological coherency, and
- providing jurisdictional and {general} administrative oversight for the general church.

21. **GA-317—Election of the Board of General Superintendents**, General Board, recommends that it be adopted. The vote: 80 for the resolution and 1 against the resolution. (Adopted, see 117.)

RESOLVED that *Manual* paragraph 305.2 be amended as follows:

305.2. Elect, by a two-thirds vote of its members present and voting, [as many general superintendents as it may deem necessary,] six general superintendents, who shall hold office until 30 days following the final adjournment of the next General Assembly and until their successors are elected and qualified;

- a. First, there shall be a “yes” or “no” ballot for the general superintendents presently serving.

b. Vacancies remaining after the ballot process is completed for all general superintendents presently serving shall be filled by ensuing ballots until the elections are completed.

In the event that someone who is ineligible under this provision receives votes on the first ballot, that person's name shall be deleted from the elective ballot and the report of the first ballot shall include this statement: "One or more names have been deleted due to ineligibility for the office."

No elder shall be considered eligible for election to the office of general superintendent who has at any time surrendered his or her credential for disciplinary reasons. No person shall be elected to the office of general superintendent who has not reached the age of 35 years or who has reached the age of 68 years. (25.5, 307.16, 900.1)

FURTHER RESOLVED that *Manual* paragraph 25.5 be amended as follows:

25.5. General Superintendents. The General Assembly shall elect by ballot from among the elders of the Church of the Nazarene [as many general superintendents as it may deem necessary,] six general superintendents, who shall constitute the Board of General Superintendents. Any vacancy in the office of general superintendent in the interim of General Assemblies shall be filled by a two-thirds vote of the General Board of the Church of the Nazarene. (305.2, 316)

LOCAL ADMINISTRATION COMMITTEE

The Local Administration Committee having had referred to it the following resolutions, which were presented to the assembly in two reports, recommends action as indicated:

1. **LA-400—Renewing the Church/Pastor Relationship**, North Carolina District Resolutions Committee. (See LA-401.)

RESOLVED that *Manual* paragraph 123 be amended as follows:

J. Renewing the Local Church/Pastor Relationship

123. The Regular Church/Pastoral Review. The church/pastoral relationship shall be reviewed by the church board, meeting with the district superintendent, or an ordained minister or layperson appointed by the district superintendent, within 60 days of the second anniversary of pastoral service and every four years thereafter. At this review meeting, the question of continuing the church/pastoral relationship shall be discussed. The objective is to discover consensus without the need of a formal church board vote.

The district superintendent, or an ordained minister or layperson appointed by the district superintendent, shall be responsible for scheduling and conducting the review meeting(s) with the church board. The review meeting(s) shall be scheduled in consultation with the pastor. The review meeting(s) shall be conducted in executive session (church board, including pastor). At the discretion of the district superintendent, a portion of the review may be conducted in the absence of the pastor. In case the pastor's spouse is an elected member of the board, he or she shall not participate in the review. In addition, other immediate relatives of the pastor may be recused from the review, per the request of the district superintendent or appointed representative.

A public and/or printed announcement explaining the purpose of this church board meeting shall be conveyed to the congregation the Sunday before the church board and district superintendent meet for the regular church/pastoral review.

If the church board does not vote to present the question of continuing the church/pastoral relationship to the church membership, the church/pastoral relationship will continue.

The church board may vote to present to the church membership the question of continuing the pastoral call. The vote by the board will be by ballot and require a majority of all church board members present to carry.

If the church board votes to present the question of continuing the church/pastoral relationship to the church membership, the matter shall be presented at a church meeting duly called for this purpose and held within 30 days following such action. The question shall be presented, "Shall the present church/pastoral relationship continue?" The vote shall be by ballot and require a two-thirds favorable vote [majority] to carry, except where civil law of a given country requires otherwise.

If the church membership votes to continue the church/ pastoral relationship, the church/pastoral relationship shall continue as though such a vote had not been taken; otherwise, the church/pastoral relationship shall end on a date set by the district superintendent not less than 30 nor more than 180 days following the vote. If the pastor chooses not to proceed with the vote of the congregation or chooses not to accept the vote, he or she shall submit a resignation. In such case, the church/pastoral relationship shall end on a date set by the district superintendent not less than 30 nor more than 180 days following the pastor's decision not to proceed with or accept the congregational vote. (120)

As a part of the regular review, a report will be made to the district superintendent by the pastor and church board regarding progress toward fulfilling the mission, vision and core values of the church.

FURTHER RESOLVED that *Manual* paragraph 124 be amended as follows:

124. Special Church/Pastoral Review. In the interim of regular reviews, a local church board meeting shall become officially a special review only by a majority vote of the entire elected church board with the district superintendent or an elder appointed by the district superintendent present and serving as chairperson.

This special church/pastoral review meeting shall be conducted in executive session (church board, including pastor). At the discretion of the district superintendent, a portion of the review may be conducted in the absence of the pastor. In case the pastor's spouse is an elected member of the board, he or she shall not participate in the review. (113.8)

If the district superintendent and the local church board shall be of the opinion that the question of the continuance of the church/pastoral relationship should be submitted to the church, the district superintendent and the local church board by a majority vote by ballot of all its members present, except where civil law of a given country requires otherwise, may order the question submitted for vote at a special church meeting. The question shall be submitted in the following form: "Shall the present church/pastoral relationship be continued?"

If by a two-thirds [majority] vote by ballot of the church members of voting age present and voting, except where civil law of a given country requires otherwise, the church decides to continue its present church/pastoral relationship, the term of office of the pastor shall continue as though such vote had not been taken.

If, however, the church fails to decide by such vote to continue the present church/pastoral relationship, the term of office of the pastor shall terminate on a date, set by

the district superintendent, not more than 180 days following the vote.

If the pastor chooses not to proceed with the vote of the congregation or chooses not to accept the vote, he or she shall submit a resignation. In such case, the church/pastoral relationship shall end on date set by the district superintendent, not less than 30 nor more than 180 days following the pastor's decision not to proceed with or accept the congregational vote. (123-123.1)

2. **LA-401—Renewing the Church/Pastor Relationship**, Georgia District Resolutions Committee, MidSouth District Resolutions Committee, and Alabama South District Advisory Board, recommends that it be amended and adopted. The vote: 93 for the resolution and 2 against the resolution. (Adopted, see 231.)

RESOLVED that *Manual* paragraph 123 be amended as follows:

J. Renewing the Local Church/Pastor Relationship

123. The Regular Church/Pastoral Review. The church/pastoral relationship shall be reviewed by the church board, meeting with the district superintendent, or an ordained minister or layperson appointed by the district superintendent, within 60 days of the second anniversary of pastoral service and every four years thereafter. At this review meeting, the question of continuing the church/pastoral relationship shall be discussed. The objective is to discover consensus without the need of a formal church board vote.

The district superintendent, or an ordained minister or layperson appointed by the district superintendent, shall be responsible for scheduling and conducting the review meeting(s) with the church board. The review meeting(s) shall be scheduled in consultation with the pastor. The review meeting(s) shall be conducted in executive session (church board, including pastor). At the discretion of the district superintendent, a portion of the review may be conducted in the absence of the pastor. In case the pastor's spouse is an elected member of the board, he or she shall not participate in the review. In addition, other immediate relatives of the pastor may be recused from the review, per the request of the district superintendent or appointed representative.

A public and/or printed announcement explaining the purpose of this church board meeting shall be conveyed to the congregation the Sunday before the church board and district superintendent meet for the regular church/pastoral review.

If the church board does not vote to present the question of continuing the church/pastoral relationship to the church membership, the church/pastoral relationship will continue.

The church board may vote to present to the church membership the question of continuing the pastoral call. The vote by the board will be by ballot and require a two-thirds vote [majority] of all church board members present to carry.

If the church board votes to present the question of continuing the church/pastoral relationship to the church membership, the matter shall be presented at a church meeting duly called for this purpose and held within 30 days following such action. The question shall be presented, "Shall the present church/pastoral relationship continue?" The vote shall be by ballot and require a ~~majority~~ TWO-THIRDS VOTE to carry, except where civil law of a given country requires otherwise.

If the church membership votes to continue the church/pastoral relationship, the church/pastoral relationship shall continue as though such a vote had not been taken;

otherwise, the church/pastoral relationship shall end on a date set by the district superintendent not less than 30 nor more than 180 days following the vote. If the pastor chooses not to proceed with the vote of the congregation or chooses not to accept the vote, he or she shall submit a resignation. In such case, the church/pastoral relationship shall end on a date set by the district superintendent not less than 30 nor more than 180 days following the pastor's decision not to proceed with or accept the congregational vote. (120)

As a part of the regular review, a report will be made to the district superintendent by the pastor and church board regarding progress toward fulfilling the mission, vision and core values of the church.

FURTHER RESOLVED that *Manual* paragraph 124 be amended as follows:

124. Special Church/Pastoral Review. In the interim of regular reviews, a local church board meeting shall become officially a special review only by a majority vote of the entire elected church board with the district superintendent or an elder appointed by the district superintendent present and serving as chairperson.

This special church/pastoral review meeting shall be conducted in executive session (church board, including pastor). At the discretion of the district superintendent, a portion of the review may be conducted in the absence of the pastor. In case the pastor's spouse is an elected member of the board, he or she shall not participate in the review. (113.8)

If the district superintendent and the local church board shall be of the opinion that the question of the continuance of the church/pastoral relationship should be submitted to the church, the district superintendent and the local church board by a two-thirds [majority] vote by ballot of all its members present, except where civil law of a given country requires otherwise, may order the question submitted for vote at a special church meeting. The question shall be submitted in the following form: "Shall the present church/pastoral relationship be continued?"

If by a ~~majority~~ TWO-THIRDS vote by ballot of the church members of voting age present and voting, except where civil law of a given country requires otherwise, the church decides to continue its present church/pastoral relationship, the term of office of the pastor shall continue as though such vote had not been taken.

If, however, the church fails to decide by such vote to continue the present church/pastoral relationship, the term of office of the pastor shall terminate on a date, set by the district superintendent, not more than 180 days following the vote.

If the pastor chooses not to proceed with the vote of the congregation or chooses not to accept the vote, he or she shall submit a resignation. In such case, the church/pastoral relationship shall end on a date set by the district superintendent, not less than 30 nor more than 180 days following the pastor's decision not to proceed with or accept the congregational vote. (123–123.1)

3. **LA-402—Calling of a Pastor**, Kansas City District, recommends that it be amended and adopted. The vote: 85 for the resolution and 4 against the resolution. (Adopted, see 128.)

RESOLVED that *Manual* paragraph 116 be amended as follows:

116. Affirming the value of family and the importance of pastors modeling peaceful and integrated lives, [L]local churches should consider providing a maternity or paternity leave for the pastor and associates. District superintendents should encourage local churches to adopt

maternity/paternity leave policies and provide resources for their development. Such policies may contain the following provisions:

1. Timing and duration of maternity/paternity leave should be determined by mutual agreement of the pastor and church board not less than 90 days prior to anticipated childbirth OR ADOPTION PLACEMENT.

2. Maternity/paternity leave should be considered in addition to and separately from vacation.

3. The local church should consult with the pastor and district superintendent to arrange for a supply pastor during the period of maternity/paternity leave.

4. During maternity/paternity leave the pastor's full salary and benefits continue. Any other arrangement shall be placed in writing and signed by the pastor, secretary of the church board, and the district superintendent.

4. **LA-403—Restrictions**, Kansas City District, recommends that it be adopted. The vote: 52 for the resolution and 45 against the resolution. (Adopted, see 234.)

RESOLVED that *Manual* paragraph 104.2 be amended as follows:

104.2. A local church which mortgages or sells real estate, or receives insurance claims on real estate, shall use the proceeds only for the purchase or capital improvement of real estate, the planting of a new church, or to reduce other real estate indebtedness. Only with the approval of the district superintendent and the District Advisory Board shall any proceeds be used for other purposes.

5. **LA-404—The Local Church Board**, Kansas City District, recommends that it be amended and adopted. The vote: 93 for the resolution and 6 against the resolution. (Adopted, see 237.)

RESOLVED that *Manual* paragraph 127 be amended as follows:

127. Membership. Every local church shall have a church board, composed of the pastor, the Sunday School and Discipleship Ministries International (SDMI) superintendent, the president of the Nazarene Youth International (NYI), the president of the Nazarene Missions International (NMI), the stewards, and the trustees of the church, and the members of the SDMI Board when elected as the Education Committee of the church board by the annual church meeting. If the NMI president is the pastor's spouse, and chooses not to serve on the board, the vice president may serve; however, if the president is the pastor's spouse and chooses to serve on the board, he or she shall not be a part of the review process of the pastor.

There shall be no more than 25 regular members of the church board. (113.11) Ordained and district licensed ministers unassigned by the district and paid employees of the local church are not eligible to serve on the local church board. Exception for UNASSIGNED district licensed ministers who are students in the Course of Study or in a Nazarene institution of higher education may be granted by the district superintendent upon recommendation of the pastor and church board. Such ministers would be recused from church board action regarding recommending the minister to the district assembly for renewal of district minister's license.

We direct our local churches to elect as church officers active members of the local church who profess the experience of entire sanctification and whose lives bear public witness to the grace of God that calls us to a holy life; who are in harmony with the doctrines, polity, and practices of the Church of the Nazarene; and who support the local church faithfully in

attendance, active service, and with tithes and offerings. Church officers should be fully engaged in “making Christlike disciples in the nations.” (34, 113.11, 137, 141, 145–147, 151, 153.2, 160.4)

6. **LA-405—The Local Church Board**, Kansas City District, recommends that it be adopted. The vote: 89 for the resolution and 5 against the resolution. (Adopted, see 129.)

RESOLVED that *Manual* paragraph 128 be amended as follows:

128. Meetings. The church board takes office at the beginning of the church year and shall have at least a bimonthly meeting and shall meet specially when called by the pastor or district superintendent. The church board secretary shall call a special meeting of the board only with the approval of the pastor, or the district superintendent when there is no pastor. Meetings of the church board, including voting, may be conducted through digital technology. Such meetings and votes shall have the same force and effect as votes at a meeting of members gathered in one room or area. Between the annual church meeting and the beginning of the church year, the newly elected church board may meet for organization purposes, at which time it shall elect a church board secretary and a church treasurer as provided hereafter and any other officer that it shall be their duty to elect. (129.19-130)

7. **LA-406—Special Church/Pastoral Review**, Mid-Atlantic District Resolutions Committee, recommends that it be adopted. The vote: 88 for the resolution and 9 against the resolution. (Adopted, see 239.)

RESOLVED that *Manual* paragraph 124 be amended as follows:

124. Special Church/Pastoral Review. In the interim of regular reviews, a local church board meeting shall become officially a special review only by majority vote of the entire elected church board with the district superintendent or an elder appointed by the district superintendent present and serving as chairperson.

This special church/pastoral review meeting shall be conducted in executive session (church board, including pastor). At the discretion of the district superintendent, a portion of the review may be conducted in the absence of the pastor. In case the pastor’s spouse is an elected member of the board, he or she shall not participate in the review. (113.8) In addition, other immediate relatives of the pastor may be recused from the review, per the request of the district superintendent or appointed representative.

If the district superintendent and the local church board shall be of the opinion that the question of the continuance of the church/pastoral relationship should be submitted to the church, the district superintendent and the local church board by a majority vote by ballot of all its members present, except where civil law of a given country requires otherwise, may order the question submitted for vote at a special church meeting. The question shall be submitted in the following form: “Shall the present church/pastoral relationship be continued?”

If by a majority vote by ballot of the church members of voting age present and voting, except where civil law of a given country requires otherwise, the church decides to continue its present church/pastoral relationship, the term of office of the pastor shall continue as though such vote had not been taken.

If, however, the church fails to decide by such vote to continue the present church/pastoral relationship, the term of office of the pastor shall terminate on a date, set by the district superintendent, not more than 180 days following the vote.

If the pastor chooses not to proceed with the vote of the congregation or chooses not to

accept the vote, he or she shall submit a resignation. In such case, the church/pastoral relationship shall end on a date set by the district superintendent, not less than 30 nor more than 180 days following the pastor's decision not to proceed with or accept the congregational vote. (123–123.1)

8. LA-407—Church Board Membership, MidSouth District Resolutions Committee and Alabama South District Advisory Board, recommends that it be amended and adopted. The vote: 77 for the resolution and 12 against the resolution. (Adopted, see 240.)

RESOLVED that *Manual* paragraph 127 be amended as follows:

127. Membership. Every local church shall have a church board, composed of the pastor, the Sunday School and Discipleship Ministries International (SDMI) superintendent, the president of the Nazarene Youth International (NYI), the president of the Nazarene Missions International (NMI), the stewards, and the trustees of the church, and the members of the SDMI Board when elected as the Education Committee of the church board by the annual church meeting. If the NMI president is the pastor's spouse, and chooses not to serve on the board, the vice president may serve; however, if the president is the pastor's spouse and chooses to serve on the board, he or she shall not be a part of the review process of the pastor.

There shall be no more than 25 regular members of the church board. (113.11) Ordained and district licensed ministers WITH THE EXCEPTION OF INDIVIDUALS APPROVED BY THE PASTOR AND THE DISTRICT SUPERINTENDENT [unassigned by the district] and paid employees of the local church are not eligible to serve on the local church board.

We direct our local churches to elect as church officers active members of the local church who profess the experience of entire sanctification and whose lives bear public witness to the grace of God that calls us to a holy life; who are in harmony with the doctrines, polity, and practices of the Church of the Nazarene; and who support the local church faithfully in attendance, active service, and with tithes and offerings. Church officers should be fully engaged in "making Christlike disciples in the nations." (34, 113.11, 137, 141, 145–147, 151, 153.2, 160.4)

9. LA-408—Special Review of the Pastor, Nebraska District Resolutions Committee, recommends that it be rejected. The vote: 12 for the resolution and 78 against the resolution. (Rejected, see 251.)

RESOLVED that *Manual* paragraph 122 be amended as follows:

122. Every year, the pastor and the church board shall conduct a planning session to renew the expectations and goals of the church and the pastor. The written understanding of goals, plans and objectives between the church and the pastor shall be updated. Such written understanding shall be filed with the district superintendent. Completion of at least one annual evaluation that includes a list of desired areas of personal growth and a plan of action for facilitating progress in those areas that has been agreed to by the pastor and the church board shall be a mandatory condition of calling for special review of the pastor. In the event the pastor refuses to collaborate in such a plan of action, that fact may be cited as a basis for calling for special review. (115.2, 129.4)

FURTHER RESOLVED that *Manual* paragraph 124 be amended as follows:

124. Special Church/Pastoral Review. In the interim of regular reviews, a local church board meeting shall become officially a special review only by a majority vote of the entire elected church board with the district superintendent or an elder appointed by the district

superintendent present and serving as chairperson.

This special church/pastoral review meeting shall be conducted in executive session (church board, including pastor). At the discretion of the district superintendent, a portion of the review may be conducted in the absence of the pastor. In case the pastor's spouse is an elected member of the board, he or she shall not participate in the review. (113.8) Such vote shall not be conducted unless a minimum of one annual planning session (122) has included an explanation of desired areas of personal growth and agreement upon a plan of action to addressing such growth areas, or the pastor has refused to collaborate in setting forth such plan of action.

If the district superintendent and the local church board shall be of the opinion that the question of the continuance of the church/pastoral relationship should be submitted to the church, the district superintendent and the local church board by a majority vote by ballot of all its members present, except where civil law of a given country requires otherwise, may order the question submitted for vote at a special church meeting. The question shall be submitted in the following form: "Shall the present church/pastoral relationship be continued?"

If by a majority vote by ballot of the church members of voting age present and voting, except where civil law of a given country requires otherwise, the church decides to continue its present church/pastoral relationship, the term of office of the pastor shall continue as though such vote had not been taken.

If, however, the church fails to decide by such vote to continue the present church/pastoral relationship, the term of office of the pastor shall terminate on a date, set by the district superintendent, not more than 180 days following the vote.

If the pastor chooses not to proceed with the vote of the congregation or chooses not to accept the vote, he or she shall submit a resignation. In such case, the church/pastoral relationship shall end on a date set by the district superintendent, not less than 30 nor more than 180 days following the pastor's decision not to proceed with or accept the congregational vote. (123–123.1)

10. **LA-409—Co-Pastors**, Netherlands District Assembly, recommends that it be amended and adopted. The vote: 68 for the resolution and 7 against the resolution. (Adopted, see 130.)

RESOLVED that *Manual* 121 be amended as follows:

121. Upon the recommendation of the church board and approval of the district superintendent, a congregation may elect co-pastors to serve. In this case, the following stipulations will apply:

1. The co-pastors shall work with the church board, under the direction of the district superintendent, to develop a plan for shared responsibility and authority.

2. Co-pastors are equals in the pastoral office. If required by law, one person shall be officially designated by the church board as the presiding officer, serving as president of the corporation and chairperson of the church board.

3. The pastoral review process shall be conducted as provided for in paragraph 123.

4. When a local church (which has previously elected a senior pastor to serve for a specific term of two years or four years) decides that they wish to add one or more ministers as co-pastors with the existing elected pastor, *Manual* paragraph 115 should be followed for this

process. Upon approval by the district superintendent and a two-thirds vote of all the church board members, the church will vote on the question whether the church wants to add a co-pastor rather than an associate pastor. If the motion carries, the name of the new co-pastor will be put on a ballot and this person would need to receive a two-thirds vote of the congregation (as stated in *Manual* paragraph 115) in order to be approved to serve as co-pastor for that local church.

5. If the necessary two-thirds vote is received, the two-year term would then begin on the same date for each minister. A regular pastoral/church review would be scheduled within 60 days of the second anniversary of the pastoral service of the co-pastors (*Manual* paragraph 123).

FURTHER RESOLVED that *Manual* paragraph 121.1 be amended as follows:

121.1. Within 60 days [U]pon the resignation or termination of a co-pastor [a remaining co-pastor may be appointed by the district superintendent to serve as pastor of the church; provided, however, that within 60 days], the question of the pastoral relationship shall be presented to the church board, at which time the church shall follow the process outlined in paragraph [115]123. If the church board decides to no longer call a co-pastor, such decision will require the approval of the district superintendent and the ~~agreement~~ TWO-THIRDS VOTE of the local church membership.

11. **LA-410—Associate Pastor’s Severance**, New England District Resolutions Committee, recommends that it be rejected. The vote: 0 for the resolution and 84 against the resolution. (Rejected, see 132.)

RESOLVED that *Manual* paragraph 160.2 be amended as follows:

160.2. The employment of such associates shall be for no more than one year and may be renewed upon recommendation of the pastor with the prior written approval of the district superintendent and the favorable vote of the church board. The pastor shall be responsible to conduct an annual review of each staff member. The pastor, in consultation with the church board, may make recommendations for staff development or modifications in job description as indicated by the review. The dismissal of all local associates prior to the end of the employment term (end of fiscal church year) must be by recommendation of the pastor, prior written approval of the district superintendent, and the majority vote of the church board. Notification of dismissal or non-renewal must be given in writing not less than [30] 60 days prior to the termination of employment. (129.27)

FURTHER RESOLVED that a new paragraph be added to the *Manual* as follows:

160.3. The dismissal of any paid local associate shall be accompanied by an appropriate severance package. Such package shall be negotiated by a team appointed by the local church board and approved by the district superintendent. A fair and equitable severance package shall consider cash salary, paid benefits, housing allowance, and medical insurance. Said severance package shall be documented in the official board minutes.

FURTHER RESOLVED that *Manual* paragraphs 160.3-160.8 be renumbered accordingly.

12. **LA-411—Electronic and Multi-Site Meetings—Local Church**, Oregon Pacific District Resolutions Committee, recommends that it be amended and adopted. The vote: 40 for the resolution and 35 against the resolution. (Referred to the Board of General Superintendents, see 131.)

RESOLVED that *Manual* paragraph 113.2 be amended as follows:

113.2. There is no provision for absentee voting in church meetings. All local church meetings—annual meeting, special meeting, church board, councils and committees—shall be authorized to meet by telephone conference or through other electronic media if all involved can HAVE OPPORTUNITY TO communicate and participate.

Voting in annual and special meetings in multiple sites and times shall be conducted via a process approved by the District Advisory Board.

All communications and voting may be carried out electronically.

13. **LA-412—Stewards/Scriptural Support**, Southwest Indiana District Assembly Resolutions Committee, recommends that it be adopted. The vote: 43 for the resolution and 32 against the resolution. (Adopted, see 252.)

RESOLVED that *Manual* paragraph 138.2 be amended as follows:

138.2. To provide assistance and support for the needy and distressed. A biblical role of lay leaders is that of ministering in areas of practical service ([Acts 6:1-3;] Romans 12:6-8). Therefore stewards should offer their time and spiritual gifts in acts of service, administration, encouragement, mercy, visitation, and other ministries.

14. **LA-413—The Regular Church/Pastoral Review**, Upstate New York District Resolutions Committee, recommends that it be adopted. The vote: 89 for the resolution and 12 against the resolution. (Adopted, see 241.)

RESOLVED that *Manual* paragraph 123 be amended as follows:

123. The Regular Church/Pastoral Review. The church/ pastoral relationship shall be reviewed by the church board, meeting with the district superintendent, or an ordained minister or layperson appointed by the district superintendent, within 60 days of the second anniversary of pastoral service and every four years thereafter. At this review meeting, the question of continuing the church/pastoral relationship shall be discussed. The objective is to discover consensus without the need of a formal church board vote.

The district superintendent, or an ordained minister or layperson appointed by the district superintendent, shall be responsible for scheduling and conducting the review meeting(s) with the church board. The review methodology shall be determined by the district superintendent. The review meeting(s) shall be scheduled in consultation with the pastor. The review meeting(s) shall be conducted in executive session (church board, including pastor). At the discretion of the district superintendent, a portion of the review may be conducted in the absence of the pastor. In case the pastor's spouse is an elected member of the board, he or she shall not participate in the review. In addition, other immediate relatives of the pastor may be recused from the review, per the request of the district superintendent or appointed representative.

REMAINDER OF PARAGRAPH REMAINS THE SAME.

15. **LA-414—Approval for a Paid Associate to be Considered as Pastor**, Board of General Superintendents, recommends that it be rejected. The vote: 36 for the resolution and 49 against the resolution. (Rejected, see 253.)

RESOLVED that *Manual* paragraph 129.2 be amended as follows:

129.2. To nominate to the church, after having consulted with the district superintendent, any elder or licensed minister (elder track), who is serving as a paid associate at and is a member of that local church, whom it may deem the proper person to become

pastor, provided the nomination be approved by the district superintendent and the District Advisory Board. (115, 160.8, 208.10, 222.14)

FURTHER RESOLVED that *Manual* paragraph 208.10 be amended as follows:

208.10. To consult with the church board concerning the nomination of an elder or a licensed minister (elder track), who is serving as a paid associate at and is a member of that local church, to pastor a local church, and to approve or disapprove such nomination, with approval of the District Advisory Board. (115, 129.2, 160.8, 222.14)

FURTHER RESOLVED that if this resolution is adopted, other *Manual* paragraphs may need to be harmonized by the *Manual* Editing Committee.

16. **LA-415—Local Church Name Change**, Board of General Superintendents, recommends that it be rejected. The vote: 17 for the resolution and 61 against the resolution. (Rejected, see 254.)

RESOLVED that *Manual* paragraph 101.1 be amended as follows:

101.1. Change of Name. A local Church of the Nazarene may change its name by this process:

1. The local church board submits the proposed change to the district superintendent who shall obtain the written approval of the District Advisory Board;
2. A majority ballot vote in an annual or special meeting of the church membership;
3. The District Advisory Board reports the change to the district assembly[, and the district assembly votes approval of the same.];
4. The name change should be reflected in the Articles of Incorporation and all other legal documents. (102.4)

17. **LA-416—Calling of a Pastor**, Republic of South Africa Eastern District, recommends that it be rejected. The vote: 5 for the resolution and 92 against the resolution. (Rejected, see 232.)

RESOLVED that *Manual* paragraph 115 be amended as follows:

H. Calling of a Pastor

115. An ordained elder or licensed minister (elder track) may be called to pastor a church by two-thirds favorable vote by ballot of the church members of voting age present and voting at a duly called annual or special meeting of the church, provided that:

1. Such ordained elder or licensed minister (elder track) has not reached the age of 70 years.

[1] 2. Such ordained elder or licensed minister (elder track) shall have been nominated to the church by the church board, which, after having consulted with the district superintendent, made such nomination by two-thirds vote by ballot of all its members; and

[2] 3. The nomination shall have been approved by the district superintendent.

Any ordained elder or licensed minister (elder track) with membership in a local church may not be considered for pastor of that church without the approval of the district superintendent and the District Advisory Board. This call shall be subject to review and continuance as hereinafter provided. (119, 122–124, 129.2, 160.8, 208.10, 222.14, 513, 530, 531.4, 532.3)

FURTHER RESOLVED that *Manual* paragraph 123 be amended as follows:

J. Renewing the Local Church/Pastor Relationship

123. The Regular Church/Pastoral review. The church/pastoral relationship shall be

reviewed by the church board, meeting with the district superintendent, or an ordained minister or layperson appointed by the district superintendent, within 60 days of the second anniversary of pastoral service and every four years thereafter. At this review meeting, the question of continuing the church/pastoral relationship, provided the pastor has not reached the age of 70 years, shall be discussed. The objective is to discover consensus without the need of a formal church board vote.

...REMAINDER OF PARAGRAPH REMAINS THE SAME.

18. LA-417—Local Church Membership Recording, Southern Florida District General Assembly Resolutions Committee, recommends that it be adopted. The vote: 75 for the resolution and 5 against resolution. (Adopted, see 255.)

RESOLVED that *Manual* paragraph 109.2 be amended as follows:

109.2. When a member of a church has been absent from all religious services of the church for six successive months without a reason deemed justifiable by the church board, and attempt has been made to encourage him or her to become active when possible, that person's membership may be declared inactive upon recommendation of the Evangelism and Church Membership Committee and action of the church board. The person shall be informed by a redemptive letter from the pastor within seven days of the action of the church board. After such action of the church board, the pastor shall [write opposite the member's name] have entered in that individual's permanent file/record "Placed on the Inactive Membership Roll by the church board (date)."

FURTHER RESOLVED that *Manual* paragraph 112 be amended as follows:

112. Ministers. When a licensed or an ordained minister has united with the church membership or ministry of a church other than the Church of the Nazarene, the pastor of the local church in which the minister is a member shall immediately notify the District Ministerial Credentials Board of the fact. The Ministerial Credentials Board shall investigate and confirm the status of the member of the clergy. If the District Ministerial Credentials Board determines that the member of the clergy will be removed from the roll of ministers, the pastor of the local church will also remove the person's name from the membership roll of the church and shall [write opposite the name,] have entered in that individual's permanent file/record "Removed by uniting with another church, denomination, or ministry." (530.9, 536.10–536.11)

FURTHER RESOLVED that the *Manual* Editing Committee, when editing the 2017-2021 *Manual*, apply the same pattern of recording to other paragraphs of the *Manual* where reference is made to "writing."

19. LA-418—Local Church Refinancing Restrictions, Southern Florida District General Assembly Resolutions Committee, recommends that it be adopted. The vote: 86 for the resolution and 3 against the resolution. (Adopted, see 256.)

RESOLVED that *Manual* paragraph 104 be amended as follows:

104. Restrictions. The local church may not purchase or lease real estate, nor sell, mortgage, refinance with accrual of additional debt, exchange, or in any other way encumber real property, or otherwise dispose of real estate unless approved by a two-thirds vote of the members present at an annual meeting, or at a special meeting duly called. If a church is refinancing an existing debt, and the refinancing arrangement does not increase the debt of the church and does not further encumber the real estate of the church, approval for the refinancing may be granted by a two-thirds vote of the board, without the need to take a

congregational vote on the matter. The church board may approve by two-thirds vote of its members present and voting, the disposition of properties donated for the specific purpose of providing funds for the local church. [Both items] All items above require the written approval of the district superintendent and the District Church Properties Board. (113.3-113.4, 113.7-113.8, 234.3-234.4).

MINISTRY AND EDUCATION COMMITTEE

The Ministry and Education Committee having had referred to it the following resolutions, which were presented to the assembly in three reports, recommends action as indicated:

1. MED-500—Approval Process for Ministers Who Wish to Serve with an Independent Church, Religious Group, or Denomination, Board of General Superintendents, New England District Resolutions Committee, Mid-Atlantic District Resolutions Committee, and Reference Committee. (See MED-515.)

RESOLVED that *Manual* paragraph 536.11 be amended as follows:

536.11. No [ordained minister] member of the clergy shall regularly conduct independent church activities that are not under the direction of the Church of the Nazarene, or carry on independent missions or unauthorized church activities, or be connected with the operating staff of an independent church or other religious group or denomination, without the annual written approval of the District Advisory Board [and] or at the [annual] request of the District Advisory Board, the written approval of the Board of General Superintendents. When the said activities are to be conducted on more than one district, or a district other than the district on which said minister holds ministerial membership, the written approval of the Board of General Superintendents must be obtained prior to the participation in said activities. The Board of General Superintendents shall notify the respective District Advisory Boards that a request for said approval is pending before their board.

Should a[n ordained minister] member of the clergy fail to comply with these requirements, he or she may, on recommendation by a two-thirds vote of the entire membership of the Ministerial Credentials Board, and by action of the district assembly, be dropped from the membership of the Church of the Nazarene. The final determination as to whether any specific activity constitutes “an independent mission” or “an unauthorized church activity” shall rest with the Board of General Superintendents. (112–112.1; 530.9)

FURTHER RESOLVED that *Manual* paragraph 536.11 also be added as a cross-reference to *Manual* paragraph 530.9.

2. MED-501—Annual Reporting of a Licensed Minister, Colorado District Resolutions Committee, recommends that it be adopted. The vote: 68 for the resolution and 1 against the resolution. (Adopted, see 223.)

RESOLVED that *Manual* paragraph 530.8 be amended as follows:

530.8. All licensed ministers shall hold their ministerial membership in the district assembly of the district wherein their church membership is held, and shall report to this body annually. Report may be submitted on the appropriate annual report form or the Application for a District Minister’s License if renewing. (201, 203.3, 520)

3. **MED-502—Call and Qualifications of the Minister**, Global Clergy Development, recommends that it be adopted. The vote: 67 for the resolution and 0 against the resolution. (Adopted, see 225.)

RESOLVED that *Manual* paragraph 500 be amended as follows:

500. The Church of the Nazarene recognizes all believers are called to minister to all people. We also [recognize] affirm Christ calls some men and women to a specific and public ministry[.] even as He [As our Lord] chose and ordained His 12 apostles[.] He still calls and sends ministers.] When [T]the church, illuminated by the Holy Spirit, recognizes such a divine call, [God calls individuals to a lifetime of ministry.

When the church discovers a divine call, the church should recognize,] the church endorses[,] and assists the [candidate's] individual's entry into a lifetime of ministry.

4. **MED-503—The Chaplain**, Global Clergy Development, Mid-Atlantic District Resolutions Committee, and Reference Committee, recommends that it be adopted. The vote: 67 for the resolution and 0 against the resolution. (Amended and Adopted, see 227.)

RESOLVED that *Manual* paragraph 506 be amended as follows:

506. The chaplain is an elder or deacon who feels divinely led to specialized ministry in military, institutional, or industrial chaplaincy. All [chaplains] ministers seeking to serve in chaplaincy must be approved by their district superintendent. [Persons] ~~Those ministers applying for career assignment in the [U.S.A.] military chaplaincy must also appear before the Chaplaincy Advisory Council and the Board of General Superintendents.~~ [The chaplain who] An ordained minister [serves] serving in chaplaincy [this ministry] as his or her primary assignment [and who does not sustain a retired relationship with the church or any of its departments or institutions,] shall be an assigned minister, and shall report annually to the district assembly and give due regard to the advice and counsel of the district superintendent and the District Advisory Board. The chaplain may receive [associate] fellowship members into the Church of the Nazarene in consultation with an officially organized Church of the Nazarene, administer the sacraments in harmony with the *Manual*, give pastoral care, comfort the sorrowing, reprove and encourage and seek by all means the conversion of sinners, sanctification of believers, and the upbuilding of the people of God in the most holy faith. (518, 536.9, 536.11)

5. **MED-504—Renewal of District Minister's License**, Global Clergy Development, recommends that it be adopted. The vote: 62 for the resolution and 5 for the resolutions. (Adopted, see 230.)

RESOLVED that *Manual* paragraph 530.4 be amended as follows:

530.4. To qualify for ordination, candidates must achieve graduation from a validated course of study within 10 years from the granting of the first district license. Any exception, due to unusual circumstances, may be granted by the Ministerial Credentials Board, subject to the approval of the general superintendent in jurisdiction.

A licensed minister who is not pursuing ordination or who is disqualified from ordination for failure to complete a validated course of study within the prescribed time limit may be granted renewal of minister's license upon recommendation of the District Advisory Board and the Ministerial Credentials Board. Such recommendation shall be contingent upon the minister having graduated from a validated course of study or having completed at least two courses in a validated course of study during the past year.

6. **MED-505—Authority of Licensed Ministers**, Global Clergy Development, recommends that it be adopted. The vote: 77 for the resolution and 0 against the resolution. (Adopted, see 297.)

RESOLVED that *Manual* paragraph 530.7 be amended as follows:

530.7. Licensed ministers shall be vested with authority to preach the Word and/or to use their gifts and graces in various [associate] ministries [in servant ministry] to the Body of Christ. In addition, provided they [pass annually their required studies and are] serve in an [active and] assigned ministry recognized by the[ir] [local] district on which they hold their ministerial membership, licensed ministers shall also be vested with authority to administer the sacraments of baptism and the Lord's Supper in their own congregations, and to officiate at marriages where the laws of the state do not prohibit. (30.2, 510-511, 514, 514.4, 514.9, 522, 530.8, 531-531.2, 532-532.2, 800, 802, 803)

7. **MED-506—Board Election for Multiregional International Board of Education Schools**, International Board of Education, recommends that it be adopted. The vote 80 for the resolution and 0 against the resolution. (Adopted, see 302.)

RESOLVED that *Manual* paragraph 305.8 be deleted as follows:

[305.8. Elect boards of control for educational institutions serving multiregional areas, to serve until their successors are elected and qualified and in accordance with the following provisions:

The boards of control shall be comprised of persons from the respective areas served by the institution.

In instances where the institution serves a multiregional area, election of that board shall be conducted in the General Assembly regional caucus(es) composed of delegates from the regions primarily served by the schools.]

FURTHER RESOLVED that *Manual* paragraph 305.9 be renumbered accordingly.

8. **MED-507—The Retired Minister**, Kansas City District, recommends that it be amended and adopted. The vote: 69 for the resolution and 5 against the resolution. (Adopted, see 224.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

534.2. Retired ministers (assigned or unassigned) remain obligated to report annually to the district assembly (536.9). In the case of retired ministers who are unable to report due to limitations beyond their control, the district assembly may, upon recommendation of the Ministerial Credentials Board, grant "~~superannuated~~ EXEMPT" status to such a minister, thus perpetually fulfilling the obligation of annual reporting.

9. **MED-508—Theology of Ordination**, Mid-Atlantic District Resolutions Committee, New England District Resolutions Committee, and Reference Committee, recommends that it be adopted. The vote: 67 for the resolution and 0 against the resolution. (Adopted, see 226.)

RESOLVED that *Manual* paragraph 502 be amended as follows:

502. Theology of Ordination. While affirming the scriptural tenet of the universal priesthood and ministry of all believers, ordination reflects the biblical belief that God calls and gifts certain men and women for ministerial leadership in the church. Ordination is the authenticating, authorizing act of the Church, which recognizes and confirms God's call to ministerial leadership as stewards and proclaimers of the gospel and the Church of Jesus Christ. Consequently, [O]rdination bears witness to the Church universal and the world at large that

this candidate [reveals a] evidences an exemplary life of holiness, possesses gifts and graces for public ministry, [demonstrates] and has a thirst for knowledge, especially for the Word of God, and [displays] has the capacity to communicate sound doctrine. (Acts 13:1-3; 20:28; Romans 1:1-2; 1 Timothy 4:11-16; 5:22; 2 Timothy 1:6-7; 5:22)

10. **MED-509—The Missionary**, Mid-Atlantic District Resolutions Committee, recommends that it be adopted. The vote: 71 for the resolution and 0 against the resolution. (Adopted, see 228.)

RESOLVED that *Manual* paragraph 512 be amended as follows:

512. The missionary is a member of the clergy or a layperson who [has been appointed by the General Board to minister for the church through the Global Mission Committee] minister under the supervision of Global Mission Department. A missionary with an appointment and having a ministerial credential shall be considered an assigned minister.

11. **MED-510—Expectations of Clergy**, South Central Ohio District Resolutions Committee and District Advisory Board, recommends that it be adopted. The vote: 84 for the resolution and 0 against the resolution. (Adopted, see 298.)

RESOLVED that *Manual* paragraph 536.8 be amended as follows:

536.8. All [elders and deacons] members of clergy (assigned and unassigned) shall be active members in a local Church of the Nazarene where they will be faithful in attendance, in tithe, and in participation in the ministries of the church. Exceptions to this requirement may be granted only by approval of the District Advisory Board. If [an elder or deacon] a member of clergy does not hold membership in a local Church of the Nazarene on the district where his or her credential is held, he or she can be dropped from the roll of [elders or deacons] ministers. (521)

12. **MED-511—Core Duties of the Pastor**, Mid-Atlantic District Resolutions Committee, recommends that it be adopted. The vote: 72 for the resolution and 1 against the resolution. (Adopted, see 303.)

RESOLVED that *Manual* paragraph 517 be amended as follows:

517. The pastor shall not contract bills, create financial obligations, count moneys, or disburse funds for the local church unless authorized and directed by majority vote of the church board or by majority vote of a church meeting; such action, if taken, must be approved in writing by the District Advisory Board and shall be duly recorded in the minutes of the church board or of the church meeting. No pastor or any member of his or her immediate family shall be authorized to [sign checks on any church account] have direct access to any church bank account or other church funds except upon the written approval of the district superintendent. Immediate family shall include spouse, children, siblings, or parents. (129.1, 129.21-129.22)

13. **MED-512—General Guidelines for Preparation for Christian Ministry**, Mid-Atlantic District Resolutions Committee, recommends it be amended and adopted. The vote: 71 for the resolution and 0 against the resolution. (Adopted, see 295.)

RESOLVED that *Manual* paragraph 528.2 be amended as follows:

528.2. [In regions administratively related to the Global Mission office, a] All validated courses of study [, as stated in the regional *Sourcebook on Ordination*] will be governed by the regional] recognized by a region will be governed by that region's *Sourcebook on Ordination*. (527.2-527.3, 527.5)

14. **MED-513—General Regulations**, Mid-Atlantic District Resolutions Committee, recommends that it be adopted. The vote: 80 for the resolution and 0 against the resolution. (Adopted, see 304.)

RESOLVED that *Manual* paragraph 536.7 be amended as follows:

536.7. In case the credential of an elder or deacon has been misplaced, mutilated, or destroyed, a duplicate certificate may be issued upon the recommendation of the District Advisory Board. Such recommendation shall be made directly to the general superintendent in jurisdiction, and upon the authority of that approval, the general secretary shall issue a duplicate certificate. On the back of the certificate, the original number should be identified along with the word duplicate. If the general superintendent, district superintendent or the district secretary signing the original certificate is not available, the general superintendent having jurisdiction, district superintendent, and district secretary of the district requesting the duplicate certificate shall sign the certificate. On the reverse side thereof shall be the following statement inscribed in writing or printing, or both writing and printing, and signed by the general superintendent having jurisdiction, district superintendent, and district secretary.

15. **MED-514—Special Service Status**, MidSouth District Resolutions Committee and Alabama South District Advisory Board, recommends that it be adopted. The vote: 65 for the resolution and 0 against the resolution. (Adopted, see 222.)

RESOLVED that *Manual* paragraph 526 be amended as follows:

526. A member of the clergy in active service not otherwise provided for shall be appointed to special service, if such service is approved by the district assembly, and shall be listed by the district as an assigned minister. Persons designated Special Service are required to maintain relationship with the Church of the Nazarene and will submit in writing to the District Advisory Board and/or Ministerial Credentials Board annually, the nature of their ongoing connection with the Church of the Nazarene.

FURTHER RESOLVED that *Manual* paragraph 813.2, Recommendation to the District Assembly form, be amended as follows:

SPC—Special Service/Interdenominational (in active service in a manner not otherwise provided for, which must be approved by the district assembly upon recommendation by the District Advisory Board and/or the Ministerial Credentials Board, as well as the Board of General Superintendents). Persons designated SPC are required to maintain relationship with the Church of the Nazarene and will submit in writing to the District Advisory Board and/or Ministerial Credentials Board annually, the nature of their ongoing connection with the Church of the Nazarene.

16. **MED-515—Special Service**, South Central Ohio District Resolutions Committee and District Advisory Board recommends that it be substituted and adopted. The vote: 71 for adoption and 0 against adoption. (Amended and Adopted, see 221.)

RESOLVED that *Manual* paragraph 526.1 be amended as follows:

526. A member of the clergy in active service not otherwise provided for shall be appointed to special service, if such service is approved by the district assembly, and shall be listed by the district as an assigned minister.

526.1. [An elder or deacon] A member of clergy employed in a ministerial capacity as an officer in a church-related organization serving the church, or approved upon careful evaluation of his or her District Advisory Board and district assembly to serve with an educational

institution, evangelistic, or missionary organization not directly related to the church, may be appointed to special service subject to 536.11.

FURTHER RESOLVED that a new paragraph be amended to the *Manual* as follows:

526.2. The status of special service may be issued by the District Advisory Board to a member of clergy on interim or leave of absence, upon recommendation by the district superintendent, for a maximum of two years.

FURTHER RESOLVED that *Manual* paragraph 536.10 be amended as follows:

536.10. Any [ordained minister] member of clergy uniting with a church or denomination other than the Church of the Nazarene, or [engaging in] other Christian ministry, having obtained a license or credential from them, will cease membership in the Church of the Nazarene unless he or she obtains approval of the District Advisory Board of the assembly district in which he or she holds ministerial membership [, and obtains the written approval of the Board of General Superintendents]. The district assembly shall cause to be entered into its minute record the following statement: "Removed from the membership and ministry of the Church of the Nazarene by uniting with another church, denomination, or ministry." (107, 112)

FURTHER RESOLVED THAT *MANUAL* PARAGRAPH 536.11 BE REWRITTEN AND SUBSTITUTED AS FOLLOWS:

~~536.11. No [ordained minister] member of clergy shall regularly conduct independent church activities that are not under the direction of the Church of the Nazarene, or carry on independent missions or unauthorized church activities, or be connected with the operating staff of an independent church or other religious group, Christian ministry, or denomination, without the annual written approval of the District Advisory Board [and annual]. When the said activities are to be conducted on more than one district, or a district other than the district on which said minister holds ministerial membership the District Advisory Board granting permission shall notify the district(s) where activities will be conducted of the approved ministers assignment. [, the written approval of the Board of General Superintendents must be obtained prior to the participation in said activities. The Board of General Superintendents shall notify the respective District Advisory Boards that a request for said approval is pending before their board.]~~

~~Should [an ordained minister] a member of clergy fail to comply with these requirements, he or she may, on recommendation by a two-thirds vote of the entire membership of the Ministerial Credentials Board, and by action of the district assembly, be dropped from the membership of the Church of the Nazarene. If requested, the [The] final determination as to whether any specific activity constitutes "an independent mission" or "an unauthorized church activity" shall rest with the Board of General Superintendents. (112-112.1)~~

536.11. NO MEMBER OF THE CLERGY SHALL REGULARLY CONDUCT INDEPENDENT CHURCH ACTIVITIES THAT ARE NOT UNDER THE DIRECTION OF THE CHURCH OF THE NAZARENE, OR CARRY ON INDEPENDENT MISSIONS OR UNAUTHORIZED CHURCH ACTIVITIES, OR BE CONNECTED WITH THE OPERATING STAFF OF AN INDEPENDENT CHURCH OR OTHER RELIGIOUS GROUP, CHRISTIAN MINISTRY, OR DENOMINATION, WITHOUT THE ANNUAL WRITTEN APPROVAL OF THE DISTRICT ADVISORY BOARD OR AT THE REQUEST OF THE DISTRICT ADVISORY BOARD, THE WRITTEN APPROVAL OF THE BOARD OF GENERAL SUPERINTENDENTS. WHEN THE SAID ACTIVITIES ARE TO BE CONDUCTED ON MORE THAN ONE DISTRICT, OR A DISTRICT OTHER THAN THE DISTRICT ON WHICH SAID MINISTER HOLDS MINISTERIAL

MEMBERSHIP, THE WRITTEN APPROVAL OF THE BOARD OF GENERAL SUPERINTENDENTS MUST BE OBTAINED PRIOR TO THE PARTICIPATION IN SAID ACTIVITIES. THE BOARD OF GENERAL SUPERINTENDENTS SHALL NOTIFY THE RESPECTIVE DISTRICT ADVISORY BOARDS THAT A REQUEST FOR SAID APPROVAL IS PENDING BEFORE THEIR BOARD.

SHOULD A MEMBER OF THE CLERGY FAIL TO COMPLY WITH THESE REQUIREMENTS, HE OR SHE MAY, ON RECOMMENDATION BY A TWO-THIRDS VOTE OF THE ENTIRE MEMBERSHIP OF THE MINISTERIAL CREDENTIALS BOARD, AND BY ACTION OF THE DISTRICT ASSEMBLY, BE DROPPED FROM THE MEMBERSHIP OF THE CHURCH OF THE NAZARENE. THE FINAL DETERMINATION AS TO WHETHER ANY SPECIFIC ACTIVITY CONSTITUTES “AN INDEPENDENT MISSION” OR “AN UNAUTHORIZED CHURCH ACTIVITY” SHALL REST WITH THE BOARD OF GENERAL SUPERINTENDENTS. (112–112.1; 530.9)

17. **MED-516—Core Duties of the Pastor**, Mid-Atlantic District Resolutions Committee and New England District Resolutions Committee, recommends that it be adopted. The vote: 81 for the resolution and 0 against the resolution. (Adopted, see 299.)

RESOLVED that *Manual* paragraph 514.4 be amended as follows:

514.4. Administer the sacraments[.] of the Lord’s Supper and Baptism. The Lord’s Supper should be administered at least once a quarter. Pastors are encouraged to move toward a more frequent celebration of this means of grace. A district licensed minister who has not complied fully with the provisions of 530.7 (see also 802) shall arrange for the administration of the sacrament by an ordained minister. A local licensed minister shall not be eligible to administer the sacraments of baptism or the Lord’s Supper. (529.7) Consideration should be given for extending the Lord’s Supper to homebound persons, under supervision of the pastor.

FURTHER RESOLVED that *Manual* paragraph 514.9 be deleted as follows:

[514.9. Administer the sacrament of the Lord’s Supper at least once a quarter. Pastors are encouraged to move toward a more frequent celebration of this means of grace. A licensed minister who has not complied fully with the provisions of 530.7 (see also 802) shall arrange for the administration of the sacrament by an ordained minister. Consideration should be given for extending the Lord’s Supper to homebound persons, under supervision of the pastor.]

FURTHER RESOLVED that *Manual* paragraphs 514.9-514.13 be renumbered accordingly.

18. **MED-517—Restrictions for Persons Who Are Guilty of Sexual Misconduct Involving Children**, Global Clergy Development, Northeast Oklahoma District Resolutions Committee, and Reference Committee, recommends that it be amended and adopted. The vote: 75 for the resolution and 2 against the resolution. (Referred to the Board of General Superintendents, see 138.)

RESOLVED that *Manual* paragraph 129.30 be amended as follows:

129.30. To adopt and implement a plan to reduce the risk that individuals placed in positions of authority within the church will use the position of trust or authority to engage in misconduct. [The plan for each local church must take into consideration its own unique circumstances.] In order to protect the innocence of children AND/OR THE UNEMPOWERED, the plan must stipulate that any person guilty of sexual misconduct involving children AND/OR THE UNEMPOWERED* shall not be permitted to serve in any position of responsibility for or ministry with children AND/OR THE UNEMPOWERED, OR BE granted a ministerial license, or elected or appointed to any leadership role in the local church.

*In matters of sexual misconduct involving children, a person shall be considered a child until the age of 18 unless a state's or country's own domestic legislation establishes the age of majority is attained later than the age of 18. This definition shall also apply in localities where the age of consent is lower than the age of 18. AN UNEMPOWERED PERSON IS ONE WHO IS UNABLE TO PROTECT HIM OR HERSELF AGAINST SIGNIFICANT HARM OR EXPLOITATION.

FURTHER RESOLVED that *Manual* paragraph 903.3 be amended as follows:

903.3. The Church of the Nazarene abhors abuse of any person of any age or sex and calls for increased public awareness through its publications and by providing appropriate educational information.

The Church of the Nazarene [re]affirms its historical [policy] position that all those who act under the authority of the Church are prohibited from sexual misconduct and other forms of abuse of the unempowered. When [placing people] selecting individuals to serve in positions of trust or authority[, the Church of the Nazarene will presume that past conduct is usually a reliable indicator of likely future behavior. T] the Church will withhold such positions [of authority] from [people] those who have previously used a position of trust or authority to engage in sexual misconduct or abuse of the unempowered, unless appropriate steps are taken to prevent future wrongful behavior. Expressions of remorse by a guilty person shall not be considered a sufficient basis on which to presume [to overcome the presumption that] appropriate future [wrongful] conduct [is likely,] unless the expressions of remorse are accompanied by an observable and positive change of conduct for a sufficient length of time[, to indicate that a repeat of the wrongful misconduct is unlikely]. Furthermore, in order to protect the innocence of children AND/OR THE UNEMPOWERED*, those guilty of sexual misconduct involving children AND/OR THE UNEMPOWERED must not be permitted to serve in any position of responsibility for or ministry with children AND/OR THE UNEMPOWERED, OR BE granted a ministerial license, or elected or appointed to any leadership role in the local church. (2009)

*In matters of sexual misconduct involving children, a person shall be considered a child until the age of 18 unless a state's or country's own domestic legislation establishes the age of majority is attained later than the age of 18. This definition shall also apply in localities where the age of consent is lower than the age of 18. AN UNEMPOWERED PERSON IS ONE WHO IS UNABLE TO PROTECT HIM OR HERSELF AGAINST SIGNIFICANT HARM OR EXPLOITATION.

19. **MED-518—Use of the Title “Pastor”**, Northwestern Ohio District General Assembly Resolutions Committee, recommends that it be adopted. The vote: 58 for the resolution and 23 against the resolution. (Amended and Referred to the Board of General Superintendents, see 300.)

RESOLVED that a new paragraph be added to the *Manual* (Section 500) where appropriate as follows:

Only assigned ordained ministers and district licensed ministers are to be conferred with any rank or title that includes the word “pastor;” EXCEPT FOR THOSE WHO ARE ENGAGED IN PASTORAL MINISTRY AND PREPARING FOR MINISTRY.

20. **MED-519—Background Check for Local Ministers**, Oregon Pacific District Resolutions Committee, recommends that it be adopted. The vote: 79 for the resolution and 0 against the resolution. (Adopted, see 146.)

RESOLVED that *Manual* paragraph 529.1 be amended as follows:

529.1. Any member of the Church of the Nazarene who feels called of God to preach or to pursue lifetime ministry through the church may be licensed as a local minister for one year by the church board of a local church having an ordained minister as pastor, upon the pastor's recommendation; or by the church board of a local church not having an ordained minister as pastor, if the granting of license is recommended by the pastor and approved by the district superintendent. The candidate must first be examined as to his or her personal experience of salvation, knowledge of the doctrines of the Bible, and the order of the church; he or she must also demonstrate that the call is evidenced by grace, gifts, and usefulness. He or she shall undergo an appropriate background check administered by the local church. A local minister shall make a report to the local church at its annual church meetings. (113.9, 129.12, 208.12)

21. **MED-520—Deacons/Elders**, Southwest Indiana District Assembly Resolutions Committee, recommends that it be rejected. The vote: 0 for the resolution and 81 against the resolution. (Rejected, see 301.)

RESOLVED that *Manual* paragraph 514.9 be amended as follows:

514.9. Administer the sacrament of the Lord's Supper at least once a quarter. Pastors are encouraged to move toward a more frequent celebration of this means of grace. A licensed minister who has not complied fully with the provisions of 530.7 (see also 802) shall arrange for the administration of the sacrament by an ordained [minister] elder. Consideration should be given for extending the Lord's Supper to homebound persons, under supervision of the pastor.

FURTHER RESOLVED that *Manual* paragraph 504 be amended as follows:

504. The Church of the Nazarene recognizes [only one order of the preaching ministry, that of elder] the order of elder and the order of deacon. It also recognizes that the member of the clergy may serve the church in various capacities. (Ephesians 4:11-12) The church recognizes the following categories of service in which a district assembly may place an elder, deacon, or, as circumstances warrant, a licensed minister: pastor, evangelist, missionary, teacher, administrator, chaplain, and special service. Ministerial training and ordination are normally required, or greatly desired, to fulfill these categories as an "assigned minister." The *Sourcebook on Ordination* shall provide guidelines for each category of ministry that will aid district boards in identifying the qualifications necessary for consideration to be an assigned minister. Only assigned ministers shall be voting members of the district assembly.

FURTHER RESOLVED that *Manual* paragraph 531.1 be amended as follows:

531.1. [The deacon does not witness to a specific call to preach.] The church recognizes, on the basis of Scripture and experience, that God calls some individuals to a lifetime ministry [who do not witness to such a specific call] of Word and Service, and believes that individuals so called to [such ministries] the ministry of a deacon should be recognized and confirmed by the church and should meet requirements, and be granted responsibilities, established by the church. This is a permanent order of ministry.

FURTHER RESOLVED that *Manual* paragraph 531.2 be amended as follows:

531.2. The deacon must meet the requirements of the order for education, exhibit the appropriate gifts and graces, and be recognized and confirmed by the church. The deacon shall be vested with the authority to administer the sacrament[s] of baptism [and the Lord's Supper], to assist the elder in the distribution of the Lord's Supper, and to officiate at marriages where the laws of the state do not prohibit, and on occasion to conduct worship and to preach. It is

understood that the Lord and the church may use this person's gifts and graces in various associate ministries. As a symbol of the servant ministry of the Body of Christ, the deacon may also use his or her gifts in roles outside the institutional church. (30.2[, 514.9-514.10])

FURTHER RESOLVED that *Manual* paragraph 531.4 be amended as follows:

531.4. If in the pursuance of his or her ministry, the ordained deacon feels called to the [preaching] ministry of elder, he or she may be ordained [elder] as such upon completion of the requirements for that credential and the return of the deacon credential.

FURTHER RESOLVED that *Manual* paragraph 532 be amended as follows:

532. An elder is a minister whose call of God to preach, gifts, and usefulness have been demonstrated and enhanced by proper training and experience, and who has been separated for the ministry of Word and Table and to the service of Christ through His church by the vote of a district assembly and by the solemn act of ordination, and thus has been fully invested to perform all functions of the Christian ministry.

FURTHER RESOLVED that *Manual* paragraph 532.1 be amended as follows:

532.1. [We recognize but one order of preaching ministry – that of elder.] The order of elder [This] is a permanent order in the church. The elder is to rule well in the church, to preach the Word, to administer the sacraments of baptism and the Lord's Supper, and to solemnize matrimony, all in the name of, and in subjection to, Jesus Christ, the great Head of the Church. (30-30.4, 32, 513-514.3, 514.9-514.10, 536.12)

22. MED-521—Assigned Minister Requirement, Northwestern Illinois District Assembly Resolution Committee, recommends that it be rejected. The vote: 1 for the resolution and 67 against the resolution. (Rejected, see 296.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

504.4. All persons assigned in an active role of ministry must have taken Nazarene history and polity prior to assignment.

23. MED-522—Parent-Affiliated Congregation Pastor, Global Clergy Development and USA/Canada Region, recommends that it be adopted. The vote: 67 for the resolution and 7 against the resolution. (Adopted, see 229.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

524. Parent-Affiliated Congregation Pastors (PAC). An elder or district licensed minister leading a Parent-Affiliated Congregation shall be an assigned minister and may be designated by the district as a "PAC Pastor."

FURTHER RESOLVED that subsequent *Manual* paragraphs be renumbered accordingly.

NOTE: Due to a reassignment of resolutions to another legislative committee, there were no resolutions assigned codes from MED-523 through MED-534.

24. MED-535—Chapter IV, Section H. General Regulations Definitions, Global Clergy Development, recommends that it be adopted. The vote: 6 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 536 be amended as follows:

536. The following definitions are of terms relating to general regulations for ministers of the Church of the Nazarene:

Members of the Clergy—elders, deacons and licensed ministers. (530, 531, 532)

Laity—Members of the Church of the Nazarene who are not members of the clergy.

Active—A member of the clergy fulfilling an assigned ministry role.

Assigned—The status of a member of the clergy who is active in one of the roles listed in paragraphs 505-526.

Unassigned—The status of a member of the clergy who is in good standing but not presently active in one of the roles listed in paragraphs 505-526.

Retired Assigned—The status of a retired member of the clergy who was assigned at the time retirement was requested.

Retired Unassigned—The status of a retired member of the clergy who was not assigned at the time retirement was requested.

Roll of Ministers—A district’s roster of ministers, licensed and ordained, who are in good standing as members of the clergy and who have not filed their credential.

Good Standing—The status of a member of the clergy who has no unresolved accusations pending, is not currently under discipline, and whose credential is not surrendered.

Removed—The action taken by a district assembly to exclude from the Roll of Ministers the names of those members of the clergy who have resigned or surrendered their credential or have had their credential suspended or revoked.

Disciplined—The status of a member of the clergy who has been [deprived] relieved, in whole or in part, of the rights, privileges, and responsibilities of being a member of the clergy by disciplinary action.

Suspension—A range of disciplinary actions, excluding surrender of credential, by which a minister is temporarily relieved of the rights, privileges, and responsibilities of being a member of the clergy until the conditions for reinstatement are met.

Expelled—The status of a member of the clergy whose credential has been revoked and who has been removed from membership in the Church of the Nazarene.

Filed Credential—The status of the credential of a member of the clergy in good standing who, because of inactivity in the ministry, has [voluntarily temporarily] given up the rights, privileges, and responsibilities of being a member of the clergy by filing his or her credential with the general secretary. A person who has file[s]d his or her credential remains a member of the clergy and may have the rights, privileges, and responsibilities of being a member of the clergy reinstated [by requesting that his or her credential be returned,] in accordance with [538.2] 537.9. (537, 537.[2]1 [, 537.8])

Surrendered Credential—The status of the credential of a member of the clergy who, because of misconduct, accusations, confessions, result of action by a board of discipline, or voluntary action for any reason other than inactivity in the ministry, has been [deprived] relieved of the rights, privileges, and responsibilities of being a member of the clergy. The person whose credential is surrendered [surrenders his or her credential] is [still] a member of the clergy[,], under discipline. The rights, privileges, and responsibilities of being a [the] member of the clergy may be [restored] reinstated to this individual upon restoration to good standing and return of credential.

Resigned Credential—The status of the credential of a member of the clergy [in good standing] who[, for personal reasons, has decided that he or she no longer wishes to be considered as a minister, and] gives up the rights, privileges, and responsibilities of being a member of the clergy to become a lay[person on a permanent basis] member of the church. A member of the clergy who is not in good standing may [also] resign his or her credential [according to the provisions outlined in paragraph (537.4)] only upon approval of the District

Advisory Board. (537.[1]2, 537.5[, 537.8])

[Removed—The status of the credential of a member of the clergy whose name has been removed from the roll of ministers in accordance with the provisions of 537.3.]

Revoked Credential—The status of the credential of a member of the clergy who has been expelled from the ministry and membership of the Church of the Nazarene. The name of the minister whose credential has been revoked shall be removed from the roll of ministers.

Return of Credential—[The reinstatement to the rights, privileges, and responsibilities of being a member of the clergy to one who has filed his or her credential.] The action accompanying the reinstatement of the rights, privileges, and responsibilities of being a member of the clergy to a minister whose credential has been filed, surrendered, resigned, or removed.

[Restoration of Credential—The reinstatement to the rights, privileges, and responsibilities of being a member of the clergy to one whose credential is surrendered or removed.]

[Rehabilitation] Recovery—The process of [seeking to bring] assisting a minister [who has been disciplined or has voluntarily surrendered] relieved, voluntarily or otherwise, of the rights, privileges, and responsibilities of being a member of the clergy, and his or her spouse and family in the recovery of health and wholeness [to a place of spiritual, emotional, mental, and physical health and to a place of usefulness and constructive activity. Rehabilitation does not necessarily include the restoration of the rights, privileges, and responsibilities of being a member of the clergy]. Efforts toward recovery are to be undertaken independently of the process to determine whether a return of credential to the minister is appropriate and advisable.

Reinstatement—The granting of the rights, privileges, and responsibilities of being a member of the clergy to a minister whose credential was filed, suspended, surrendered, resigned, or removed, on condition of restoration to good standing and all required approvals.

Accusation—A written document signed by at least two members of the Church of the Nazarene accusing a member of the Church of the Nazarene of conduct which if proven would cause the member to be subject to discipline under the terms of the *Manual*.

Knowledge—The awareness of facts learned by the exercise of one's own senses.

Information—Facts learned from others.

Belief—A conclusion reached in good faith based upon knowledge and information.

Investigating Committee—A committee appointed in accordance with the *Manual* to gather information with regard to alleged or suspected misconduct.

Charges—A written document describing specifically the conduct of a member of the Church of the Nazarene which if proven would be the basis of discipline under the terms of the *Manual*.

[Suspension—A type of disciplinary action which temporarily denies a member of the clergy the rights, privileges, and responsibilities of being a member of the clergy.

Good Standing—The status of a member of the clergy who has no unresolved accusations pending, is not currently under discipline, and whose credential is not surrendered or removed.]

25. **MED-536—Duplicate Ordination Certificate**, Global Clergy Development, recommends that it be adopted. The vote: 6 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 536.7 be amended as follows:

536.7. In case the [credential] ordination certificate of an elder or deacon has been misplaced, mutilated, or destroyed, a duplicate certificate may be issued upon the recommendation of the District Advisory Board. Such recommendation shall be made directly to the general superintendent in jurisdiction, and upon the authority of that approval, the general secretary shall issue a duplicate certificate. On the back of the certificate, the original number should be identified along with the word duplicate. If the general superintendent, district superintendent, or the district secretary signing the original certificate is not available, the general superintendent having jurisdiction, district superintendent, and district secretary of the district requesting the duplicate certificate shall sign the certificate. On the reverse side thereof shall be the following statement inscribed in writing or printing, or both writing and printing, and signed by the general superintendent having jurisdiction, district superintendent, and district secretary.

This certificate is given to take the place of [former] the original certificate of ordination given to (name) [,] on the _____ day of (month), A.D. (year), by the (ordaining organization), at which date [_____] (he or she) was ordained and [h _____] (his or her) former ordination certificate signed by _____ (General Superintendent), _____ (District Superintendent), and _____ (District Secretary).

The former certificate was (misplaced, mutilated, destroyed).

_____, General Superintendent

_____, District Superintendent

_____, District Secretary

26. **MED-537—Nazarene Clergy and Local Church Membership**, Global Clergy Development, recommends that it be adopted. The vote: 6 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 536.8 be amended as follows:

536.8. All [elders and deacons] ordained ministers (assigned and unassigned) shall be active members in a local Church of the Nazarene where they will be faithful in attendance, in tithe, and in participation in the ministries of the church. Exceptions to this requirement may be granted only by approval of the District Advisory Board. [If an elder or deacon] Any ordained minister who does not hold membership in a local Church of the Nazarene on the district where his or her credential is held[, he or she can be dropped from the roll of elders or deacons] and who has not been granted an exception is subject to discipline by action of the District Advisory Board. (521,536.10)

27. **MED-538—General Regulations**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 538 be renumbered and amended as follows:

[538] 536.11. Any member of the clergy who withdraws or is expelled [or withdraws] from local church membership when he or she is not in good standing may reunite with the Church of the Nazarene only with the consent of the [district assembly] District Advisory Board of the assembly district from which he or she withdrew or was expelled from membership. The

District Advisory Board may grant its consent on condition that the former minister shall subsequently remain a lay member of the church or, with the approval of the district superintendent and the general superintendent in jurisdiction, that the former minister be readmitted as a member of the clergy under discipline having affirmed his or her willingness to participate actively and consistently in a recovery process. [Should two appeals for restoration to either church membership or ministerial standing be denied, a request may be granted by the Board of General Superintendents to transfer responsibility for restoration to another district where placement may be considered. If all appeals for credential restoration are denied, an ordained minister may become a layperson, upon approval of the District Advisory Board.] (537.4)

FURTHER RESOLVED that *Manual* paragraphs 536 and 538 be renumbered accordingly.

28. **MED-539—General Regulations Governing Members of the Clergy**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 538.1 be renumbered and amended as follows:

[538.1] 536.12. [If for any reason the name of a] An elder or deacon [shall be] whose name has been removed from a district assembly [r]Roll of Ministers[, that elder or deacon] and who has not filed his or her credential shall not be recognized in any other district without having secured the written consent of the district assembly from whose roll his or her name was removed, except as otherwise provided for in paragraph 538.11. [(The District Advisory Board may act on a request of transfer of jurisdiction between assemblies.)]

FURTHER RESOLVED that the *Manual* 536 and 538 series be renumbered accordingly.

29. **MED-540—General Regulations**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 538.6 be renumbered and amended as follows:

[538.6] 536.19. [Any time a member of the clergy ceases to be entitled to exercise the rights and privileges of being a member of the clergy, the Ministerial Credentials Board will prepare a written report concerning the facts and circumstances of the change in status. The report shall include the recommendations of the Ministerial Credentials Board concerning whether or not a plan of rehabilitation is appropriate.] Each district is [encouraged] to have and annually review a written, comprehensive plan [in harmony with the *Manual* directives,] to guide its efforts in providing a timely, compassionate, and informed response to [aid in the process of response, rehabilitation, reconciliation and possible restoration to ministry, of a] members of the clergy involved in conduct unbecoming a minister, to their families and to any congregation involved. The district plan shall be in harmony with *Manual* directives and shall include a provision for establishing and maintaining a record of the facts and circumstances of the change in status of any minister who ceases to be entitled to exercise the rights and privileges of being a member of the clergy. This record shall include all correspondence and official actions related to the status of the member of the clergy in question and the names and date of appointment of those persons selected to the recovery team as may be provided in accordance with 538.1. (222.5) [If a plan for rehabilitation is appropriate, the Ministerial Credentials Board shall, to the extent practical, work with the individual to apply the district plan for rehabilitation. The objective of the plan should be to return the individual to a place of spiritual, emotional, mental, and physical health. Primary responsibility for accomplishing the

plan shall rest on the person being rehabilitated, but the facilitator(s) shall represent the church in providing support and assistance. The facilitator(s) or their designee shall report to the Ministerial Credentials Board once each quarter concerning the progress toward rehabilitation. The report shall be in the form established by the Ministerial Credentials Board. The Ministerial Credentials Board may revise the plan of rehabilitation from time to time as the circumstances warrant.]

FURTHER RESOLVED that the *Manual* 538 series be renumbered accordingly.

30. **MED-541—Rename Section Heading**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that the title of Section I. The Resignation or Removal from the Ministry be amended as follows:

I. The Filing, Suspension, Resignation or Revocation [Removal from the Ministry] of a Ministerial Credential

31. **MED-542—Filing of Ministerial Credential**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 537 be amended as follows:

537. The general secretary is authorized to receive and hold for safekeeping the credentials of a member of the clergy in good standing who, because of inactivity in the ministry for a period of time, wishes to file them. At the time of filing the credential, the [member of the clergy] District Advisory Board of the minister's assembly district shall certify to the general secretary that the credential is not being filed for the purpose of avoiding discipline. The filing of the credential shall not prevent a member of the clergy from being subject to discipline as a member of the clergy. Members of the clergy who file their credentials with the general secretary may have them [returned] reinstated according to the provisions of [538.2] 537.9.

32. **MED-543—Required Filing of Credential**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 537.2 be renumbered and amended as follows:

537.[2]1. A member of the clergy in good standing who has not been granted retirement status and who [fails to fulfill the responsibilities of being a member of the clergy by remaining] has remained unassigned for four or more consecutive years [will be] is considered to be no longer participating as a member of the clergy[. In such instances, the person will be] and is required to file his or her credential. The District Ministerial Credentials Board shall report to the district assembly "the credential of (the elder or deacon in question) has been filed by the District Ministerial Credentials Board." This action should be considered nonprejudicial to character. The individual who files may have his or her credential reinstated according to the provisions of [538.2] 537.9.

FURTHER RESOLVED that the remaining *Manual* paragraphs in the 537 series be renumbered accordingly.

33. **MED-544—Resignation of Ministerial Credential**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 537.1 be renumbered and amended as follows:

537.[1]2. When [a member of the clergy] an ordained minister in good standing ceases from an assigned ministry to pursue a calling or vocation other than being a member of the clergy in the Church of the Nazarene, he or she may resign the rights, privileges and responsibilities of being a member of the clergy, [and return the credential to t]The district assembly in which he or she holds standing[, to be placed] shall receive the credential and place it in the care of the general secretary. The record in the district minutes will show that he or she was “removed from the Roll of Ministers, having resigned his or her order.” A member of the clergy who thus resigns may have his or her credential returned according to the provisions of [538.3] 537.10.

FURTHER RESOLVED that the remaining *Manual* paragraphs in the 537 series be renumbered accordingly.

34. **MED-545—Suspension of Credential**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 537.3 be amended as follows:

537.3. [A] The rights, privileges, and responsibilities of a member of the clergy may be suspended by action of the Ministerial Credentials Board (Board of Ministry) and his or her name removed from the Roll of Ministers [if he or she receives a Letter of Commendation from his or her local church and does not use it in joining another Church of the Nazarene by the time of the next district assembly, or if he or she declares in writing that he or she has withdrawn from the Church of the Nazarene, or] if he or she changes his or her residence from the address of record without providing a new address of record to the District Ministerial Credentials Board within one year [with a new address of record, or if he or she joins another denomination either as a member or a minister], or if he or she fails to submit an annual report as required in 530.8 and 536.9[; the District Ministerial Credentials Board may recommend and the district assembly may order that his or her name be removed from the membership roll of the local church and the Roll of Ministers of the Church of the Nazarene].

35. **MED-546—Discipline for Violation of Church Membership Requirements for Clergy**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

537.4. A member of the clergy who receives a Certificate of Commendation from his or her local church and has not joined another Church of the Nazarene by the time of the next district assembly, or who declares in writing that he or she has withdrawn from the Church of the Nazarene, or who joins another denomination either as a member or a minister, and who has not resigned his or her ministerial credential, may be expelled from the ministry of the Church of the Nazarene by order of the district assembly upon the recommendation of the District Ministerial Credentials Board and his or her name be removed from the Roll of Ministry and the membership roll of the local church.

FURTHER RESOLVED that the remaining *Manual* paragraphs in the 537 series be renumbered accordingly.

36. **MED-547—Resignation of Credential**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 537.4 be renumbered and amended as follows:

537.[4]5. A member of the clergy not in good standing may resign his or her credential[,] only upon recommendation of the District Advisory Board. (538)

37. **MED-548—Provision to Expel from the Ministry**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 537.5 be renumbered and amended as follows:

537.[5]6. A member of the clergy may be expelled from the ministry of the Church of the Nazarene [either through surrender of his or her credential] as provided in 537.4 and 538.10, or through disciplinary action according to paragraphs 605-608.

38. **MED-549—Restrictions on Ministers Whose Credentials Are Surrendered** Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 537.7 be renumbered and amended as follows:

537.[7]8. Pastors, local church boards, and others who determine assignments within the church shall not engage a member of the clergy who is not in good standing in any position of trust or authority such as supply minister, [song director] worship leader, Sunday School/Bible study/small group teacher, or other until [the credential] good standing is restored. Exceptions to this prohibition require the written approval of both the district superintendent of the district to which the minister belonged when relieved of the rights, privileges, and responsibilities of being a member of the clergy, [where such credential was lost] and the general superintendent in jurisdiction of that same district. (538.4[538.5-538.6])

39. **MED-550—Reinstatement of Filed Credential**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 538.2 be deleted from its current location, renumbered, and amended as follows:

[538.2]537.9. Reinstatement of a Filed Credential. When an elder or deacon in good standing has filed his or her credential, such credential may, at any subsequent time when the elder or deacon is in good standing, be returned to the elder or deacon upon order of the district assembly where it was filed, provided that the return of his or her credential shall have been recommended by the district superintendent and the District Advisory Board. Between district assemblies, a District Advisory Board may vote to approve the return of a minister's filed credential.

40. **MED-551—Reinstatement of Resigned and Removed Credential**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraphs 538.3 and 538.4 be combined, deleted from their current locations, renumbered, and amended as follows:

[538.3. When an elder or deacon in good standing has resigned his or her order of ministry according to 537.1 and 537.8, he or she may be restored to said order by the district assembly, upon filling out the Ordination/Recognition Questionnaire, reaffirming the vows of ministry, and after examination by and the favorable recommendation of the District Ministerial Credentials Board and upon approval by the general superintendent in jurisdiction.

538.4. When an elder or deacon in good standing has united with another church, denomination, or ministry, or has, for any other reason, been dropped from the roll of ministers, and subsequently wishes to be reinstated, the request may be considered by the appropriate district board(s) and the district assembly upon prior approval by the general superintendent in jurisdiction.]

537.10. Reinstatement of a Resigned or Removed Credential. An elder or deacon who, while a minister in good standing, resigned his or her order of ministry according to 537.2 or united with another church, denomination, or ministry, may have his or her credential returned by the district assembly upon submitting the Ordination/Recognition Questionnaire, reaffirming the vows of ministry, being examined and favorably recommended by the District Ministerial Credentials Board (Board of Ministry), and upon prior approval of the district superintendent and the general superintendent in jurisdiction.

41. **MED-552—Certificate of Ordination of Deceased Minister**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 538.5 be deleted from its current location, renumbered, and amended as follows:

[538.5]537.11. [When an ordained] The certificate of ordination of a deceased minister [is deceased] whose credential was filed and who was in good standing at the time of death, may be conveyed to the minister's family [may,] upon written request to the general secretary[,] and approval by the district superintendent of the district where such filing is recorded[, receive said minister's certificate of ordination].

42. **MED-553—Restoration of Clergy**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that the title of Section J be amended and a new paragraph added to the *Manual* as follows:

J. The Restoration of Members of the Clergy [to Church Membership and Good Standing]

538. The Church of the Nazarene recognizes its responsibility to extend the hope and healing of God's redeeming and renewing grace to any of its own ministers who, by surrender of credential, voluntary or otherwise, have been relieved of the rights, privileges, and responsibilities of being a member of the clergy due to conduct unbecoming a minister. The church also acknowledges its obligation to invite into the embrace of God's love and care the spouse and family, congregation, and community of the minister. For this reason, the process leading toward restoring the minister to good standing is to be conducted in two distinct steps:

1) Recovery. Without regard for the severity of the minister's misconduct, the likelihood of his or her eventual return to ministerial service, or his or her initial receptivity to grace and offers of help extended, the recovery of the minister's well-being (spiritually and otherwise) and that of his or her spouse and family is to be diligently, prayerfully, and faithfully pursued by the district in accordance with 538.1-538.7. Such recovery is to be the singular aim of this step.

2) Reinstatement. Restoration to good standing of the minister and recommendation for the return of his or her credential is to be considered in a process separate from and subsequent to efforts seeking the recovery of the health and well-being of the minister and his or her spouse and family. (538.6-538.12).

43. **MED-554—Restoration of Clergy**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

538.1. Appointment of a Recovery Team. When clergy misconduct becomes evident, a timely response of appropriate and compassionate intervention is critical for the sake of the minister and his or her spouse and family, the congregation and the community. Since such developments are rarely anticipated, advance selection and preparation of qualified persons, both clergy and laity, to facilitate recovery is an important element of the district response plan. These persons are to be appointed by the district superintendent in consultation with the District Advisory Board. When situations of clergy misconduct arise, these persons, acting as a recovery team, are to be deployed by the district superintendent as immediately as possible and in accordance with the district plan. A recovery team so deployed should be comprised of no less than three persons. (208.20, 222.5, 538)

FURTHER RESOLVED that the *Manual* 538 series be renumbered accordingly.

44. **MED-555—Restoration of Clergy**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

538.2. Duties of a Recovery Team. A recovery team is responsible for facilitating the recovery of the health and well-being of the minister and of the minister's spouse and family. It has neither the responsibility nor the authority to determine whether the rights, privileges, and responsibilities of being a member of the clergy should be reinstated to the minister. Insofar as the situation permits, the duties of a recovery team include:

1) extending care to the minister's spouse and family as well as to the minister;
2) providing clarity to the minister and spouse on the process and purpose of recovery;
3) coordinating the combined efforts of the minister, the district, and any congregation involved in developing a plan to address financial, housing, medical, emotional, spiritual, and other needs that typically arise with urgency in situations where misconduct has become evident;

4) implementing the district-approved plan, including reporting regularly on its own efforts and on the status of the progress of the minister and his or her spouse and family in the recovery of health and well-being;

5) communicating to the minister and his or her spouse, to the district superintendent, and to the appropriate district board when it judges its work is nearing completion or has progressed as far as can be expected;

6) submitting to the Ministerial Credentials Board (Board of Ministry) or appointed committee responsible for considering reinstatement (538.8), upon application by the minister for reinstatement of the rights, privileges, and responsibilities of being a member of the clergy, its recommendation as to whether consideration for restoration of the minister to good standing is appropriate.

FURTHER RESOLVED that the *Manual* 538 series be renumbered accordingly.

45. **MED-556—Restoration of Clergy**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

538.3. In the event the minister under discipline is or becomes unresponsive to the

recovery process, diligent effort should be given to furthering the recovery of the minister's spouse and family while actively seeking to engage or re-engage the minister in recovery. Upon review of the recovery efforts and with due regard for the well-being of the minister's spouse and family, the district superintendent may suspend, conclude, or otherwise redirect its recovery efforts.

In the event a district does not appoint a recovery team or the recovery team appointed fails to undertake its responsibilities within 180 days from the date the minister was placed under discipline, the minister under discipline may petition the Board of General Superintendents to transfer to another district responsibility to facilitate efforts toward his or her recovery and to act upon his or her subsequent application, if any, for restoration to good standing and reinstatement to the rights, privileges, and responsibilities of being a member of the clergy. This option is also available to the minister in question should a district fail to respond to his or her application for restoration to good standing in accordance with the provisions of 538.8. (538-538.2, 538.4-538.12)

FURTHER RESOLVED that the *Manual* 538 series be renumbered accordingly.

46. **MED-557—Clergy Restoration**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 538.7 be renumbered and amended as follows:

538.[7]4. A member of the clergy who is not in good standing shall not preach, teach a Sunday School/Bible study/small group class, or hold any other position of trust or authority in the church or in its worship [services], or [and shall not] be given any ministerial role except upon the favorable recommendation of the district-appointed recovery team assigned to the minister and the consent of [unless] the District Advisory Board, the Ministerial Credentials Board (Board of Ministry), the district superintendent, and the general superintendent in jurisdiction. A favorable recommendation indicates a [determine] determination that the individual and his or her spouse and family have [has] made sufficient progress [toward rehabilitation] in the recovery process to warrant once again allowing the individual to be of service in a position of trust or authority. [Those considering approval shall carefully consider whether or not the individual who has lost good standing has appropriately repented of his or her misconduct. True repentance involves a deep sense of personal guilt coupled with a change of conduct which continues for a length of time sufficient to be evidence that the change is likely to be permanent.] Approval to serve in a position of trust or authority may be granted with or without restrictions and may be withdrawn by the district superintendent in consultation with the recovery team. (605.1-605.2, 605.5, 605.11-605.12)

47. **MED-558—Restoration of Clergy**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

538.5. Upon application by a minister under discipline for restoration to good standing as provided in 538.6, the recovery team may recommend to the district superintendent and the appropriate district board or appointed committee that the application be considered in accordance with the provisions of 538.8; or, that the minister continue in the recovery process for an additional and specified length of time before reapplying.

In the event the recovery team has concluded its efforts and the minister under discipline does not apply for restoration to good standing, the minister shall remain under

discipline unless action is taken 1) to expel the minister from the membership and ministry of the Church of the Nazarene; or 2) to grant approval to the minister to resign his or her credential and become a lay member of the church. In situations of the resignation of credential by a minister who has been under discipline where there is evidence of substantial and sustained recovery, care should be given to appropriately recognize and celebrate such progress. (537.5, 538.10)

FURTHER RESOLVED that the *Manual* 538 series be renumbered accordingly.

48. **MED-559—Clergy Restoration**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

538.6. Application for Restoration to Good Standing. A minister having been relieved of the rights, privileges, and responsibilities of being a member of the clergy may apply for restoration to good standing and the return of his or her credential subject to the eligibility requirements of 538.7. Such application must be submitted to the district superintendent at least six months prior to the next scheduled meeting of the district assembly and must comply with the district- approved plan. The district superintendent shall acknowledge receipt of the application within 30 days.

FURTHER RESOLVED that the *Manual* 538 series be renumbered accordingly.

49. **MED-560—Restoration of Clergy**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

538.7. A minister may apply for restoration to good standing and the return of his or her credential provided the recovery team assigned to the minister favorably supports such application and can attest that the minister has participated actively and consistently for at least two years in a recovery process under its supervision. A minister who, in his or her judgment, has endeavored to participate actively and consistently for at least four years in such a recovery process may apply for restoration to good standing with or without the favorable support of the application by the recovery team.

When a minister under discipline has pursued participation in recovery from the outset, the minimum time required before applying for restoration to good standing shall commence with the earlier of the first official meeting of the minister with the recovery team or 60 days after the date a recovery team was initially assigned to the minister. In cases where a minister postponed or interrupted his or her participation in the recovery process, the district superintendent in consultation with the recovery team shall determine whether the minimum time required before applying for restoration to good standing has been satisfied. (538.3)

FURTHER RESOLVED that the *Manual* 538 series be renumbered accordingly.

50. **MED-561—Clergy Restoration**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

538.8. Response to an Application for Restoration to Good Standing. The District Ministerial Credentials Board (Board of Ministry), or a committee of the same appointed by the district superintendent, shall consider any application for restoration to good standing received by the district superintendent, and:

1) verify that the application is valid, having met all conditions for submission (538.6-538.7);

2) request and evaluate the recommendation of the recovery team (538.2, 538.3);

3) interview the minister seeking restoration to good standing and any other persons it deems appropriate to interview;

4) determine whether to recommend the rights, privileges, and responsibilities of being a member of the clergy be reinstated to the minister and his or her credential returned.

When an application has been submitted at least 180 days in advance of the next scheduled district assembly, consideration of the application shall be completed and recommendation made to the district superintendent prior to that district assembly. A recommendation to reinstate the rights, privileges and responsibilities of a member of the clergy to a minister whose credential is surrendered due to sexual misconduct shall require a two-thirds approval of the District Advisory Board. The recommendation is to be submitted to the Board of General Superintendents within one year of the date of the minister's most recent application for restoration to good standing. Exceptions to any time frames specified in this paragraph must have the prior written approval of the general superintendent in jurisdiction. (538.12)

FURTHER RESOLVED that the *Manual* 538 series be renumbered accordingly.

51. MED-562—Eligibility for Reinstatement to the Rights, Privileges, and Responsibilities of Being a Member of the Clergy, Global Clergy Development, Northeast Oklahoma District Resolutions Committee, and Reference Committee, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 538.9 be amended as follows:

538.9. [Some types of misconduct are rarely the result of a one-time moral lapse, such as sexual misconduct involving children, or of a homosexual nature, or repeated marital infidelity.] An [l]individual[s] guilty of sexual misconduct involving children* [that involves a high probability of repeated misconduct] should not be restored to good standing as a member of the clergy or permitted to hold any ministerial credential, [These individuals also should not be permitted to] serve in any position of responsibility for or ministry with children, or be elected or appointed to any leadership role[, trust, or ministry] in the local church. (129.30, 600, 605.1-605.2, 605.5, 605.11-605.12, 903.3)

*In matters of sexual misconduct involving children, a person shall be considered a child until the age of 18 unless a state's or country's own domestic legislation establishes the age of majority is attained later than the age of 18. This definition shall also apply in localities where the age of consent is lower than the age of 18.

52. MED-563—Clergy Restoration, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

538.10. The District Ministerial Credentials Board (Board of Ministry) or committee of the same, having considered an application for restoration to good standing submitted within the time frame allowed (538.7), may recommend to the district superintendent and appropriate district boards (538.12) any one of the following:

1) that the minister be restored to good standing and his or her credential returned;

2) that the minister continue in a recovery process for a specified length of time before reapplying for restoration to good standing;

3) that the recovery period be extended and the recovery plan revised (such as monitored re-engagement in ministry, assigning a new recovery team, or addressing personal, marital, or family concerns);

4) that the minister continue under discipline;

5) that the minister not be restored to good standing, but evidence of recovery be appropriately acknowledged and celebrated, and permission granted for the minister to resign his or her credential (537.5);

6) that the minister be expelled from the membership and ministry of the Church of the Nazarene.

53. **MED-564—Clergy Restoration**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

538.11. Should two applications for reinstatement by a minister under discipline be denied, a request may be granted by the Board of General Superintendents to transfer responsibility for the recovery and possible restoration to good standing of the minister in question to another district where the application may be considered. If a third application for restoration to good standing and reinstatement to the rights, privileges, and responsibilities of being a member of the clergy is denied, the minister may become a layperson upon approval of the District Advisory Board. (536.11, 537.5)

54. **MED-565—Clergy Restoration**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that *Manual* paragraph 538.8 be renumbered and amended as follows:

538.[8]12. Reinstatement to the Rights, Privileges, and Responsibilities of Being a Member of the Clergy. A member of the clergy who has lost good standing and whose application for restoration to good standing has resulted in a recommendation for reinstatement to the rights, privileges, and responsibilities of being a member of the clergy, may be restored to good standing and have his or her credential [restored] returned only by the following process:

1. approval of the district superintendent;
2. approval of the District Ministerial Credentials Board;
3. a two-thirds approval of the District Advisory Board;
4. approval of the Board of General Superintendents; and
5. [final] approval of the district assembly where good standing was lost.

[In considering whether or not to recommend that a credential be restored, progress on the plan of rehabilitation shall be the primary issue but passage of time shall be an additional consideration. However, in the event the member of the clergy has committed sexual misconduct, the member of the clergy shall not be eligible to apply for restoration until four years have passed. A member of the clergy who has lost good standing as a result of sexual misconduct, must satisfactorily progress on a prescribed plan for rehabilitation for a minimum of four years, before good standing may be restored.] (605.1-605.2, 605.5, 605.11-605.12)

55. **MED-566—Duties of the District Superintendent**, Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

208.20. To appoint in consultation with the District Advisory Board qualified clergy and laity to serve as a recovery team prepared to provide a timely and redemptive response to the minister, his or her spouse and family, church, and community in situations of clergy misconduct. When such situations arise, the district superintendent shall deploy a recovery team as immediately as possible and in accordance with the district plan. (222.5, 538.1)

FURTHER RESOLVED that existing *Manual* paragraph 208.20 be renumbered accordingly.

56. **MED-567—Duties of the District Advisory Board** Global Clergy Development, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 214.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

222.5. To develop and annually review a written, comprehensive plan that is in harmony with *Manual* directives to guide its efforts in providing a timely, compassionate, and informed response to members of the clergy involved in conduct unbecoming a minister, to their families, and to any congregation involved. (536.19, 538-538.12).

FURTHER RESOLVED that the *Manual* 222 series be renumbered accordingly.

STEWARDSHIP AND FINANCE COMMITTEE

The Stewardship and Finance Committee having had referred to it the following resolutions, which were presented to the assembly in one report, recommends action as indicated:

1. **SF-600—Pastoral Retirement Funding Preparation/Business of the Church Board**, Northwestern Ohio District General Assembly Resolutions Committee and Board of Pensions and Benefits USA, recommends that it be amended and adopted. The vote: 77 for the resolution and 0 against the resolution. (Adopted, see 175.)

RESOLVED that *Manual* paragraph 129.8 be amended as follows:

129.8. To determine the amount of [compensation] REMUNERATION AND BENEFITS ~~salary and benefits~~ the pastor shall receive, including retirement funding and to review it at least once a year. (115.4, 123)

2. **SF-601—*Manual* Appendix Review—Annuities**, Reference Committee, recommends that this paragraph remain in the *Manual* and that it be adopted. The vote: 76 for the resolution and 0 against the resolution. (Adopted, see 176.)

RESOLVED that *Manual* paragraph 902.1 be reconsidered, and that a recommendation be made to include it as is in the 2017 *Manual*, or modify it, or eliminate it from the 2017 and succeeding *Manuals*, according to *Manual* paragraph 902.5.

KEEP, MODIFY, or ELIMINATE?

902.1. Annuities

The General Board and institutions of the church are prohibited from using annuity gifts until such have become their valid property by the death of the annuitant. Such gifts are to be carefully invested in funds usually accepted as trust funds by the courts of the land. (2005)

3. **SF-602—Manual Appendix Review—Debt**, Reference Committee, recommends that this paragraph remain in the *Manual* and that it be adopted. The vote: 76 for the resolution and 1 against the resolution. (Amended and Adopted, see 177.)

RESOLVED that *Manual* paragraph 902.2 be reconsidered, and that a recommendation be made to include it as is in the 2017 *Manual*, or modify it, or eliminate it from the 2017 and succeeding *Manuals*, according to *Manual* paragraph 902.5.

KEEP, MODIFY, or ELIMINATE?

902.2. Debt

No ENTITY ~~institution~~ may COLLATERALIZE CHARITABLE PLEDGES FOR THE PURPOSE OF UNDERWRITING DEBT ~~incur any debt on the strength of pledges. Pledges are not to be counted as assets.~~ (2005)

4. **SF-603—Capital Stewardship Campaign Funding and Apportionment System**, South Texas District Advisory Board/Delegate Committee, Southwest Oklahoma District Advisory Board, and Reference Committee, recommends that it be rejected. The vote: 11 for the resolution and 61 against the resolution. (Rejected, see 157.)

RESOLVED that donations to a local church given as a part of a specifically designated Capital Stewardship Campaign be exempt from all denominational funding goals (including World Evangelism Fund {WEF}, District, Educational, and, where applicable, Pension funds).

5. **SF-604—Capital Stewardship Campaign Funding and Apportionment System**, Southwest Oklahoma District Advisory Board and Reference Committee, recommends that it be rejected. The vote: 0 for the resolution and 73 against the resolution. (Rejected, see 158.)

RESOLVED that the definition of a Capital Stewardship Campaign is those funds raised by a local church which are given as a part of a specifically designated Capital Stewardship Campaign exceeding 50% of the annual income of the local church.

6. **SF-605—Funding Goals and Responsibilities**, Keith Cox, et al., recommends that it be amended and adopted. The vote: 75 for the resolution and 0 against the resolution. (Adopted, see 159.)

RESOLVED that *Manual* paragraph 33.5 be amended as follows:

33.5. [Apportionments] Shared Responsibility for the Denominational Mission. The government of the Church of the Nazarene is representative. Each local congregation supports the overall mission of the church as defined by the General Assembly and implemented through the leadership of the Board of General Superintendents in world evangelism, education, ministerial support, and district ministries.

The Board of General Superintendents [, with] and the General Board [, is] are authorized and empowered to [apportion] develop, revise, and maintain a system for raising the World Evangelism Fund [to] and to establish funding goals and responsibilities for local churches through the [several] assembly districts. (317.11)

Subject to paragraph 337.1, national boards and/or regional advisory councils are authorized and empowered to establish ministerial retirement savings plans on their region. Reporting of such plans shall be as provided in paragraph 337.2. The provisions of paragraph 33.5 shall not apply to the Board of Pensions and Benefits USA.

National boards and/or regional advisory councils are also authorized and empowered to establish support for the higher education institutions on their region. (344, 345.3)

Each district is authorized and empowered to establish funding goals and responsibilities

for local churches for district ministry [apportionments] support through the District Assembly Finance Committee. (235.1)

FURTHER RESOLVED that *Manual* paragraph 130 be amended as follows:

130. The church board, together with the pastor, shall follow plans adopted by the Board of General [Assembly and agreed to by the district assembly] Superintendents and the General Board for raising the World Evangelism Fund and District Ministr[ies]y Funds [apportionments made to] by the local church, and shall [raise and] regularly [pay] remit these [apportionments] amounts to the general treasurer and district treasurer, respectively. (317.11, 335.7)

FURTHER RESOLVED that *Manual* paragraph 154 be amended as follows:

154. All funds raised by the local Nazarene Missions International (NMI) for general interests of the Church of the Nazarene shall be applied to the World Evangelism Fund, [apportionment of the local church] with the exception of mission special projects that have been approved by the Ten Percent Committee.

FURTHER RESOLVED that *Manual* paragraph 154.1 be amended as follows:

154.1. After primary consideration has been given to the full payment of the World Evangelism Fund, [opportunities may be given to make offerings for the] local churches are encouraged to support [of] other global mission[ary] work [, such contributions to be known as “] through approved mission specials.[”]

FURTHER RESOLVED that *Manual* paragraph 155.2 be amended as follows:

155.2. From special offerings such as Easter and Thank[sgiving] offerings.

FURTHER RESOLVED that *Manual* paragraph 155.3 be amended as follows:

155.3. No part of the above funds shall be used for local or district expense or other charitable purposes.

FURTHER RESOLVED that a new paragraph be added to the *Manual* as follows:

208.21. To strongly encourage, along with district leadership, each local church to achieve its individual general, district, and educational funding goals.

FURTHER RESOLVED that *Manual* paragraph 317.11 be amended as follows:

317.11. Plan, preserve and promote the World Evangelism Fund, which is the lifeline of global mission interests. The Board of General Superintendents [, with] and the General Board [, is] are authorized and empowered to [apportion] establish funding goals and responsibilities for the World Evangelism Fund to [the districts] local churches. (33.5, 130, 335.7)

FURTHER RESOLVED that *Manual* paragraph 335.6 be amended as follows:

335.6. World Evangelism Fund. Each local Church of the Nazarene is part of the global effort to “make Christlike disciples in the nations.” The World Evangelism Fund shall be [the total of all department budgets and other funds to be raised] used by the denomination for the support, maintenance, and promotion of general mission and related activities. [From the statements of budget requests submitted by the] Annual budgets for the general church will be based on contribution projections, with input from departments and agencies of the general church, and [from] considering financial statements of the general treasurer. From time to time, the General Board shall determine the amount to be allotted from the World Evangelism Fund to each department and fund. When [the World Evangelism Fund with its proposed] such allotments [to each department shall] have been agreed upon, ~~they~~ THEY shall be submitted to the

Board of General Superintendents for consideration, suggestions, or amendments before final adoption by the General Board.

FURTHER RESOLVED that *Manual* paragraph 335.7 be amended as follows:

335.7. [When the total amount of the World Evangelism Fund has been set for the next fiscal year by the General Board,] I[t]he General Board and the Board of General Superintendents are authorized and empowered to establish funding goals and responsibilities for [apportion] the World Evangelism Fund to [the districts on a basis of equity to both the district and general interests] local churches. (130, 317.11)

FURTHER RESOLVED that *Manual* paragraph 515.9 be amended as follows:

515.9. See that all World Evangelism Fund monies raised through the local NMI are remitted promptly to the general treasurer; and that all monies for District Ministr[ies]y Funds [monies] are remitted promptly to the district treasurer. (136.2)

FURTHER RESOLVED that *Manual* paragraph 515.13 be amended as follows:

515.13. Arrange and raise, together with the church board, funds for all denominational goals assigned to the local church, including the World Evangelism Fund [and], any applicable District Ministr[ies]y Funds [apportionments in the local church according to plans adopted by the General Assembly and agreed to by the district assembly] and any funding goals established by regional or national boards. (33.2, 130, 154)

SPECIAL RESOLUTIONS COMMITTEE

The Special Resolutions Committee having had referred to it the following resolutions, which were presented to the assembly in three reports (Note: One of these reports included resolutions that were reassigned from the Ministry and Education Committee, but which are reported under the latter committee.), recommends action as indicated:

1. **SR-750—Dr. Jerry D. Porter—General Superintendent Emeritus**, General Board, recommends that it be adopted. The vote: 6 for the resolution and 0 against the resolution. (Adopted, see 40.)

WHEREAS, Dr. Jerry D. Porter has served with distinction as general superintendent of the Church of the Nazarene for five terms, or a total of twenty years;

AND WHEREAS, General Superintendent Jerry D. Porter has faithfully performed all duties and responsibilities commensurate with his office;

AND WHEREAS, the Church of the Nazarene has traditionally held this position in high honor and esteem;

AND WHEREAS, the Church of the Nazarene in this Twenty-ninth General Assembly wishes to commemorate this occasion of retirement with a permanent recognition of continued honor and esteem:

THEREFORE BE IT RESOLVED that upon his retirement, Dr. Jerry D. Porter be granted retired relationship and honored with the title: GENERAL SUPERINTENDENT EMERITUS.

2. **SR-751—Dr. J. K. Warrick—General Superintendent Emeritus**, General Board, recommends that it be adopted. The vote: 6 for the resolution and 0 against the resolution. (Adopted, see 42.)

WHEREAS, Dr. J. K. Warrick has served with distinction as general superintendent of the Church of the Nazarene for three terms, or a total of twelve years;

AND WHEREAS, General Superintendent J. K. Warrick has faithfully performed all duties and responsibilities commensurate with his office;

AND WHEREAS, the Church of the Nazarene has traditionally held this position in high honor and esteem;

AND WHEREAS, the Church of the Nazarene in this Twenty-ninth General Assembly wishes to commemorate this occasion of retirement with a permanent recognition of continued honor and esteem:

THEREFORE BE IT RESOLVED that upon his retirement, Dr. J. K. Warrick be granted retired relationship and honored with the title: GENERAL SUPERINTENDENT EMERITUS.

3. **SR-752—Manual Appendix Review—Tenure of Committees**, Reference Committee, recommends that this paragraph remain in the *Manual* and that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 293.)

RESOLVED that *Manual* paragraph 902.6 be reconsidered, and that a recommendation be made to include it as is in the 2017 *Manual*, or modify it, or eliminate it from the 2017 and succeeding *Manuals*, according to *Manual* paragraph 902.5.

KEEP, MODIFY, or ELIMINATE?

902.6. Tenure of Committees

Any special committee created for any purpose, unless specified otherwise, will cease to exist at the following General Assembly. (2005)

4. **SR-753—Resolution on SR-754, General Board**, recommends that it be adopted. The vote: 7 for the resolution and 0 against the resolution. (Adopted, see 294.)

WHEREAS, In 2009, the International Church Commission (ICC) recommended the development of a “global *Manual*” that would include parts I and II; adding new sections on Vision, Mission, and Core Values; and re-writing government sections 100, 200, and 300, “...retaining universally appropriate polity and principles” (ICC Report to the 2009 General Assembly). Further, the ICC recommended creation of “regional *Manual* policy handbooks” and a “Holistically redesign of the entire *Manual* for clarity, simplification, elimination of redundancy, and size” (ICC report). Resolutions were passed in support of these recommendations.

WHEREAS, The work on this project began with a sub-committee of the Nazarene Future Study Commission. Progress was made but more work was needed to complete the assignment. In 2013, resolution SR-754 was adopted asking that the Board of General Superintendents “...appoint a study committee to continue the work of simplification of the *Manual* and the development of Administrative Handbooks.”

WHEREAS, Following the General Assembly, the Board of General Superintendents appointed this study committee to continue the work. The study committee divided the *Manual* into two parts: that which would be included in a “global *Manual*” and that which would be included in a regional Administrative Handbook.

WHEREAS, The work of the study committee was reviewed by the Board of General Superintendents, a sub-committee of the General Board Executive Committee, the Global Mission Director, and all Regional Directors, and presented to the full General Board.

RESOLVED after a careful review of the material and feedback from global leaders, the General Board wishes to recognize the work that has been done on SR-754. However, the

General Board does not recommend the continuation of this project, but suggests the following action:

1. There is a need to stay with one governing book rather than a global *Manual* and Regional Administrative Handbooks.
2. In the next quadrennium (quinquennium), convene a Board of General Superintendents-appointed study group composed of representatives from all global regions and specialists in Global English to simplify the text of the *Manual* without changing the meaning. This is in harmony with *Manual* paragraph 902.4.

SPECIAL JUDICIAL COMMITTEE

The Special Judicial Committee having had referred to it the following resolutions, which were presented to the assembly in four reports, recommends action as indicated:

1. **JUD-800—Article of Faith XII—Baptism**, Board of General Superintendents, recommends that it be adopted. The vote: 19 for the resolution and 0 against the resolution. (Adopted, see 62.)

RESOLVED that *Manual* paragraph 12 (Article of Faith XII) be amended as follows:

XII. Baptism

12. We believe that Christian baptism, commanded by our Lord, is a sacrament signifying acceptance of the benefits of the atonement [of Jesus Christ, to be administered to believers and declarative of their faith in Jesus Christ as their Savior, and full purpose of obedience in holiness and righteousness.

Baptism being a symbol of the new covenant, young children may be baptized, upon request of parents or guardians who shall give assurance for them of necessary Christian training.

Baptism may be administered by sprinkling, pouring, or immersion, according to the choice of the applicant.] and incorporation into the Body of Christ. Baptism is a means of grace proclaiming faith in Jesus Christ as Savior. It is to be administered to believers indicating their full purpose of obedience in holiness and righteousness. As participants in the new covenant, young children and the morally innocent may be baptized upon request of parents or guardians. The church shall give assurance of Christian training. Baptism may be administered by sprinkling, pouring, or immersion.

(Matthew 3:1-7; 28:16-20; Acts 2:37-41; 8:35-39; 10:44-48; 16:29-34; 19:1-6; Romans 6:3-4; Galatians 3:26-28; Colossians 2:12; 1 Peter 3:18-22)

2. **JUD-800a—Baptism**, Kansas City District and Southwest Indiana District Assembly Resolutions Committee, recommends that it be rejected. The vote: 0 for the resolution and 19 against the resolution. (Rejected, see 63.)

RESOLVED that *Manual* paragraph 12 (Article of Faith XII) be amended as follows:

12. We believe that Christian baptism, commanded by our Lord, is a sacrament and means of grace signifying acceptance of the benefits of the atonement of Jesus Christ, to be administered to believers and declarative of their faith in Jesus Christ as their Savior; and full purpose of obedience in holiness and righteousness.

Baptism being a symbol of the new covenant, young children may be baptized, upon request of parents or guardians who shall give assurance for them of necessary Christian training.

Baptism may be administered by sprinkling, pouring, or immersion, according to the choice of the applicant.

(Matthew 3:1–7; 28:16–20; Acts 2:37–41; 8:35–39; 10:44–48; 16:29–34; 19:1–6; Romans 6:3–4; Galatians 3:26–28; Colossians 2:12; 1 Peter 3:18–22)

3. **JUD-801—Baptism of Infants or Young Children**, Kansas City District, Southwest Indiana District Assembly Resolutions Committee, and Reference Committee, recommends that it be rejected. The vote: 1 for the resolution and 19 against the resolution. (Rejected, see 275.)

RESOLVED that *Manual* paragraph 800.2 be amended as follows:

800.2. The Baptism of Infants or Young Children

When the sponsors shall have presented themselves with the child (or children) the minister shall say:

Dearly Beloved: The sacrament of baptism is the sign and seal of the new covenant of grace. [While we do not hold that baptism imparts the regenerating grace of God, we do believe that Christian baptism] It signifies [for this young child] the prevenient nature of God's gracious acceptance of this young child within the community of Christian faith [on the basis of prevenient grace]. While we do not hold that baptism imparts the regenerating grace of God, we do believe that Christian baptism [It] anticipates his (her) personal confession of faith in Jesus Christ.

The earliest and simplest statement of Christian belief, into which you now bring this child to be baptized, is the Apostles' Creed, which reads as follows:

"I believe in God the Father Almighty, Maker of heaven and earth;

And in Jesus Christ, His only Son, our Lord; who was conceived by the Holy Ghost, born of the Virgin Mary, suffered under Pontius Pilate, was crucified, dead, and buried; He descended into hell; the third day He rose again from the dead; He ascended into heaven, and sits at the right hand of God the Father Almighty; from thence He shall come to judge the quick and the dead.

I believe in the Holy Ghost, the holy catholic (universal) Church, the communion of saints, the forgiveness of sins, the resurrection of the body, and the life everlasting."

Will you have your child baptized into this faith? If so, answer, "I will."

Response: I will.

In presenting this child for baptism you are hereby witnessing to your own personal Christian faith and to your purpose to guide him (her) early in life to a knowledge of Christ as Savior. To this end it is your duty to teach him (her), as soon as he (she) shall be able to learn, the nature and end of this holy sacrament; to watch over his (her) education, that he (she) may not be lead astray; to direct his (her) feet to the sanctuary; to restrain him (her) from evil associates and habits; and as much as in you lies, to bring him (her) up in the nurture and admonition of the Lord.

Will you endeavor to do so by the help of God? If so, answer, "I will."

The minister may then ask the parents or guardians to name the child, and shall then baptize the child, repeating his (her) full name and saying:

_____, I baptize you in the name of the Father, and of the Son, and of the Holy Spirit. Amen.

Pastor: Baptism also signifies the acceptance of this child into the community of Christian faith. I now ask you, the congregation; will you commit yourself as the Body of Christ

to support and encourage these parents as they endeavor to fulfill their responsibilities to this child and to assist by nurturing his (her) growth toward spiritual maturity?

Response: We will.

The minister may then offer the following prayer or may use an extemporary prayer.

Heavenly Father, we humbly pray that You will take this child into Your loving care. Abundantly enrich him (her) with Your heavenly grace; bring him (her) safely through the perils of childhood; deliver him (her) from the temptations of youth; lead him (her) to a personal knowledge of Christ as Savior; help him (her) to grow in wisdom, and in stature, and in favor with God and all people, and to persevere therein to the end. Uphold the parents with loving care, that with wise counsel and holy example they may faithfully discharge their responsibilities to both this child and to You. In the name of Jesus Christ our Lord. Amen.

4. **JUD-802—Article of Faith XIII—The Lord’s Supper**, Board of General Superintendents, recommends that it be adopted. The vote: 20 for the resolution and 0 against the resolution. (Adopted, see 64.)

RESOLVED that *Manual* paragraph 13, Article of Faith XIII, be amended as follows:

XIII. The Lord’s Supper.

13. We believe that the [Memorial and Communion Supper instituted by our Lord and Savior Jesus Christ is essentially a New Testament sacrament, declarative of His sacrificial death, through the merits of which believers have life and salvation and promise of all spiritual blessings in Christ. It is distinctively for those who are prepared for reverent appreciation of its significance, and by it they show forth the Lord’s death till He come again. It being the Communion feast, only those who have faith in Christ and love for the saints should be called to participate therein.] Communion Supper instituted by our Lord and Savior Jesus Christ is a sacrament, proclaiming His life, sufferings, sacrificial death, resurrection, and the hope of His coming again. The Lord’s Supper is a means of grace in which Christ is present by the Spirit. All are invited to participate by faith in Christ and be renewed in life, salvation, and in unity as the Church. All are to come in reverent appreciation of its significance, and by it show forth the Lord’s death until He comes. Those who have faith in Christ and love for the saints are invited by Christ to participate as often as possible.

(Exodus 12:1-14; Matthew 26:26-29; Mark 14:22-25; Luke 22:17-20; John 6:28-58; 1 Corinthians 10:14-21; 11:23-32)

5. **JUD-802a—The Lord’s Supper**, Kansas City District and Southwest Indiana District Assembly Resolutions Committee, recommends that it be rejected. The vote: 0 for the resolution and 20 against the resolution. (Rejected, see 65.)

RESOLVED that *Manual* paragraph 13 (Article of Faith XIII) be amended as follows:

13. We believe that the Memorial and Communion Supper instituted by our Lord and Savior Jesus Christ is essentially a New Testament sacrament and means of grace, declarative of [His] Christ’s sacrificial death, through the merits of which believers have life and salvation and promise of all spiritual blessings in Christ. It is distinctively for those who are prepared for reverent appreciation of its significance, and by it they show forth the Lord’s death till He come again. It being the Communion feast, only those who have faith in Christ and love for the saints should be called to participate therein.

(Exodus 12:1-14; Matthew 26:26-29; Mark 14:22-25; Luke 22:17-20; John 6:28-58; 1 Corinthians 10:14-21; 11:23-32)

6. **JUD-802b—The Lord’s Supper, Alabama North District**, recommends that it be rejected. The vote: 0 for the resolution and 20 against the resolution. (Rejected, see 66.)

RESOLVED that *Manual* paragraph 13 (Article of Faith XIII) be amended as follows:

13. We believe that the Memorial and Communion Supper instituted by our Lord and Savior Jesus Christ is essentially a New Testament sacrament, declarative of His sacrificial death, through [the merits of] which believers have life and salvation and promise of all spiritual blessings in Christ. It is distinctively for those who are prepared for reverent appreciation of its significance, and by it they show forth the Lord’s death till He come again. It being the Communion feast, only those who have faith in Christ and love for the saints should be called to participate therein.

(Exodus 12:1-14; Matthew 26:26-29; Mark 14:22-25; Luke 22:17-20; John 6:28-58; 1 Corinthians 10:14-21; 11:23-32)

7. **JUD-803—The Sacrament of the Lord’s Supper**, Kansas City District, Southwest Indiana District Assembly Resolutions Committee, and Reference Committee, recommends that it be rejected. The vote: 0 for the resolution and 17 against the resolution. (Rejected, see 276.)

RESOLVED that *Manual* paragraph 802 be amended as follows

802. The Sacrament of the Lord’s Supper.

The administration of the Lord’s Supper may be introduced by an appropriate sermon and the reading of 1 Corinthians 11:23-29; Luke 22:14-20, or some other suitable passage. Let the minister then give the following invitation:

The Lord himself ordained this holy sacrament. He commanded His disciples to partake of the bread and wine, [emblems of] His broken body and shed blood. This is His table. The feast is for His disciples. Let all those who have with true repentance forsaken their sins, and have believed in Christ unto salvation, draw near [and take these emblems], and, by faith, partake of the life of Jesus Christ, to your soul’s comfort and joy. Let us remember that it is the memorial of the death and passion of our Lord; also a token of His coming again. Let us not forget that we are one, at one table with the Lord.

The minister may offer a prayer of confession and supplication, concluding with the following prayer of consecration:

Almighty God, our Heavenly Father, who out of Your tender mercy gave Your only Son, Jesus Christ, to suffer death upon the Cross for our redemption: hear us, we most humbly beseech You. Pour out Your Holy Spirit upon us and upon [Grant that, as we receive] these Your creatures of bread and wine, and grant that, as we receive them according to the holy institution of Your Son, our Savior Jesus Christ, in remembrance of His passion and death, we may be made partakers of [the benefits of His atoning sacrifice] His most blessed Body and Blood.

We are reminded that in the same night that our Lord was betrayed, He took bread and, when He had given thanks, He broke it and gave it to His disciples, saying, “This is my body given for you; do this in remembrance of me.” Likewise, after supper, He took the cup, and when He had given thanks, He gave it to them, saying, “This cup is the new covenant in my blood, which is poured out for you; do this, whenever you drink it, in remembrance of me.”

And so, [M]ay we come before You in true humility and faith as we partake of this holy sacrament. Through Jesus Christ our Lord. Amen.

Then may the minister, partaking first, with the assistance of any other ministers present, and when necessary, of the stewards, administer the Communion to the people.

While the bread is being distributed, let the minister say:

The body of our Lord Jesus Christ, which was broken for you, preserve you blameless, unto everlasting life. Take and eat this, in remembrance that Christ died for you.

As the cup is being passed, let the minister say:

The blood of our Lord Jesus Christ, which was shed for you, preserve you blameless unto everlasting life. Drink this, in remembrance that Christ's blood was shed for you, and be thankful.

After all have partaken, the minister may then offer a concluding prayer of thanksgiving and commitment. (29.5, 514.4, 514.9, 530.7, 531.2, 532.1)

Note: Only unfermented wine should be used in the sacrament of the Lord's Supper.

8. JUD-804—Article of Faith VI—Atonement, Michigan District Assembly, recommends that it be referred to the Board of General Superintendents. The vote: 18 for the resolution and 0 against the resolution. (Referred to the Board of General Superintendents, see 277.)

RESOLVED that *Manual* paragraph 6 (Article of Faith VI) be amended as follows:

6. We believe that Jesus Christ, through His incarnation, life, [by His] suffering[s], [by] the shedding of His [own] blood, and [by His] death on the Cross, resurrection as the firstborn of the dead, and ascension made [a] full atonement for all [human] sin, and that this Atonement is the only ground of salvation.[,] This Atonement [and that it] is sufficient for the redemption of all persons, the church, and all the created world [every individual of Adam's race]. It saves humanity from sin, death, and darkness as well as saves us to new life, freedom, wholeness, and holiness. The Atonement accomplishes the eschatological end as well as renews the cosmos. The Atonement is graciously efficacious for the salvation of those incapable of moral responsibility [and for the children in innocency] but is efficacious for the salvation of those who reach the age of responsibility only when they repent and believe.

(Isaiah 53:5-6, 11; Mark 10:45; Luke 24:46-48; John 1:29; 3:14-17; Acts 4:10-12; Romans 3:21-26; 4:17-25; 5:6-21; 1 Corinthians 6:20; 2 Corinthians 5:14-21; Galatians 1:3-4; 3:13-14; Colossians 1:19-23; 1 Timothy 2:3-6; Titus 2:11-14; Hebrews 2:9; 9:11-14; 13:12; 1 Peter 1:18-21; 2:19-25; 1 John 2:1-2)

9. JUD-805—Resurrection, Judgment, and Destiny, Mid-Atlantic District Resolutions Committee, recommends that it be referred to the Board of General Superintendents. The vote: 18 for the resolution and 0 against the resolution. (Referred to the Board of General Superintendents, see 278.)

RESOLVED that *Manual* paragraph 16 (Article of Faith XVI) be amended as follows:

XVI. Resurrection, Judgment, and Destiny

16. We believe in the resurrection of the dead, that the bodies both of the just and of the unjust shall be raised to life and united with their spirits—“[they that have done good, unto the resurrection of life; and they that have done evil, unto the resurrection of damnation] those who have done what is good will rise to live, and those who have done what is evil will rise to be condemned.”

REMAINDER OF PARAGRAPH REMAINS THE SAME.

10. JUD-805a—Article of Faith: Resurrection, Judgment, and Destiny, MidSouth District Resolutions Committee and Alabama South District Advisory Board. (See JUD-805.)

RESOLVED that *Manual* paragraph 16 (Article of Faith XVI) be amended as follows:

XVI. Resurrection, Judgment, and Destiny

16. We believe in the resurrection of the dead, that both the bodies of the just and of the unjust shall be raised [to life and united with their spirits –“they that have done good, unto the resurrection of life; and they that have done evil, unto the resurrection of damnation.”] in the final resurrection.

FURTHER RESOLVED that *Manual* paragraph 16.1 (Article of Faith XVI) be amended as follows:

16.1. We believe in future judgment in which [every person] both believer and unbeliever shall appear before God to be judged according to his or her deeds in this life.

FURTHER RESOLVED that *Manual* paragraph 16.2 (Article of Faith XVI) be amended as follows:

16.2. We believe that [glorious and everlasting life is assured to all who savingly believe in, and obediently follow, Jesus Christ our Lord; and that] the finally impenitent shall suffer [eternally in hell.] eternal separation from God and that those who confess Jesus as Lord and faithfully follow Jesus will be raised to everlasting life in the ‘new heavens and new earth.’

(Genesis 18:25; 1 Samuel 2:10; Psalm 50:6; Isaiah 26:19; Daniel 12:2–3; Matthew 25:31–46; Mark 9:43–48; Luke 16:19–31; 20:27–38; John 3:16–18; 5:25–29; 11:21–27; Acts 17:30–31; Romans 2:1–16; 14:7–12; 1 Corinthians 15:12–58; 2 Corinthians 5:10; 2 Thessalonians 1:5–10; Revelation 20:11–15; 22:1–15)

11. **JUD-806—Study of Ecclesiology (The Church)**, Mid-Atlantic District Resolutions Committee, New England District Resolutions Committee, and Reference Committee, recommends that it be rejected. The vote: 0 for the resolution and 17 against the resolution. (Rejected, see 279.)

RESOLVED that the Board of General Superintendents convene a committee, representing the diversity of the denomination, to discuss ecclesiology and propose a rewritten Article XI (The Church) for consideration at the next General Assembly.

FURTHER RESOLVED that this committee serve as the study committee required by paragraph 27 of the *Manual*.

COST ESTIMATE:

(now required by General Assembly Rule of Order #26, item c; *Manual* paragraph 902.7)

Per person cost projection:

1. Average airfare: \$500
2. Lodging/Night: \$125
3. Meals/Daily: \$50
4. Support Costs/Daily: \$50
5. Contingency: \$50

If the commission meets for three days each time they gather:

1. Airfare: \$500 + \$275/day (3 days = \$825)

Total Cost for 3-day meeting including airfare = \$1,325

If there are ten people serving on the Commission this would bring the expense for this meeting between \$13,250 to 15,000. If the Commission were to meet 4 times during the quinquennium, this could put the price tag at \$60,000. Of course, there are many other factors,

i.e., international representation on the Commission would drive the airfare costs up, timing of the year when the meetings are held, etc.

12. **JUD-807—The Universal Church**, Mid-Atlantic District Resolutions Committee, recommends that it be rejected. The vote: 1 for the resolution and 16 against the resolution. (Rejected, see 280.)

RESOLVED that the title of *Manual* paragraph 17 be amended as follows:

I. The [General] Universal Church

17. The Church of God is composed of all spiritually regenerate persons, whose names are written in heaven.

13. **JUD-808—Contested Discipline of a Member of the Clergy**, Mid-Atlantic District Resolutions Committee, recommends that it be adopted. The vote: 16 for the resolution and 0 against the resolution. (Adopted, see 136.)

RESOLVED that *Manual* paragraph 606 be amended as follows:

606. Following a decision by a Board of Discipline, the accused, the District Advisory Board, or those who sign the charges shall be entitled to appeal the decision [to the General Court of Appeals for those in the United States and Canada, or] to the Regional Court of Appeals [in other global regions]. The appeal shall be begun within 30 days after such decision, and the court shall review the entire record of the case and all steps that have been taken therein. If the court discovers any substantial error prejudicial to the right of any person, it shall correct such error by ordering a new hearing to be conducted in a manner capable of giving relief to that person affected adversely by previous proceedings or decision.

14. **JUD-809—Clergy Discipline**, North Arkansas District Resolutions Committee, recommends that it be adopted. The vote: 18 for the resolution and 0 against the resolution. (Adopted, see 137.)

RESOLVED that *Manual* paragraph 605.1 be amended as follows:

605.1. If a member of the clergy is accused of conduct unbecoming a minister [,] or of teaching doctrines out of harmony with the doctrinal statement of the Church of the Nazarene [, or of serious laxity in the enforcement of the Covenant of Christian Character or the Covenant of Christian Conduct of the church,] such accusations shall be placed in writing and shall be signed by at least two members of the Church of the Nazarene who are at the time in good standing.

REMAINDER OF THE PARAGRAPH REMAINS THE SAME.

15. **JUD-810—Article of Faith VII—Prevenient Grace**, Board of General Superintendents, recommends that it be adopted. The vote: 20 for the resolution and 0 against the resolution. (Adopted, see 67.)

RESOLVED that *Manual* paragraph 7 (Article of Faith VII) be amended as follows:

7. We believe that the grace of God through Jesus Christ is freely bestowed upon all people, enabling all who will to turn from sin to righteousness, believe on Jesus Christ for pardon and cleansing from sin, and follow good works pleasing and acceptable in His sight. We also believe that the human race's creation in Godlikeness included the ability to choose between right and wrong, and that thus human beings were made morally responsible; that through the fall of Adam they became depraved so that they cannot now turn and prepare themselves by their own natural strength and works to faith and calling upon God. [But we also believe that the grace of God through Jesus Christ is freely bestowed upon all people, enabling

all who will to turn from sin to righteousness, believe on Jesus Christ for pardon and cleansing from sin, and follow good works pleasing and acceptable in His sight.]

[We believe that all persons, though in the possession of the experience of regeneration and entire sanctification, may fall from grace and apostatize and, unless they repent of their sins, be hopelessly and eternally lost.]

(Godlikeness and moral responsibility: Genesis 1:26-27; 2:16-17; Deuteronomy 28:1-2; 30:19; Joshua 24:15; Psalm 8:3-5; Isaiah 1:8-10; Jeremiah 31:29-30; Ezekiel 18:1-4; Micah 6:8; Romans 1:19-20; 2:1-16; 14:7-12; Galatians 6:7-8

Natural inability: Job 14:4; 15:14; Psalms 14:1-4; 51:5; John 3:6a; Romans 3:10-12; 5:12-14, 20a; 7:14-25

Free grace and works of faith: Ezekiel 18:25-26; John 1:12-13; 3:6b; Acts 5:31; Romans 5:6-8, 18; 6:15-16, 23; 10:6-8; 11:22; 1 Corinthians 2:9-14; 10:1-12; 2 Corinthians 5:18-19; Galatians 5:6; Ephesians 2:8-10; Philippians 2:12-13; Colossians 1:21-23; 2 Timothy 4:10a; Titus 2:11-14; Hebrews 2:1-3; 3:12-15; 6:4-6; 10:26-31; James 2:18-22; 2 Peter 1:10-11; 2:20-22)

16. JUD-811—Article of Faith VIII—Repentance, Board of General Superintendents, recommends that it be adopted. The vote: 20 for the resolution and 0 against the resolution. (Adopted, see 68.)

RESOLVED that *Manual* paragraph 8 (Article of Faith VIII) be amended as follows:

8. We believe [that repentance, which is a sincere and thorough change of the mind in regard to sin, involving a sense of personal guilt and a voluntary turning away from sin, is demanded of all who have by act or purpose become sinners against God.] [T]he Spirit of God gives to all who will repent the gracious help of penitence of heart and hope of mercy, that they may believe unto pardon and spiritual life. Repentance, which is a sincere and thorough change of the mind in regard to sin, involving a sense of personal guilt and a voluntary turning away from sin, is demanded of all who have by act or purpose become sinners against God.

We believe that all persons may fall from grace and apostatize and, unless they repent of their sins, be hopelessly and eternally lost. We believe that regenerate persons need not return to sin but may live in unbroken fellowship with God through the power of the indwelling Holy Spirit who bears witness with our spirits that we are children of God.

(2 Chronicles 7:14; Psalms 32:5-6; 51:1-17; Isaiah 55:6-7; Jeremiah 3:12-14; Ezekiel 18:30-32; 33:14-16; Mark 1:14-15; Luke 3:1-14; 13:1-5; 18:9-14; Acts 2:38; 3:19; 5:31; 17:30-31; 26:16-18; Romans 2:4; 2 Corinthians 7:8-11; 1 Thessalonians 1:9; 2 Peter 3:9)

17. JUD-812—Article of Faith IX—Justification, Regeneration, and Adoption, Board of General Superintendents, recommends that it be adopted. The vote: 20 for the resolution and 0 against the resolution. (Adopted, see 69.)

RESOLVED that *Manual* paragraph 9.2 (Article of Faith IX) be amended as follows:

9.2. We believe that adoption is that gracious act of God by which the justified and regenerated believer is constituted a [son] child of God.

FURTHER RESOLVED that *Manual* paragraph 9.3 (Article of Faith IX) be amended as follows:

9.3. We believe that justification, regeneration, and adoption are simultaneous in the experience of seekers after God and are [obtained upon the condition of] received by faith, preceded by repentance; and that to this work and state of grace the Holy Spirit bears witness.

(Luke 18:14; John 1:12-13; 3:3-8; 5:24; Acts 13:39; Romans 1:17; 3:21-26, 28; 4:5-9,

17–25; 5:1, 16–19; 6:4; 7:6; 8:1, 15–17; 1 Corinthians 1:30; 6:11; 2 Corinthians 5:17–21; Galatians 2:16–21; 3:1–14, 26; 4:4–7; Ephesians 1:6–7; 2:1, 4–5; Philippians 3:3–9; Colossians 2:13; Titus 3:4–7; 1 Peter 1:23; 1 John 1:9; 3:1–2, 9; 4:7; 5:1, 9–13, 18)

18. JUD-813—Article of Faith X—Christian Holiness and Entire Sanctification, Board of General Superintendents, recommends that it be adopted. The vote: 20 for the resolution and 0 against the resolution. (Referred to the Board of General Superintendents, see 97.)

RESOLVED that *Manual* paragraphs 10 and 10.1 be amended as follows:

X. Christian Holiness and Entire Sanctification

10. [We believe that sanctification is the work of God which transforms believers into the likeness of Christ. It is wrought by God’s grace through the Holy Spirit in initial sanctification, or regeneration (simultaneous with justification), entire sanctification, and the continued perfecting work of the Holy Spirit culminating in glorification. In glorification we are fully conformed to the image of the Son.

We believe that entire sanctification is that act of God, subsequent to regeneration, by which believers are made free from original sin, or depravity, and brought into a state of entire devotement to God, and the holy obedience of love made perfect.

It is wrought by the baptism with or infilling of the Holy Spirit, and comprehends in one experience the cleansing of the heart from sin and the abiding, indwelling presence of the Holy Spirit, empowering the believer for life and service.

Entire sanctification is provided by the blood of Jesus, is wrought instantaneously by grace through faith, preceded by entire consecration; and to this work and state of grace the Holy Spirit bears witness.

This experience is also known by various terms representing its different phases, such as “Christian perfection,” “perfect love,” “heart purity,” “the baptism with or infilling of the Holy Spirit,” “the fullness of the blessing,” and “Christian holiness.”

10.1. We believe that there is a marked distinction between a pure heart and a mature character. The former is obtained in an instant, the result of entire sanctification; the latter is the result of growth in grace.

We believe that the grace of entire sanctification includes the divine impulse to grow in grace as a Christlike disciple. However, this impulse must be consciously nurtured, and careful attention given to the requisites and processes of spiritual development and improvement in Christlikeness of character and personality. Without such purposeful endeavor, one's witness may be impaired and the grace itself frustrated and ultimately lost.

Participating in the means of grace, especially the fellowship, disciplines, and sacraments of the Church, believers grow in grace and in wholehearted love to God and neighbor.]

We believe that the sanctification of the believer is that transformation into the likeness of Christ which begins with regeneration. Being incorporated into the body of Christ, trusting in His Atonement, and becoming children of God the Father in the fellowship of the Spirit, new believers take up the cross, learn to deny themselves, die daily with Christ, and live in faithful obedience to the great commandments in the power of the Spirit.

Participating in the means of grace, especially the fellowship, disciplines, and sacraments of the Church, the believer grows in grace and in the love of God and neighbor, but

yet through this becomes increasingly conscious of a deep need for inward purifying from the persistent and multi-faceted sinfulness of pride, self-centeredness and idolatry.

We believe that by such growth in the grace and knowledge of our Lord and Savior Jesus Christ, the Holy Spirit brings the believer to the point of full consecration and entire sanctification, when through faith in Christ who died for our full salvation, the Holy Spirit fills the believer with wholehearted love to God and neighbor, so purifying the heart. Filled with the Spirit of the Risen Lord, who baptized the apostolic Church with the Holy Spirit on the day of Pentecost in fulfillment of the promises of the new covenant, believers are empowered even in their weakness to witness to Him in a life of victory. While awaiting the redemption of the body, believers still confess shortcomings, trespasses, and faults, but press on to ever more mature and holy character in the image of God.

(Jeremiah 31:31–34; Ezekiel 36:25–27; Malachi 3:2–3; Matthew 3:11–12; Luke 3:16–17; John 7:37–39; 14:15–23; 17:6–20; Acts 1:5; 2:1–4; 15:8–9; Romans 6:11–13, 19; 8:1–4, 8–14; 12:1–2; 2 Corinthians 6:14–7:1; Galatians 2:20; 5:16–25; Ephesians 3:14–21; 5:17–18, 25–27; Philippians 3:10–15; Colossians 3:1–17; 1 Thessalonians 5:23–24; Hebrews 4:9–11; 10:10–17; 12:1–2; 13:12; 1 John 1:7, 9)

[("Christian perfection," "perfect love": Deuteronomy 30:6; Matthew 5:43–48; 22:37–40; Romans 12:9–21; 13:8–10; 1 Corinthians 13; Philippians 3:10–15; Hebrews 6:1; 1 John 4:17–18

"Heart purity": Matthew 5:8; Acts 15:8–9; 1 Peter 1:22; 1 John 3:3

"Baptism with the Holy Spirit": Jeremiah 31:31–34; Ezekiel 36:25–27; Malachi 3:2–3; Matthew 3:11–12; Luke 3:16–17; Acts 1:5; 2:1–4; 15:8–9

"Fullness of the blessing": Romans 15:29

"Christian holiness": Matthew 5:1–7:29; John 15:1–11; Romans 12:1–15:3; 2 Corinthians 7:1; Ephesians 4:17–5:20; Philippians 1:9–11; 3:12–15; Colossians 2:20–3:17; 1 Thessalonians 3:13; 4:7–8; 5:23; 2 Timothy 2:19–22; Hebrews 10:19–25; 12:14; 13:20–21; 1 Peter 1:15–16; 2 Peter 1:1–11; 3:18; Jude 20–21)]

19. JUD-814—Study Group on Article of Faith XVI – Resurrection, Judgment, and Destiny, Board of General Superintendents, recommends that it be adopted. The vote: 20 for the resolution and 0 against the resolution. (Adopted, see 81.)

RESOLVED that, as recommended by the Articles of Faith Study Committee, a study group should be created by the Board of General Superintendents or the Articles of Faith Study Committee appointed following General Assembly 2017 should study and review the biblical and theological basis of Article of Faith XVI.

COST ESTIMATE:

(now required by General Assembly Rule of Order #26, item c; *Manual* paragraph 902.7)

1. The Articles of Faith Study Committee could study the Article of Faith by adding this topic to their assignment without additional cost.
2. Expenses of a separate study group would be:
 - Group composed of three US/Canada representatives, four international representatives, and one GMC employee.
 - The group should meet twice for two days each. Email and video conferencing could occur between meetings.
 - The cost breakdown for one meeting would be:

- US/Canada airfare \$500 x 3 = \$1,500
- International airfare \$3000 x 4 = \$12,000
- Meals & hotel rooms = \$1,750
- Shuttle service between KCI and GMC = \$700
- Total: \$15,950 per meeting; two meetings: \$31,900

20. **JUD-815—Article of Faith XIV—Divine Healing**, Board of General Superintendents, recommends that it be adopted. The vote: 20 for the resolution and 0 against the resolution. (Adopted, see 82.)

RESOLVED that *Manual* paragraph 14 (Article of Faith XIV) be amended as follows:

14. We believe in the [Bible] biblical doctrine of divine healing and urge our people to offer the prayer of faith for the healing of the sick. We also believe God heals through the means of medical science.

(2 Kings 5:1-19; Psalm 103:1-5; Matthew 4:23-24; 9:18-35; John 4:46-54; Acts 5:12-16; 9:32-42; 14:8-15; 1 Corinthians 12:4-11; 2 Corinthians 12:7-10; James 5:13-16)

21. **JUD-816—Judicial Matters**, General Court of Appeals, recommends that it be adopted. The vote: 17 for the resolution and 0 against the resolution. (Adopted, see 281.)

RESOLVED that *Manual* paragraph 615.1 be amended as follows:

615.1. The cost of preparing the record of a case for a minister, including a verbatim transcript of all testimony given at the trial, for the purpose of an appeal to the General Court of Appeals, shall be borne by the district where the hearing was held and disciplinary action taken. Every minister who appeals shall have the right to present oral as well as written argument upon his or her appeal, but this right may be waived in writing by the accused.

The cost of preparing the record of a case for a layperson, including a verbatim transcript of all testimony given at the trial, for the purpose of an appeal to the District Court of Appeals, shall be borne by the local church of the district where the hearing was held and disciplinary action taken. Every layperson who appeals shall have the right to present oral as well as written argument upon his or her appeal, but this right may be waived in writing by the accused.

FURTHER RESOLVED that a new *Manual* paragraph be added as follows:

615.2. The highest court for a minister to appeal is the General Court of Appeals, and the highest court for a layperson to appeal is the District Court of Appeals.

FURTHER RESOLVED that existing *Manual* paragraphs 615.2-615.6 be renumbered accordingly.

22. **JUD-817—Quorum for General Assembly Business**, Board of General Superintendents, recommends that it be adopted. The vote: 17 for the resolution and 0 against the resolution. (Adopted, see 282.)

RESOLVED that *Manual* paragraph 25.4 be amended as follows:

25.4. Quorum. [When the General Assembly is in session, a majority of the whole number of delegates elected thereto shall constitute a quorum for the transaction of business.] The quorum at any meeting of the General Assembly shall be a majority of the voting delegates who have been registered on site with the General Assembly Credentials Committee. If a quorum has once been obtained, a smaller number may approve the unapproved minutes and adjourn.

Note: If adopted, this resolution would not be in effect until at least the next General Assembly, since any changes to the Constitution must be voted on for approval by each Phase 2 and Phase 3 district assembly. (*Manual* paragraph 26)

23. **JUD-818—Amendments to the Constitution**, Board of General Superintendents, recommends that it be adopted. The vote: 17 for the resolution and 0 against the resolution. (Adopted, see 283.)

RESOLVED that *Manual* paragraph 26 be amended as follows:

Amendments

26. The provisions of this Constitution may be repealed or amended when concurred in by a two-thirds vote of the General Assembly members present and voting, and when ratified by not less than two-thirds of all the Phase 3 and Phase 2 district assemblies of the Church of the Nazarene. A [majority] two-thirds vote is required on each constitutional amendment item by any Phase 3 or Phase 2 district assembly. Either the General Assembly or any Phase 3 or Phase 2 district assembly may take the initiative in the matter of proposing such amendments. As soon as such amendments shall have been adopted as herein provided, the result of the vote shall be announced by the Board of General Superintendents, whereupon such amendments shall have full force and effect.

24. **JUD-819—Reporting Process with Articles of Faith Study Committee**, Board of General Superintendents, recommends that it be adopted. The vote: 17 for the resolution and 0 against the resolution. (Adopted, see 284.)

RESOLVED that *Manual* paragraph 27 be amended as follows:

27. Resolutions amending the Articles of Faith (paragraphs 1–16.2) shall be referred by the General Assembly to the Board of General Superintendents for review by a study committee, including theologians and ordained ministers, appointed by the Board of General Superintendents that reflects the global nature of our Church. The committee shall report, with any recommendations or resolutions, to the Board of General Superintendents, who shall report to the subsequent General Assembly.

25. **JUD-820—Person with Authority to Respond to Possible Misconduct**, Board of General Superintendents, recommends that it be adopted. The vote: 18 for adoption and 0 against adoption. (Adopted, see 285.)

RESOLVED that *Manual* paragraph 601.2 be amended as follows:

601.2. The person who has authority to respond is determined by the position within the church of the individual or individuals who may be involved in misconduct as follows:

Person Implicated	Person with Authority to Respond
Nonmember	Pastor of local church where the conduct in question takes place.
Layperson	Pastor of church where layperson is a member.
Member of the clergy	District superintendent (<u>in conjunction with the District Advisory Board</u>) where the person implicated is a member or the pastor of the local church where the person is on staff.
District superintendent	General superintendent in jurisdiction
<u>Regional director</u>	<u>General superintendent in jurisdiction</u>

Field strategy coordinator General superintendent in jurisdiction
Not otherwise defined General secretary

The person with authority to respond should also in a timely manner notify respective persons in leadership at the district, field, regional, and/or global dimensions about the accusations. The person with authority to respond may enlist the help of others in any fact-finding or response.

26. **JUD-821—Ministry of Laypersons**, Board of General Superintendents, recommends that it be adopted. The vote: 17 for the resolution and 0 against the resolution. (Adopted, see 286.)

RESOLVED that a new paragraph be added to the *Manual* as follows:

Chapter II

Categories and Roles of Ministry

A. Ministry of Laypersons

503. The Church of the Nazarene recognizes a ministry of laypersons. It also recognizes that the layperson may serve the church in various capacities. (Ephesians 4:11–12) The church recognizes the following categories of service in which a district assembly may place a layperson: pastor, evangelist, missionary, teacher, administrator, chaplain, and special service. Lay training is normally required, or greatly desired, to fulfill these categories. (604.3)

FURTHER RESOLVED that relettering and renumbering be done in this *Manual* section.

FURTHER RESOLVED that a new paragraph be added to the *Manual* as follows:

604.3. Laypersons serving in leadership roles are held to a high standard. When misconduct occurs, the impact is often very serious. An individual guilty of sexual misconduct involving minors* should not be permitted to serve in any position of responsibility for or ministry with minors, or be elected or appointed to any leadership role in the local church. (503)

*A minor is defined as any human being under the age of 18, unless the age of majority is attained earlier under a state’s or country’s own domestic legislation.

27. **JUD-822—Ritual Section Footnote**, Board of General Superintendents, recommends that it be adopted. The vote: 17 for the resolution and 0 against the resolution. (Adopted, see 287.)

RESOLVED that *Manual* paragraphs 800-807 be amended by adding a footnote to each ritual, identified in this one example, as follows:

800. The Sacrament of Baptism

800.1. The Baptism of Believers*

Dearly Beloved: Baptism is the sign and seal of the new covenant of grace, the significance of which is attested by the apostle Paul in his letter to the Romans as follows:

“Or don’t you know that all of us who were baptized into Christ Jesus were baptized into his death? We were therefore buried with him through baptism into death: in order that, just as Christ was raised from the dead through the glory of the Father, we too may live a new life. If we have been united with him like this in his death, we will certainly also be united with him in his resurrection” (Romans 6:3–5).

The earliest and simplest statement of Christian belief, into which you now come to be baptized, is the Apostles’ Creed, which reads as follows:

“I believe in God the Father Almighty, Maker of heaven and earth;

“And in Jesus Christ, His only Son, our Lord; who was conceived by the Holy Ghost, born of the Virgin Mary, suffered under Pontius Pilate, was crucified, dead, and buried; He descended into hell; the third day He rose again from the dead; He ascended into heaven, and sits at the right hand of God the Father Almighty; from thence He shall come to judge the quick and the dead.

“I believe in the Holy Ghost, the holy Church of Jesus Christ, the communion of saints, the forgiveness of sins, the resurrection of the body, and the life everlasting.”

Will you be baptized into this faith? If so, answer, “I will.”

Response: I will.

Do you acknowledge Jesus Christ as your personal Savior, and do you realize that He saves you now?

Response: I do.

Will you obey God’s holy will and keep His commandments, walking in them all the days of your life?

Response: I will.

The minister, giving the full name of the person and using the preferred form of baptism—sprinkling, pouring, or immersion—shall say:

_____, I baptize you in the name of the Father, and of the Son, and of the Holy Spirit. Amen.

Note: The language within all rituals remains unchanged, but the footnote designation would be added after the title of each ritual.

* In order to edit or to make additions to any item in the “Rituals” section of the *Manual*, action by a General Assembly is required.

28. **JUD-823—District Boundaries**, Board of General Superintendents, recommends that it be adopted. The vote: 17 for the resolution and 0 against the resolution. (Adopted, see 288.)

RESOLVED that *Manual* paragraph 24 be amended as follows:

Article III. District Assemblies

24.

The General Assembly shall organize the membership of the church into district assemblies, giving such lay and ministerial representation therein as the General Assembly may deem fair and just, and shall determine qualifications of such representatives, provided, however, that all assigned ordained ministers shall be members thereof. [The General Boundaries Committee shall fix the boundaries of assembly districts.] The General Assembly shall also define the powers and duties of district assemblies. (200–205.6)

29. **JUD-824—Statement of Mission, Core Values, and Seven Characteristics of the Church of the Nazarene**, Board of General Superintendents, recommends that it be adopted. The vote: 17 for the resolution and 0 against the resolution. (Adopted, see 289.)

RESOLVED that the Foreword section of the *Manual* be amended as follows:

Foreword

[“The mission of the Church of the Nazarene is to make Christlike disciples in the nations.”]

The *Statement of Mission* in the Church of the Nazarene is to make Christlike disciples in the nations.

The *Core Values* of the Church of the Nazarene are that we are Christian, Holiness, and Missional.

The seven *Characteristics of the Church of the Nazarene* are Meaningful Worship, Theological Coherence, Passionate Evangelism, Intentional Discipleship, Church Development, Transformational Leadership, and Purposeful Compassion.

“The primary objective of the Church of the Nazarene is to advance God’s kingdom by the preservation and propagation of Christian holiness as set forth in the Scriptures.”

“The critical objectives of the Church of the Nazarene are ‘holy Christian fellowship, the conversion of sinners, the entire sanctification of believers, their upbuilding in holiness, and the simplicity and spiritual power manifest in the primitive New Testament Church, together with the preaching of the gospel to every creature.’” (19)

The Church of the Nazarene exists to serve as an instrument for advancing the kingdom of God through the preaching and teaching of the gospel throughout the world. Our well-defined commission is to preserve and propagate Christian holiness as set forth in the Scriptures, through the conversion of sinners, the reclamation of backsliders, and the entire sanctification of believers.

Our objective is a spiritual one, namely, to evangelize as a response to the Great Commission of our Lord to “go and make disciples of all nations” (Matthew 28:19; cf. John 20:21; Mark 16:15). We believe that this aim can be realized through agreed-upon policies and procedures, including doctrinal tenets of faith and time-tested standards of morality and lifestyle.

This 2013–2017 edition of the *Manual* includes a brief historical statement of the church; the church Constitution, which defines our Articles of Faith, our understanding of the church, the Covenant of Christian Character for holy living, and principles of organization and government; the Covenant of Christian Conduct, which address key issues of contemporary society; and policies of church government dealing with the local, district, and general church organization.

The General Assembly is the supreme doctrine-formulating and lawmaking body of the Church of the Nazarene. This *Manual* contains the decisions and judgments of ministerial and lay delegates of the Twenty-eighth General Assembly, which met in Indianapolis, Indiana, U.S.A., June 23–27, 2013, and is therefore authoritative as a guide for action. Because it is the official statement of the faith and practice of the church and is consistent with the teachings of the Scriptures, we expect our people everywhere to accept the tenets of doctrine and the guides and helps to holy living contained in it. To fail to do so, after formally taking the membership vows of the Church of the Nazarene, injures the witness of the church, violates her conscience, and dissipates the fellowship of the people called Nazarenes.

The government of the Church of the Nazarene is distinctive. In polity it is representative—neither purely episcopal nor wholly congregational. Because the laity and the ministry have equal authority in the deliberative and lawmaking units of the church, there is a desirable and effective balance of power. We see this not only as an opportunity for participation and service in the church but also as an obligation on the part of both laity and ministry.

Commitment and clear purpose are important. But an intelligent and informed people following commonly agreed-upon practices and procedures advance the Kingdom faster and

enhance their witness for Christ. Therefore, it is incumbent upon our members to acquaint themselves with this *Manual*—the history of the church and the doctrines and ethical practices of the ideal Nazarene. Adherence to the injunctions of these pages will nurture loyalty and faithfulness both to God and the church and will increase the effectiveness and efficiency of our spiritual efforts.

With the Bible as our supreme Guide, illuminated by the Holy Spirit, and the *Manual* as our official agreed-upon statement of faith, practice, and polity, we look forward to the new quadrennium with joy and unswerving faith in Jesus Christ.

The Board of General Superintendents

Jerry D. Porter

J. K. Warrick

Eugenio R. Duarte

David W. Graves

David A. Busic

Gustavo A. Crocker

30. **JUD-825—Subsidiaries of The Church of the Nazarene, Inc.**, General Board, recommends that it be adopted. The vote: 19 for the resolution and 0 against the resolution. (Adopted, see 290.)

RESOLVED that a new title and new paragraph be added under Section N, 338 of the *Manual* as follows:

N. Subsidiaries of The Church of the Nazarene, Inc.

338. Subsidiary corporations of The Church of the Nazarene, Inc. will be organized and governed according to the following principles:

a. Sole Member

i. The Sole Member of all subsidiaries incorporated in the U.S. must be “The Church of the Nazarene, Inc.”

b. Board of Directors Membership

i. Composition: Each organization shall determine the appropriate number of Directors according to its needs and purpose. Minimum requirements are:

1. One Director of the Board of General Superintendents is an ex-officio member

2. One denomination senior staff appointed by the Board of General Superintendents

ii. All Directors must be nominated by the Board of General Superintendents in consultation with the other Directors of the Corporation.

iii. All Directors must be elected by the Board of General Superintendents acting on behalf of the Sole Member. They will hold office until their successors are elected and qualified.

iv. Removal: Any one or more of the directors may be removed either with or without cause, at any time, by vote of the Board of General Superintendents acting on behalf of the Sole Member at any special meeting called for that purpose.

c. Officers and Executives: The number and titles of the officers shall be determined by each entity according to their bylaws.

- d. Meetings of the Corporation:
 - i. Meetings of the Sole Member will take place at a date and location set from time-to-time by the Sole Member (Church of the Nazarene, Inc.).
 - ii. Meetings of the Directors will take place at the discretion of the Corporation.
- e. Executives of the Corporation: Are selected and removed in accordance with the subsidiary's bylaws.
- f. Fiscal Year: All subsidiaries shall adopt a fiscal year identical to the fiscal year of The Church of the Nazarene, Inc.
- g. Dissolution: Upon dissolution of the Corporation, all its assets will be transferred to the Sole Member.
- h. Articles of Incorporation and Bylaws
 - i. Subsidiaries may be established by a two-thirds vote of the General Board of the Sole Member. Articles of Incorporation and Bylaws are Subject to approval of the General Board of the Sole Member.
 - ii. Amendments are proposed by a two-thirds vote of the Board of Directors of the Corporation and they are subject to the approval of the General Board of the Sole Member.

FURTHER RESOLVED that the existing title of *Manual* Section N and paragraphs 338-338.6 be deleted as follows:

[N. Nazarene Publishing House Board

338. The Nazarene Publishing House (NPH), a corporation of Kansas City, Missouri, U.S.A., shall have a Board of Directors composed of nine members: president of the Nazarene Publishing House, who shall be the chief executive officer of the corporation; general secretary, who shall be the ex-officio secretary of the corporation; one General Board member selected by the General Board Executive Committee; and six members-at-large, nominated by the Board of General Superintendents and elected by the General Board. They shall hold office until the final adjournment of the next General Assembly and until their successors are elected and qualified. Vacancies shall be filled by majority vote of the remaining members from nominations made by the Board of General Superintendents.

338.1. The Board of Directors shall review and provide guidance for the policy, planning, and business operations of the Nazarene Publishing House (NPH) and shall serve in accordance with the charter and bylaws of NPH and the General Board.

338.2. The Nazarene Publishing House (NPH) Board shall meet annually, or more frequently, as specified in the NPH Bylaws.

338.3. The Capital Expenditures Budget and an annual budget shall be prepared by the president of the Nazarene Publishing House for approval by the Board of Directors before adoption by the General Board.

338.4. The president of the Nazarene Publishing House (NPH) shall be responsible to the NPH Board of Directors for management of the corporation's business, and shall report annually to the Board of Directors and to the General Board.

338.5. The president of Nazarene Publishing House shall be elected in accordance with 335.19, except that the Board of Directors will select one of their number to serve on the Search Committee when a new president is to be elected, and the Nominating Committee shall

be composed of the six general superintendents, three members of the Board of Directors who are not members ex-officio, and three members of the General Board Executive Committee. He or she shall be amenable to the general superintendent in jurisdiction.

338.6. The president of Nazarene Publishing House shall be a member of the Global Ministry Center Directors Fellowship and the Planning and Budget Council.]

FURTHER RESOLVED that *Manual* paragraph 317.5 be amended as follows:

317.5. Declare vacant by a two-thirds vote the office of general secretary, general treasurer, [Nazarene Publishing House president,] or department director.

FURTHER RESOLVED that *Manual* paragraph 317.8 be deleted as follows:

[317.8. Fill vacancies, upon nomination made by the remaining members on the corporate board of the Nazarene Publishing House. (338)]

FURTHER RESOLVED that *Manual* paragraph 335.16 be deleted as follows:

[335.16. The General Board shall elect a Nazarene Publishing House president in the manner prescribed by 335.19 and General Board Bylaws.]

FURTHER RESOLVED that *Manual* paragraph 335.20 be amended as follows:

335.20. Executives' Salaries. The General Board shall establish and document a "performance evaluation" and salary administration program that includes the department director and ministry/service directors and provides for a salary structure that recognizes both levels of responsibility and merit. The General Board shall annually review and approve the salaries of department directors[, the Nazarene Publishing House president,] and other officers as may be authorized and elected by the General Board.

31. **JUD-826—Church Government Flow Chart**, Southwest Indiana District Assembly Resolutions Committee, recommends that it be adopted. The vote: 20 for the resolution and 0 against the resolution. (Adopted, see 339.)

RESOLVED that the Church Government Flow Chart in the *Manual* be amended as follows:

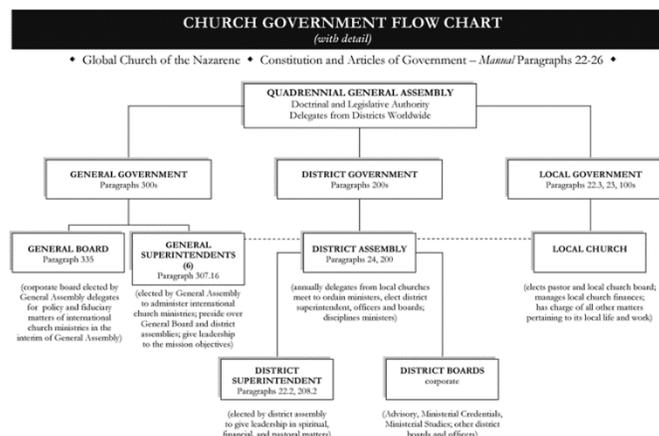
Under the box for Local Church: (elects pastor and local church board, [; manages local church finances; has charge of all other matters pertaining to its local life and work])

Insert a box for Pastor Paragraphs 115, 513-521.

Insert below the new box for Pastor, (elected by the local church, nominated by the church board, approved by the district superintendent, to give oversight of a local church).

Insert a box for Local Church Board Paragraphs 127-127.1, 129-130.

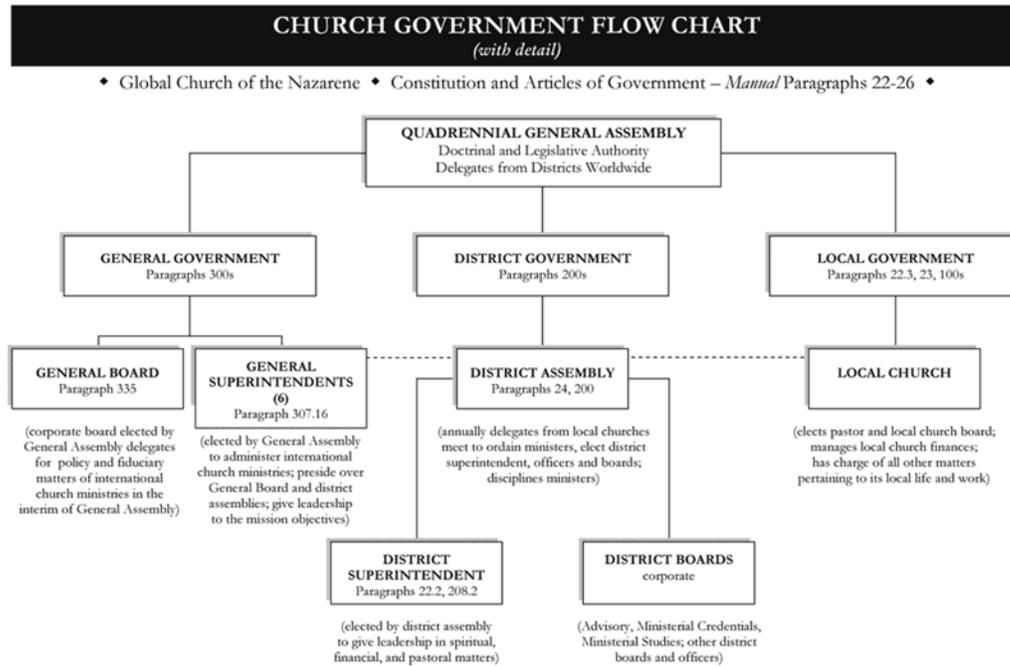
Insert below the new box for Local Church Board, (elected by the local church to manage local church finances and have charge of all other matters pertaining to the life and work of the local church).



32. **JUD-826a—Church Government Flow Chart**, Oregon Pacific District Resolutions Committee, recommends that it be adopted. The vote: 16 for the resolution and 0 against the resolution. (Adopted, see 291.)

RESOLVED that the Church Government Flow Chart in the *Manual* be amended as follows:

Under the box for District Assembly: (annually delegates from local churches meet to ordain ministers, elect district superintendent, officers, and boards, [disciplines ministers])



33. **JUD-827—Study Group on Baptism of Infants Ritual**, Board of General Superintendents, recommends that it be adopted. The vote: 19 for the resolution and 1 against the resolution. (Adopted, see 100.)

RESOLVED that, as recommended by the Articles of Faith Study Committee, a study group should be created by the Board of General Superintendents or the Articles of Faith Study Committee appointed following General Assembly 2017 should study and review the biblical and theological basis for infant baptism and its relationship to believers' baptism.

COST ESTIMATE:

(now required by General Assembly Rule of Order #26, item c; *Manual* paragraph 902.7)

1. The Articles of Faith Study Committee could study the Article of Faith by adding this topic to their assignment without additional cost.
2. Expenses of a separate study group would be:
 - Group composed of three US/Canada representatives, four international representatives, and one GMC employee.
 - The group should meet twice for two days each. Email and video conferencing could occur between meetings.
 - The cost breakdown for one meeting would be:
 - US/Canada airfare \$500 x 3 = \$1,500

- International airfare \$3000 x 4 = \$12,000
- Meals & hotel rooms = \$1,750
- Shuttle service between KCI and GMC = \$700
- Total: \$15,950 per meeting; two meetings: \$31,900

34. **JUD-828—The Baptism of Believers**, Board of General Superintendents, recommends that it be adopted. The vote: 20 for the resolution and 0 against the resolution. (Adopted, see 101.)

RESOLVED that *Manual* paragraph 800.1 be amended as follows:

800.1 The Baptism of Believers

Dearly Beloved: Christian [B]aptism is [the sign and seal of the new covenant of grace, the significance of which is attested by the apostle Paul in his letter to the Romans as follows:] a sacrament signifying participation by faith in the death and resurrection of Jesus Christ and incorporation into His Body, the Church. It is a means of grace proclaiming Jesus Christ as Lord and Savior.

[“Or don’t you know that all of us who were baptized into Christ Jesus were baptized into his death? We were therefore buried with him through baptism into death: in order that, just as Christ was raised from the dead through the glory of the Father, we too may live a new life. If we have been united with him like this in his death, we will certainly also be united with him in his resurrection” (Romans 6:3-5).]

The Apostle Paul declares that all who are baptized into Christ Jesus are baptized into His death. We are buried with Him through baptism so that just as Christ was raised from the dead, we too are raised to walk in newness of life. As we have been united with Him in His death, we will also be united with Him in His resurrection.

The [earliest and simplest statement of] Christian [belief] faith into which you now come to be baptized, is affirmed in the Apostles’ Creed, which [reads as follows] we confess:

The minister leads the congregation in the affirmation of the confession of faith.

“[I] We believe in God the Father Almighty, Maker of heaven and earth; “And in Jesus Christ, His only Son, our Lord; who was conceived by the Holy [Ghost] Spirit, born of the Virgin Mary, suffered under Pontius Pilate, was crucified, dead, and buried; He descended into hell; the third day He rose again from the dead; He ascended into heaven, and sits at the right hand of God the Father Almighty; from [thence] there He shall come to judge the [quick] living and the dead.

“[I] We believe in the Holy [Ghost] Spirit, the holy Church of Jesus Christ, the communion of saints, the forgiveness of sins, the resurrection of the body, and the life everlasting.”

Will you be baptized into this faith? [If so, answer, “I will.”]

Response: I will. Do you acknowledge Jesus Christ as your [personal] Lord and Savior, and do you [realize] believe that He saves you now?

Response: I do by faith.

As a member of the Church of Jesus Christ, [W]ill you [obey God’s holy will and keep His commandments, walking in them] follow Him all the days of your life, growing in grace and the love of God and neighbor?

Response: I will with God’s help.

The minister, giving the full name of the person and using the preferred form of baptism—sprinkling, pouring, or immersion—shall say: _____, I baptize you in the name of the Father, and of the Son, and of the Holy Spirit. Amen.

35. JUD-829—The Dedication of Infants or Young Children (Ritual for Single Parent or Guardian), Board of General Superintendents, recommends that it be adopted. The vote: 20 for the resolution and 0 against the resolution. (Adopted, see 102.)

RESOLVED that *Manual* paragraph 800.4 be deleted as follows:

[800.4. The Dedication of Infants or Young Children

(Ritual for Single Parent or Guardian)

When the parent or guardian has presented himself (herself) with the child (or children) the minister shall say:

“Then little children were brought to Jesus for him to place his hands on them and pray for them. But the disciples rebuked those who brought them. Jesus said, ‘Let the little children come to me, and do not hinder them, for the kingdom of heaven belongs to such as these’” (Matthew 19:13–14).

In presenting this child for dedication you signify not only your faith in the Christian religion but also your desire that he (she) may early know and follow the will of God, may live and die a Christian, and come unto everlasting blessedness.

In order to attain this holy end, it will be your duty, as a parent (guardian), to teach him (her) early the fear of the Lord, to watch over his (her) education, that he (she) be not led astray; to direct his (her) youthful mind to the Holy Scriptures, and his (her) feet to the sanctuary; to restrain him (her) from evil associates and habits; and, as much as in you lies, to bring him (her) up in the nurture and admonition of the Lord.

Will you endeavor to do so by the help of God? If so, answer, “I will.”

Pastor: I now ask you, the congregation; will you commit yourself as the Body of Christ to support and encourage this parent as he (she) endeavors to fulfill his (her) responsibilities to this child and to assist _____ by nurturing his (her) growth toward spiritual maturity?

Response: We will.

Pastor: Our loving Heavenly Father, we do here and now dedicate _____ in the name of the Father, and of the Son, and of the Holy Spirit. Amen.

Then the minister may offer the following prayer, or may use an extemporary prayer.

Heavenly Father, we humbly pray that You will take this child into Your loving care. Abundantly enrich him (her) with Your heavenly grace; bring him (her) safely through the perils of childhood; deliver him (her) from the temptations of youth; lead him (her) to a personal knowledge of Christ as Savior; help him (her) to grow in wisdom, and in stature, and in favor with God and all people, and to persevere therein to the end. Uphold the parent with loving care, that with wise counsel and holy example he (she) may faithfully discharge his (her) responsibilities both to this child and to You. In the name of Jesus Christ our Lord. Amen.]

36. JUD-830—The Reception of Church Members, Board of General Superintendents, recommends that it be amended and adopted. The vote: 20 for the resolution and 0 against the resolution. (Adopted, see 105.)

RESOLVED that *Manual* paragraph 801 be amended as follows:

801. The Reception of Church Members

[The] It is expected that prospective members [having] ~~have been baptized into~~ PROFESSED the Christian Faith and BEEN instructed in the doctrine and practices of the Church of the Nazarene. They may come forward to stand before the [altar of the church,] congregation and the pastor shall address them as follows:

Dearly Beloved: The privileges and blessings that we have in [association] community together in the Church of Jesus Christ are [very] sacred and precious.

There is in it such hallowed fellowship, care, and counsel as cannot otherwise be known apart from the family of God.

[There is such helpfulness with brotherly watch care and counsel as can be found only in the Church.]

There is the godly care of pastors, with the teachings of the Word[;], and the [helpful] inspiration of corporate worship. And there is cooperation in service, accomplishing that which cannot otherwise be done. [The doctrines upon which the church rests as essential to Christian experience are brief.]

[Note: The minister may choose one of the following credal options.

Option 1:]

Today we affirm again the doctrines and practices of the church.

*We believe in one God—[the] Father, Son, and Holy Spirit. [We especially emphasize the deity of Jesus Christ and the personality of the Holy Spirit.]

We believe that human beings are born in sin; that they need the work of forgiveness through Christ and the new birth by the Holy Spirit; that subsequent to this there is the deeper work of heart cleansing or entire sanctification through the infilling of the Holy Spirit, and that to each of these works of grace the Holy Spirit gives witness.

We believe that our Lord will return, the dead shall be raised, and that all shall come to final judgment with its rewards and punishments.

*The Agreed Statement of Belief (*Manual 20*) may be used as an alternative, if desired.

Do you heartily believe these truths? If so, answer, "I do."

Do you acknowledge Jesus Christ as your [personal] Lord and Savior, and do you realize that He saves you now?

Response: I do.

[Desiring to unite with the Church of the Nazarene, do you covenant to give yourself to the fellowship and work of God in connection with it, as set forth in the Covenant of Christian Character and the Covenant of Christian Conduct of the Church of the Nazarene? Will you endeavor in every way to glorify God, by a humble walk, godly conversation, and holy service; by devotedly giving of your means; by faithful attendance upon the means of grace; and, abstaining from all evil, will you seek earnestly to perfect holiness of heart and life in the fear of the Lord?]

Desiring to unite with the Church of the Nazarene, do you commit to love the Lord your God with all your heart, soul, mind, and strength and your neighbor as yourself as expressed by the Covenants of Christian Character and Conduct? Do you commit to the mission of God as expressed in the doctrine, fellowship, and work of the Church of the Nazarene? Will you endeavor in every way to glorify God by a humble walk, godly conversation, and holy service; by devotedly giving of your resources; and by faithfully participating in the means of grace? Will

you follow Jesus Christ all the days of your life, abstain from all evil, and seek earnestly to perfect holiness of heart and life in the fear of the Lord?

Response: I will.

The minister shall then say to the person or persons:

[I welcome you into this church, to its sacred fellowship, responsibilities, and privileges. May the great Head of the Church bless and keep you, and enable you to be faithful in all good works, that your life and witness may be effective in leading others to Christ.

The minister shall then take each one by the hand, and with appropriate words of personal greeting welcome each into the church.

(Alternate form for members joining by letter of transfer:)

_____, formerly a member (members) of the Church of the Nazarene at _____, comes (come) to join the fellowship of this local congregation.

Taking each by the hand, or speaking to the group, the minister shall say:

It gives me pleasure on behalf of this church to welcome you into our membership. We trust that we will be a source of encouragement and strength to you and that you, in turn, will be a source of blessing and help to us. May the Lord richly bless you in the salvation of souls and in the advancement of His kingdom.]

I welcome you into the Church of the Nazarene and the fellowship of this local congregation with its benefits and responsibilities. May the great Head of the Church bless and keep you, and enable you to be faithful in all good works, that your life and witness may be effective in care for the poor and oppressed and in leading others to Christ.

[Option 2:

We believe:

In one God—the Father, Son, and Holy Spirit.

That the Old and New Testament Scriptures, given by plenary inspiration, contain all truth necessary to faith and Christian living.

That all humanity is born with a fallen nature, and is, therefore, inclined to evil, and that continually.

That the finally impenitent are hopelessly and eternally lost.

That the atonement through Jesus Christ is for the whole human race; and that whosoever repents and believes on the Lord Jesus Christ is justified and regenerated and saved from the dominion of sin.

That believers are to be sanctified wholly, subsequent to regeneration, through faith in the Lord Jesus Christ.

That the Holy Spirit bears witness to the new birth, and also to the entire sanctification of believers.

That our Lord will return, the dead will be raised, and the final judgment will take place, (paragraphs 20.1-20.8)

Do you heartily believe these truths? If so, answer, "I do."

Do you acknowledge Jesus Christ as your personal Savior, and do you realize that He saves you now?

Response: I do.

Desiring to unite with the Church of the Nazarene, do you covenant to give yourself to the fellowship and work of God in connection with it, as set forth in the Covenant of Christian Character and the Covenant of Christian Conduct of the Church of the Nazarene? Will you endeavor in every way to glorify God, by a humble walk, godly conversation, and holy service; by devotedly giving of your means; by faithful attendance upon the means of grace; and, abstaining from all evil, will you seek earnestly to perfect holiness of heart and life in the fear of the Lord?

Response: I will.

The minister shall then say to the person or persons:

I welcome you into this church, to its sacred fellowship, responsibilities, and privileges. May the great Head of the Church bless and keep you, and enable you to be faithful in all good works, that your life and witness may be effective in leading others to Christ.

The minister shall then take each one by the hand, and with appropriate words of personal greeting welcome each into the church.

(Alternate form for members joining by letter of transfer:)

_____, formerly a member (members) of the Church of the Nazarene at _____, comes (come) to join the fellowship of this local congregation.

Taking each by the hand, or speaking to the group, the minister shall say:

It gives me pleasure on behalf of this church to welcome you into our membership. We trust that we will be a source of encouragement and strength to you and that you, in turn, will be a source of blessing and help to us. May the Lord richly bless you in the salvation of souls and in the advancement of His kingdom.]

37. JUD-831—The Sacrament of the Lord’s Supper, Board of General Superintendents, recommends that it be adopted. The vote: 19 for the resolution and 0 against the resolution. (Adopted, see 108.)

RESOLVED that *Manual* paragraph 802, The Sacrament of The Lord’s Supper, be amended as follows:

802. The Sacrament of the Lord’s Supper.

The administration of the Lord’s Supper may be introduced by an appropriate sermon and the reading of 1 Corinthians 11:23-29; Luke 22:14-20, or some other suitable passage. Let the minister then give the following invitation:

[The Lord himself ordained this holy sacrament. He commanded His disciples to partake of the bread and wine, emblems of His broken body and shed blood. This is His table. The feast is for His disciples. Let all those who have with true repentance forsaken their sins, and have believed in Christ unto salvation, draw near and take these emblems, and, by faith, partake of the life of Jesus Christ, to your soul’s comfort and joy. Let us remember that it is the memorial of the death and passion of our Lord; also a token of His coming again. Let us not forget that we are one, at one table with the Lord.]

The Communion Supper, instituted by our Lord and Savior Jesus Christ is a sacrament, which proclaims His life, His sufferings, His sacrificial death and resurrection, and the hope of His coming again. It shows forth the Lord’s death until His return.

The Supper is a means of grace in which Christ is present by the Spirit. It is to be received in reverent appreciation and gratefulness for the work of Christ.

All those who are truly repentant, forsaking their sins, and believing in Christ for salvation are invited to participate in the death and resurrection of Christ. We come to the table that we may be renewed in life and salvation and be made one by the Spirit.

In unity with the Church, we confess our faith: Christ has died, Christ is risen, Christ will come again. And so we pray:

The minister may offer a prayer of confession and supplication, concluding with the following prayer of consecration:

[Almighty God, our Heavenly Father, who out of Your tender mercy gave Your only Son, Jesus Christ, to suffer death upon the Cross for our redemption: hear us, we most humbly beseech You. Grant that, as we receive these Your creatures of bread and wine according to the holy institution of Your Son, our Savior Jesus Christ, in remembrance of His passion and death, we may be made partakers of the benefits of His atoning sacrifice.]

Holy God,

We gather at this, your table, in the name of your Son, Jesus Christ, who by your Spirit was anointed to preach good news to the poor, proclaim release to the captives, set at liberty those who are oppressed. Christ healed the sick, fed the hungry, ate with sinners, and established the new covenant for forgiveness of sins. We live in the hope of His coming again.

[We are reminded that in the same night that our Lord was betrayed, He took bread and, when He had given thanks, He broke it and gave it to His disciples, saying, "This is my body given for you; do this in remembrance of me." Likewise, after supper, He took the cup, and when He had given thanks, He gave it to them, saying, "This cup is the new covenant in my blood, which is poured out for you; do this, whenever you drink it, in remembrance of me." May we come before You in true humility and faith as we partake of this holy sacrament.]

On the night in which He was betrayed, He took bread, gave thanks, broke the bread, gave it to His disciples, and said: "Take, eat; this is my body which is given for you. Do this in remembrance of me."

Likewise, when the supper was over, he took the cup, gave thanks, gave it to His disciples, and said: "Drink from this, all of you, this is my blood of the new covenant, poured out for you and for many for the forgiveness of sins. Do this in remembrance of me." Through Jesus Christ our Lord. Amen.

And so, we gather as the Body of Christ to offer ourselves to you in praise and thanksgiving. Pour out your Holy Spirit on us and on these your gifts. Make them by the power of your Spirit to be for us the body and blood of Christ, that we may be for the world the Body of Christ, redeemed by His blood.

By your Spirit make us one in Christ, one with each other, and one in the ministry of Christ to all the world, until Christ comes in final victory. In the name of the Father, Son, and Holy Spirit, Amen.

And now, as our Savior Christ has taught us, let us pray: (Here the congregation may pray the Lord's Prayer)

Our Father, who art in heaven, hallowed be your name, your kingdom come, your will be done on earth as it is in heaven. Give us this day our daily bread. Forgive us our trespasses, as we forgive those who trespass against us. Lead us not into temptation, but deliver us from evil. For yours is the kingdom and the power and the glory, forever. Amen.

[Then may the minister, partaking first, with the assistance of any other ministers present, and when necessary, of the stewards, administer the Communion to the people. While the bread is being distributed,]

Before the partaking of the bread, let the minister say:

The body of our Lord Jesus Christ [which was] broken for you, preserve you blameless unto everlasting life. [Take and e]Eat this in remembrance that Christ died for you and be thankful.

[As the cup is being passed]

Before the partaking of the cup, let the minister say:

The blood of our Lord Jesus Christ [which was] shed for you, preserve you blameless unto everlasting life. Drink this in remembrance that [Christ's blood was shed] Christ died for you, and be thankful.

After all have partaken, the minister may then offer a concluding prayer of thanksgiving and commitment. (29.5, 514.4, 514.9, 530.7, 531.2, 532.1)

Note: Only unfermented wine should be used in the sacrament of the Lord's Supper.

38. **JUD-832—Matrimony**, Board of General Superintendents, recommends that it be adopted. The vote: 17 for the resolution and 0 against the resolution. (Adopted, see 114.)

RESOLVED that *Manual* paragraph 803 be amended as follows:

803. Matrimony

Recognizing the varied global and cultural contexts regarding marriage, the Church of the Nazarene suggests the following principles:

- Equality between husband and wife
- Covenantal relationship reflecting the covenantal relationship between Christ and His church
- Use of language that is legally and culturally appropriate. This ritual does not eliminate or replace the legal requirements of any country.

The following ceremony is offered as a resource.

At the day and time appointed for the solemnization of matrimony, the persons to be married—having been qualified according to law and by careful counsel and guidance by the minister—standing together, the couple [facing] shall face the minister, [the man to the minister's left and the woman to the right,] and the minister shall address the congregation as follows:

Dearly Beloved: We are gathered together here in the sight of God, and in the presence of these witnesses, to join together [this man] (Name of Groom) and [this woman] (Name of Bride) in holy matrimony, which is an honorable estate, instituted of God in the [time of man's innocency] innocence of Eden, [signifying unto us] symbolizing the mystical union [that exists] between Christ and His Church.

This holy estate Christ adorned and [beautified] sanctified with His presence and first miracle that He [wrought] performed, in Cana of Galilee, and St. Paul commended as being honorable among all [men] people. It is, therefore, not to be entered into unadvisedly, but reverently, discreetly, and in the fear of God.

Into this holy estate these persons present now come to be joined.

Addressing the couple to be married, the minister shall say:

_____ and _____, I require and charge you both as you stand in the presence of God, to remember that the commitment to marriage is a commitment to permanence. It is the intent of God that your marriage will be for life, and that only death will separate you. If the vows you exchange today be kept without violation, and if you seek always to know and do the will of God, your lives will be blessed with His presence, and your home will abide in His peace.

Following the charge the minister shall say unto the man:

_____, will you have this woman to be your wedded wife, to live together after God's ordinance in the holy estate of matrimony? Will you love her, comfort her, honor and keep her in sickness and in health; and forsaking all others, keep yourself only unto her, so long as you both shall live?

Response: I will.

Then shall the minister say unto the woman:

_____, will you have this man to be your wedded husband, to live together after God's ordinance in the holy estate of matrimony? Will you love, honor, and keep him, in sickness and in health; and, forsaking all others, keep yourself only unto him, so long as you both shall live?

Response: I will.

Then the minister shall ask:

[Who gives this woman to be married to this man?

Response (by the father, or whoever gives the bride in marriage): I do.]

Will you as (parents of the bride and groom, members of the families, and/or members of God's family) give your blessings to this union?

Response (by parents of the bride and groom, members of the families, and/or members of God's family): We will.

Facing each other and joining right hands, the couple shall then exchange the following vows:

The man shall repeat after the minister:

I, _____, take you, _____, to be my wedded wife, to have and to hold from this day forward, for better-for worse, for richer-for poorer, in sickness and in health, to love and to cherish, till death us do part, according to God's holy ordinance; and thereto I pledge you my faith.

The woman shall repeat after the minister:

I, _____, take you, _____, to be my wedded husband, to have and to hold from this day forward, for better-for worse, for richer-for poorer, in sickness and in health, to love and to cherish, till death us do part, according to God's holy ordinance; and thereto I pledge you my faith.

If desired, a ring ceremony may be inserted at this point. The minister receives the ring from the groomsman and, in turn, passes it to the groom. As he then places it upon the bride's finger, he shall repeat, after the minister:

This ring I give you as a token of my love and as a pledge of my constant fidelity.

Repeat for double ring ceremony.

The couple then shall kneel as the minister offers the following, or an extemporaneous prayer:

[O] Eternal God, Creator and Preserver of all, Giver of all spiritual grace, the Author of everlasting life, send Your blessing upon these Your servants, [this man] (Name of Bride) and [this woman] (Name of Groom), whom we now bless in Your name; [that as Isaac and Rebekah lived faithful together,] so [these persons] they may [surely perform and] keep the vow and covenant made between them this hour and may ever remain in love and peace together, through Jesus Christ our Lord. Amen.

Then shall the minister say:

Forasmuch as this man and woman have consented together in holy wedlock, and have witnessed the same before God and this company, and have declared the same by joining of hands, I pronounce that they are husband and wife together, in the name of the Father, and of the Son, and of the Holy Spirit. Those whom God has joined together let no one put asunder. Amen.

The minister shall then add this blessing:

God, the Father, the Son, and the Holy Spirit, bless, preserve, and keep you; the Lord mercifully with His favor look upon you, and fill you with all spiritual benediction and grace. May you so live together in this life that in the world to come you may have life everlasting.

The minister may then conclude with an extemporaneous prayer and/or benediction. (30.2, 530.7, 531.2, 532.1, 536.16)

39. JUD-833—Task Force on the Use of Alcohol, Board of General Superintendents, recommends that it be adopted. The vote: 17 for the resolution and 0 against the resolution. (Referred to the Board of General Superintendents, see 160.)

RESOLVED that, as recommended by the Articles of Faith Study Committee, a study group should be created by the Board of General Superintendents to study and review the *Manual* statement on the use of alcohol. Particular attention should be given to the following perspectives in crafting a new statement on the use of alcohol:

1. Addiction
2. Solidarity with those whose lives, health, and relationship have been damaged by the undisciplined consumption of alcohol
3. Social justice

FURTHER RESOLVED that an effort should be made to connect the statement to *Manual* paragraph 29.5. In the reasons listed following the new statement, data should be presented which gives ample quantifiable evidence for the church's position on this subject.

COST ESTIMATE:

(now required by General Assembly Rule of Order #26, item c; *Manual* paragraph 902.7)

Expenses of a study group would be:

- Group composed of three US/Canada representatives, four international representatives, and one GMC employee.
- The group should meet twice for two days each. Email and video conferencing could occur between meetings.
- The cost breakdown for one meeting would be:
 - US/Canada airfare $\$500 \times 3 = \$1,500$
 - International airfare $\$3000 \times 4 = \$12,000$
 - Meals & hotel rooms = $\$1,750$
 - Shuttle service between KCI and GMC = $\$700$

- Total: \$15,950 per meeting; two meetings: \$31,900

40. **JUD-834—Burial Ritual for a Child**, Republic of South Africa Eastern District, recommends that it be referred to the Board of General Superintendents. The vote: 17 for the resolution and 0 against the resolution. (Referred to the Board of General Superintendents, see 292.)

RESOLVED that *Manual* paragraph 804 be amended as follows:

804. The Funeral Service

Dearly Beloved: We are gathered today to pay our final tribute of respect to that which was mortal of our deceased loved one and friend. To you members of the family who mourn your loss, we especially offer our deep and sincere sympathy. May we share with you the comfort afforded by God's Word for such a time as this:

"Do not let your hearts be troubled. Trust in God; trust also in me. In my Father's house are many rooms; if it were not so, I would have told you. I am going there to prepare a place for you. And if I go and prepare a place for you, I will come back and take you to be with me that you also may be where I am" (John 14:1–3).

"I am the resurrection and the life. He who believes in me, will live, even though he dies; and whoever lives and believes in me will never die" (John 11:25–26).

Invocation (in the minister's own words or the following):

Almighty God, our Heavenly Father, we come into this sanctuary of sorrow, realizing our utter dependence upon You. We know You do love us and can turn even the shadow of death into the light of morning. Help us now to wait before You with reverent and submissive hearts.

You are our Refuge and Strength, O God—a very present Help in time of trouble. Grant unto us Your abundant mercy. May those who mourn today find comfort and healing balm in Your sustaining grace. We humbly bring these petitions in the name of our Lord Jesus Christ. Amen.

A Hymn or Special Song

Selections of Scripture:

"Praise be to the God and Father of our Lord Jesus Christ! In his great mercy he has given us new birth into a living hope through the resurrection of Jesus Christ from the dead, and into an inheritance that can never perish, spoil or fade—kept in heaven for you, who through faith are shielded by God's power until the coming of the salvation that is ready to be revealed in the last time. In this you greatly rejoice, though now for a little while you may have had to suffer grief in all kinds of trials. These have come so that your faith—of greater worth than gold, which perishes even though refined by fire—may be proved genuine and may result in praise, glory and honor when Jesus Christ is revealed. Though you have not seen him, you love him; and even though you do not see him now, you believe in him and are filled with an inexpressible and glorious joy, for you are receiving the goal of your faith, the salvation of your souls" (1 Peter 1:3–9).

(Other passages that might be used are: Matthew 5:3–4, 6, 8; Psalms 27:3–5, 11, 13–14; 46:1–6, 10–11.)

Message

A Hymn or Special Song

Closing Prayer

At the Graveside

When the people have assembled, the minister may read any or all of the following scriptures:

“I know that my Redeemer lives, and that in the end he will stand upon the earth. And after my skin has been destroyed, yet in my flesh I will see God; I myself will see him with my own eyes—I, and not another” (Job 19:25–27).

“Listen, I tell you a mystery: We will not all sleep, but we will all be changed—in a flash, in the twinkling of an eye, at the last trumpet. For the trumpet will sound, the dead will be raised imperishable, and we will be changed.... Then the saying that is written will come true: ‘Death has been swallowed up in victory. Where, O death, is your victory? Where, O death, is your sting?’ The sting of death is sin; and the power of sin is the law. But thanks be to God! He gives us the victory through our Lord Jesus Christ.

“Therefore, my dear brothers, stand firm. Let nothing move you. Always give yourselves fully to the work of the Lord, because you know that your labor in the Lord is not in vain” (1 Corinthians 15:51–52, 54–58).

“Then I heard a voice from heaven say, ‘Write: Blessed are the dead who die in the Lord from now on. Yes,’ says the Spirit, ‘they will rest from their labor; for their deeds will follow them’ ” (Revelation 14:13).

The minister shall then read one of the following committal statements:

For a Believer:

Forasmuch as the spirit of our departed loved one has returned to God, who gave it, we therefore tenderly commit his (her) body to the grave in sure trust and certain hope of the resurrection of the dead and the life of the world to come, through our Lord Jesus Christ, who shall give to us new bodies like unto His glorious body. “Blessed are the dead who die in the Lord.”

For a Nonbeliever:

We have come now to commit the body of our departed friend to its kindred dust. The spirit we leave with God, for we know the merciful Judge of all the earth will do right. Let us who remain dedicate ourselves anew to live in the fear and love of God, so that we may obtain an abundant entrance into the heavenly Kingdom.

For a Child:

In the sure and certain hope of the resurrection to eternal life through our Lord Jesus Christ, we commit the body of this child to the grave. And as Jesus, during His earthly life, took the little children in his arms and blessed them, [may He receive] we believe that He has already received the soul of this dear one unto himself, for, as He said, “for the kingdom of heaven belongs to such as these.”

...REMAINDER OF PARAGRAPH REMAINS THE SAME.

41. JUD-835—Conflict Resolution and Reconciliation in the Church, Board of General Superintendents, recommends that it be adopted. The vote: 19 for the resolution and 0 against the resolution. (Adopted, see 116.)

RESOLVED that three new paragraphs be added to the *Manual* as follows:

603. Conflict Resolution and Reconciliation in the Church. Disagreement is a part of life, even in the church. However when this disagreement becomes a conflict which divides congregants or disrupts the fellowship of the church, an informal process of discernment

should precede any formal process of resolution. Whether informal or formal, the goal should be resolution and reconciliation.

603.1. Informal Process: When conflict arises in the church, a period of discernment and counsel should be sought with a desire to live at peace with all people. All parties involved are encouraged to submit the matter to the Lord in prayer, and in fact the entire process must be bathed in prayer. Individuals in conflict should approach one another in humility with the hope of reconciliation.

603.2. Formal Process: If this process fails, the individuals may decide to embark upon the formal process of reconciliation. The matter should be arbitrated with a representative group of mature and unbiased individuals in the church. If fault is determined, this group may recommend appropriate action as described in 604 of the *Manual*.

FURTHER RESOLVED that subsequent *Manual* paragraphs be renumbered accordingly.

REPORT OF REGIONAL CAUCUSES

(Serving as Legislative Committees to consider General Assembly Business)

USA Regional Caucus

The USA Regional Caucus having had referred to it the following resolutions from the Stewardship and Finance Committee–USA, which were presented to the assembly in one report, recommends action as indicated:

1. **USA-900—Pensions and Benefits for Pastors**, Southwest Indiana District Assembly Resolutions Committee, recommends that it be referred to the Board of Pensions and Benefits USA, and a report should be provided to the USA National Board. The vote: 46 for the resolution and 3 against the resolution. (Referred to the Board of Pensions and Benefits USA, see 8.)

RESOLVED that all Nazarene pastors (ordained and serving the church as pastor or staff, full- or part-time), be provided with a basic life insurance policy of \$15,000 and a minimum contribution of at least \$200 as their base annual pension supplement.

Explanation of Current Conditions

Pastors who serve in church that contribute nothing toward the Pensions and Benefits (P&B) Fund goal receive “no life insurance” (\$15,000), “no disability insurance” (\$400 per month), “no base annual pension supplement” (\$200 in 2016), “no bonus annual pension supplement” (10% of amount paid over 100% of their P&B goal), and “no 403(b) match.”

Pastors who serve in churches that contribute from \$1 to 49% of their P&B Fund goal receive life insurance (\$15,000) and disability insurance (\$400 per month) but “no base annual pension supplement” (\$200 in 2016), “no bonus annual pension supplement” (10% of amount paid over 100% of their P&B goal), and “no 403(b) match.”

Pastors serving in churches that contribute 50-99% of the P&B goal receive life insurance (\$15,000) and disability insurance (\$400 per month) and a base annual pension supplement (\$200 in 2016), but would receive “no bonus annual pension supplement” (10% of amount paid over 100% of their P&B goal), and no “403(b) match.”

Pastors serving in churches that contribute 100% of the P&B goal receive life insurance (\$15,000) and disability insurance (\$400 per month) and a base annual pension supplement (\$200 in 2016). They are also eligible for a bonus annual pension supplement (10% of amount paid over 100% of their P&B goal), but “no 403(b) match.”

Pastors serving in churches that contribute 100% of the P&B goal and 100% of their Education Fund goal receive life insurance (\$15,000) and disability insurance (\$400 per month) and a base annual pension supplement (\$200 in 2016). They are also eligible for a bonus annual pension supplement (10% of amount paid over 100% of their P&B goal), and a 50% 403(b) match (up to \$250).

Bonus amounts for churches with more than one eligible minister are shared equally by all who serve that church.

Basic life insurance coverage is the same (\$15,000) for all ministers whose churches contribute to the P&B Fund (a minimum of \$1 or more).

Full-time evangelists, full-time district-assigned ministers, and district superintendents each receive \$1,000 base annual pension supplement contributions.

2. **USA-901—Pastors Life Insurance Plan**, Dallas District Advisory Board, recommends that it be referred to the Board of Pensions and Benefits USA, and a report should be provided to the USA National Board. The vote: 46 for the resolution and 3 against the resolution. (Referred to the Board of Pensions and Benefits USA, see 11.)

RESOLVED that the 2017 Nazarene Insurance Benefits Guide for Pensions & Benefits USA be amended as follows:

Eligibility to participate in the Pastors Life Insurance Plan

Each person who is a member of a U.S. district, who is:

- An ordained minister, district-licensed minister, or district-credentialed lay person
- An employee of a Nazarene church or a Nazarene church agency
- Active, full-time and full-livelihood*, and who is not receiving a retirement benefit from the Basic Pension Plan portion of the Nazarene Single Defined Benefit Plan
- Younger than age [70½] 80
- Assigned on January 1 of the current year and:
- Qualifies for an Annual Pension Supplement (APS) contribution
- Whose local church employer paid into the Pensions and Benefits (P&B) Fund in the current assembly year

*Full-time service is defined as serving no fewer than 30 hours per week for no fewer than 30 weeks each calendar year in Nazarene churches or district offices on U.S. districts that pay Pensions and Benefits Fund allocations. Full-livelihood is defined as deriving no less than 50% of personal net income for the calendar year from the local church or district being served. For evangelists, full-time and full-livelihood service is defined as no fewer than 30 Sundays or 26 revival events per calendar year (as defined by the Church of the Nazarene, INC.) in Nazarene churches on U.S. districts that pay Pensions and Benefits Fund allocations

SPECIAL COMMITTEES

CREDENTIALS

MEMORIAL

NOMINATIONS

PLATTING

REFERENCE

CREDENTIALS COMMITTEE

Report No. 1

The committee met on Friday, 23 June 2017 at 5:00 P.M., with quorum present, and reports that:

1. In order to certify a quorum of 2017 General Assembly delegates, the committee reviewed the list of registered delegates as of 23 June 2017 and made note of the following:

- The total number of eligible delegates is 1,124;
- The total number of delegates registered is **662**:
- 564 Voting District Delegates; 58 Voting Ex-Officio; 622 Total Voting; 40 Non-voting.

2. Action was taken to accept the list of alternate delegates certified prior to registration as well as the list of alternate delegates seeking certification at the time of registration onsite (having noted several duplicates to be corrected by the General Secretary's Office).

<i>Name of Alternate</i>	<i>Delegate Status</i>	<i>District</i>	<i>Replaces Delegate</i>	<i>Date Verified</i>
Ruth Copeland-Holtz	LAY	Canada Central	Donald Tweedle	8/22/2016
Sarah Derck	MIN	Upstate New York	Daniel Eddings	9/26/2016
Mindy Banz	LAY	Oklahoma	Sandy Johnson	10/10/2016
Jerry Burns	LAY	Kansas	Deborah Brown	10/14/2016
Douglas Jones	LAY	Southwest Indiana	Sandi Miller	10/14/2016
Lisa Van Nest	LAY	Southwestern Ohio	Christine Cox	10/19/2016
Lal Nun Mawia	MIN	Myanmar (Burma)	Donghwan Kwon	10/25/2016
Sam Michael	LAY	Alabama North	Richard Padgett	11/1/2016
Segundo Vasquez Becerra	LAY	Peru Cajamarca	Adelio Diaz Fustamante	1/3/2017
Kelvin Boone	MIN	MidSouth	Gustavo Santos	1/24/2017
Morris Stocks	LAY	MidSouth	Susan Santos	1/24/2017
Chad Wilks	MIN	Northwest	Frederico Fuentes	1/24/2017
Joyce Briles	LAY	West Virginia North	Ashley Bowers	1/25/2017
Kwan Ho Lee	MIN	South Korea National	Young Sik Lee	2/8/2017
Gary Morris	LAY	Los Angeles	Daniel Doctorian	2/14/2017
Norma Gomez	LAY	Argentina Patagonia Norte	Roberto Cariqueo	2/21/2017
Josefa Nena Oberio	LAY	Philippines Negros	Ana Maria Babao	3/3/2017
Bhekie Kunene	MIN	Swaziland North	Philemon Dlamini	3/9/2017
Suneet Wankhede	LAY	India Eastern Maharashtra	Shamuvel Tode	3/10/2017
Leonila Domen	LAY	Philippines Luzon	Joanne Ochoco	3/16/2017
Ketshepile Segale Mooketsi	LAY	Botswana	Galerekwe Moswele	3/17/2017
Becky Migner	LAY	Florida	Brent Williams	3/17/2017
Silla Onyango	MIN	Kenya Central	Gerphas Oure	3/22/2017
Joyce Jothi	LAY	India Karnataka	Nirmala Jacob Francis	3/23/2017
George Santhosam	MIN	Sri Lanka	Neegam Fernando Marshal	3/23/2017
James Sheets	LAY	Upstate New York	Donna MacPherson	3/23/2017

Phillip Stout	MIN	Michigan	John Seaman	3/24/2017
Calvin Thistle	MIN	Canada Atlantic	Kenneth MacMillan	3/29/2017
Jimmy Yelvington	MIN	Anaheim	Bong Lee	4/3/2017
Ryan Cardinal	MIN	Philippines Metro Manila	Jason Hallig	4/3/2017
Jay Zornes	LAY	South Central Ohio	Melissa Kochis	4/3/2017
Migdalis Palmero Nuñez	LAY	Cuba West	Rebeca Gomez Reyes	4/4/2017
William Lancaster	MIN	MidSouth	Stephen Estep	4/4/2017
Marcelline Muhimakazi	LAY	Rwanda Central	Namasoso Narukumi	4/4/2017
Yaumil Sine	LAY	Papua New Guinea Bromley Memorial	Paul Sendol	4/5/2017
Gerard Francis	LAY	Trinidad & Tobago	Julius Chester	4/5/2017
Jerome Mark	LAY	Trinidad & Tobago	Gregory Isaacs	4/5/2017
Man Gi Han	MIN	South Korea National	Gi Dong Han	4/6/2017
Todd Kern	LAY	Virginia	Susan Brown	4/6/2017
Damasio Morais	MIN	Brazil Nordeste Setentrional	Alcimar Santos	4/10/2017
Isabelle Morais	LAY	Brazil Nordeste Setentrional	Maria Denise Santos	4/11/2017
Willame Bruno Barbosa	LAY	Brazil Nordeste Setentrional	Camila Lucas	4/11/2017
Eric White	LAY	Canada Central	Kerby Stavropoulos	4/25/2017
Penny Ure	LAY	Canada West	Jennifer Snow	4/25/2017
Josefin Ano-os	MIN	Philippines Cenral Visayas	Nilo Rosende	5/1/2017
Mirian Dias de Moura	LAY	Brazil Rio de Janeiro Grande Rio	Nadia Mello Alcaraz	5/2/2107
Jadilson Souza	MIN	Brazil Nordeste Central	Marcos Vinicio Monteiro	5/3/2017
Joao Batista Andre Da Silva	LAY	Brazil Rio de Janeiro Grande Rio	Euclides Neto	5/4/2017
Evelyn Pek	LAY	Papua New Guinea Hagen	Samson Philip	5/4/2017
Paul Siancas Madrid	MIN	Peru Pacifico Norte	Abel Aguilar Vasquez	5/4/2017
Avril Higgins	LAY	South Africa RSA Eastern Cape	Marilyn McGuire	5/8/2017
Talita Barros	LAY	Brazil Rio de Janeiro Baixada	Joel Laeber	5/10/2017
Eva Cristina Millet	LAY	Brazil Rio de Janeiro Baixada	Joel Elpidio	5/10/2017
Oséias Silva	MIN	Brazil Rio de Janeiro Baxiada	Francisco dos Santos	5/10/2017
Almir de Freitas	MIN	Brazil Rio de Janeiro Baxiada	Jose Stoduto	5/10/2017
Judith Roarick	LAY	Illinois	Nina Haynes	5/10/2017
William Haworth, Jr.	MIN	Illinois	Douglas Haynes	5/10/2017
Wanis Yap	MIN	Papua New Guinea Jiwaka South	Benny Kiangua	5/10/2017
Khomotso Ndlovu	MIN	South Africa RSA Sunrise Papua New Guinea Southern Highlands	Patrick Gamedze	5/10/2017
George Epei	LAY	Philippines Metro Manila	Willie Moses	5/12/2017
Shionel Blas Gesite	LAY	Philippines Metro Manila	Rosalina Macas	5/12/2017
Roberta Mashaya	LAY	Swaziland East India Western	Londiwe Twala	5/12/2017
Peter George	MIN	Maharashtra India Western	Paulas Pawar	5/16/2017
Sunil Waghmare	MIN	Maharashtra	Rajanikant Gaikwad	5/16/2017
Lucio Farro Mendoza	LAY	Peru Alto Maranon	Pablo Tantarico Castro	5/16/2017
Susan Pollard	LAY	Anaheim	Alicia Ferguson	5/17/2017
Francisca Souza	LAY	Brazil Sudeste Paulista	Gustavo Giandoso	5/17/2017

Almir Silva	LAY	Brazil Sudeste Paulista	Emerson Francisco	5/17/2017
Edmar Fonseca	MIN	Brazil Sudeste Paulista	Andre Ribeiro	5/17/2017
Jacques Balibanga	MIN	Dem. Rep. of the Congo Central North Kivu	Igilima Bugeshi	5/17/2017
Gary Hulett	LAY	East Ohio	Sandra Swift	5/17/2017
Eileen .	LAY	India Northwest	Jyoti Rajulwala	5/17/2017
Vijay Rajulwala	MIN	India Northwest	Sunil Dandge	5/17/2017
Terry Chapman	MIN	Iowa	Timothy Carter	5/17/2017
Richard Uyok	LAY	Nigeria Lagos	Sunday Chama	5/17/2017
William Bantom	MIN	South Africa RSA Western Cape	William Bantom	5/17/2017
Buckley Bob	LAY	Papua New Guinea East Sepik	James Winmalai	5/18/2017
Peter Paul Domen	MIN	Philippines Luzon	Saturnino Galino	5/19/2017
Darlene Dos Santos	LAY	Brazil Nordeste Paulista	Samanta Figueira	5/23/2017
Jaime Pereira	LAY	Brazil Nordeste Paulista	Gabriel Figueira	5/23/2017
Thiago Moreira	MIN	Brazil Nordeste Paulista	Maury Da Silveira	5/23/2017
Richard Faundez Farfan	MIN	Chile Bio Bio	Juan Ibañez Ibañez	5/23/2017
Jefferson Estevez Larrea	MIN	Ecuador Costa Norte	Santiago Bereche	5/23/2017
Edwin Van Zeeberg	MIN	South Africa RSA Gauteng	Molifi Mogorosi	5/23/2017
Francis Waibe	LAY	Papua New Guinea South Coastal	Korin Tame	5/24/2017
Carlos Escudero	LAY	Ecuador Sierra Centro	Norma Chavez Villagomez	5/29/2017
Alberto Barrios Escobar	LAY	Mexico South Border	Everth Esponda Agustin	5/31/2017
Reynold Daniel	MIN	India Central Maharashtra	Rajiv Yangad	6/1/2017
Rosángela Paula	LAY	Brazil Curitiba	Caroline Berlim	6/2/2017
Andrea Margareti Pereira	LAY	Brazil Sao Paulo	Thiago Claudio	6/2/2017
Ana Spina	LAY	Brazil Sao Paulo	Widney Souza	6/2/2017
Geraldo Nunes Filho	MIN	Brazil Sudeste Paulista	Mauro Blauth	6/2/2017
Edson Moura	LAY	Brazil Sao Paulo	Renato De Carvalho	6/5/2017
Yves Boncoeur	MIN	Haiti South	Valere Pierre	6/5/2017
Euvodie Pierre	LAY	Haiti Central	Roberto Presume	6/6/2017
Elda Pierre	LAY	Haiti Central	Marie Nestor	6/6/2017
Marie Alice Louis-Jules	MIN	Haiti Central	Richard Elicene	6/6/2017
Franckel Formetus	MIN	Haiti Central	Andreenne Dorne Ravilus	6/6/2017
Williams Casimir	MIN	Haiti Central	Gaspard Narcisse	6/6/2017
Charmante Augustin Joinvil	LAY	Haiti La Gonave	Merilien Cedne	6/6/2017
Robert Meat	LAY	Haiti Lower Artibonite	Fequiert Jean	6/6/2017
Jean Placide	LAY	Haiti North Central	Jean Saint Juste	6/6/2017
Marius Senatus	LAY	Haiti Southeast	Jean Hermann	6/6/2017
Rafael Hernandez Ramos	LAY	Mexico Oaxaca North West	Bubeleb Ruiz Prieto	6/7/2017
Eusebio Morillo Ferreras	LAY	Dominican Republic Central	Carmen Checo De Acosta	6/8/2017
Steve Moore	LAY	Eastern Michigan	Eric Smith	6/8/2017
Cristy VanSteenburg	LAY	Eastern Michigan	Kayla Gardner	6/8/2017
Oscar Arenas Rodriguez	LAY	Panama Central	Susseth Dottin Harrison	6/10/2017
James Vanhoose	LAY	West Virginia South	Charles Boggs	6/13/2017
Simon Mondol	MIN	Bangladesh Northwest	Mihir Biswas	6/14/2017

Rebecca Meeks	LAY	Georgia	Thomas Benson	6/18/2017
Kenneth Swan	LAY	Northeastern Indiana	Mary Johnson	6/18/2017
Ken Carney	MIN	South Arkansas	Russell Branstetter	6/18/2017
Roseli Rick De Carvalho	LAY	Cabo Verde	Loide Morais Araujo	6/21/2017
Terrill Armstrong	MIN	Southwest Oklahoma	Gabriela Rodriguez	6/22/2017
Delbert Edghill	MIN	Barbados	Caswald Jemmott	6/23/2017
Daniela Solano Bustos	LAY	Costa Rica Central	Hugo Miranda Nuñez	6/23/2017
Kelron Harry	MIN	Windward Islands	George Leonce	6/23/2017
David Anderson	LAY	Kansas City	Kevin Garber	6/24/2017
Herivelton Mendes	LAY	Brazil Centro Oeste	Ruth Ormino Oliveira Kreniski	6/25/2017
Ro-Anne Harry	LAY	Windward Islands	Anthony Mathurin	6/25/2017
Ricardo Coc	MIN	Guatemala North Verapaz	Emilio Choc Ico	6/26/2017
Filomena Pop	MIN	Guatemala North Verapaz	Armando Teni Cuz	6/26/2017
Brian Varner	LAY	MidAtlantic	Amy Varner	No Date

3. The committee took note of the following delegates, who are deceased:

- Dr. John Seaman (19 March 2017) Elder — Michigan District
- Rev. Gerphas Obar Oure (12 February 2017) Elder — Kenya Central District

4. Action was taken to approve the seating of an unofficial interpreter on the floor of the general assembly.

5. Action was taken to approve the seating of field strategy coordinators (FSC) who are not delegates on the floor of the 2017 General Assembly in the non-voting section, and to grant them the privilege of assisting delegates from their field/region as needed, including being given voice privileges when necessary. The FSC would identify themselves as a FSC and identify the delegate for whom they are speaking for.

Look 2021 Resolution: FSC that are not delegates will be granted privilege to the floor.

A request is presented from the Global Mission Director to consider seating any field strategy coordinator (FSC), who is not already a delegate by virtue of an election or ex-officio assignment, on the floor of the 2017 General Assembly in the non-voting section, and grant each FSC voice privileges, as other non-voting delegates are given. If approved, each FSC would be provided with a laptop which contains the resolutions to facilitate their assistance with any delegates from their respective fields/regions.

Rationale: The 2009 and 2013 GA Credentials Committees approved a request for this to further aid our delegates from regions outside the USA/Canada. This would greatly assist delegates from these areas at the 2017 General Assembly.

6. The committee noted that they may be asked to consider the seating of a visitor from a creative access area (CAA) on the floor of the general assembly. As no request had been received at the time of the meeting, action was taken to approve.

7. It was noted that in the case of co-superintendents, one shall be designated as a member and the other shall not be a member, but shall be granted privileges of the floor and seating with the respective delegation. No action was required.

8. Action was taken to recommend that the general secretary's staff be authorized to prepare subsequent reports as may be necessary for the business of the General Assembly, unless there is some irregularity or business referred from the floor of the assembly.

9. The Credentials Committee will convene again on Monday, 26 June at 8:00 A.M. At that time, they will confirm additional delegates seated between Friday night, 23 June, and Monday, 26 June. Committee chairperson and secretary may meet to authorize the seating of additional delegates.

Respectfully Submitted,
GEOFF KUNSELMAN, *Chair*
KEITH METCALF, *Secretary*

Report No. 2
Tuesday 27 June

1. The Credentials Committee Chair and Secretary approve the following report:
 - The total number of eligible delegates is 1,124;
 - The total number of delegates registered is **892**:
 - 829 Voting District Delegates; 63 Voting Ex-Officio; 892 Total Voting.
 - This number includes 114 alternates to be seated in lieu of delegates.

Respectfully Submitted,
GEOFF KUNSELMAN, *Chair*
KEITH METCALF, *Secretary*

Report No. 3
Wednesday 28 June

The Credentials Committee Chair and Secretary approve this final report for the 29th General Assembly.

- The total number of eligible delegates is 1,124;
- The total number of delegates registered is **893**:
- 829 Voting District Delegates; 64 Voting Ex-Officio; 893 Total Voting.
- This number includes 125 alternates to be seated in lieu of delegates.

Respectfully Submitted,
GEOFF KUNSELMAN, *Chair*
KEITH METCALF, *Secretary*

MEMORIAL

We remember these ordained and licensed ministers from all world regions who were deceased during the quadrennium. They brought honor to Jesus Christ our Lord by their years of service.

	<i>Year</i>	<i>Year</i>		<i>Year</i>	<i>Year</i>
	<i>Credentialed</i>	<i>Deceased</i>		<i>Credentialed</i>	<i>Deceased</i>
Muriel Ablard	2004	2014	Richard W Baker Sr	1979	2013
Margo L Acheson	1994	2014	Crystal L Baldwin	1990	2013
René Acosta Polanco	1984	2015	Donald K Ballard	1950	2014
G Kelvyn R Adams	1970	2015	Gabriel Kaminja Banda	1994	2016
Glen E Adams	1953	2016	Paul M Barber Sr	1970	2016
James A Adams	1955	2015	Ronald L Barber	1966	2014
Leon L Adams Jr	1978	2015	James E Barnett	1965	2015
Leonard W Adams	1967	2013	Willis D Barney	1950	2014
James C Agner Sr	1980	2014	Edelmira Marciaga Barrias de Rodriguez	2001	2016
Mark Nkanang Akpan	1989	2015	Clarence A Barror	1973	2016
Ralph T Albertson	1953	2014	Milford E Barrows	1963	2014
Kenneth M Alcorn	1964	2016	John B Bass	1994	2017
Vincent J Aliotta	1990	2014	R Edward Bass	1966	2014
Frank Allam	1994	2015	Philip E Batten	1977	2014
E Drell Allen	1945	2015	Glenn M Baun	1952	2015
Larry T Allen	1979	2016	Larry L Belew	1993	2016
Michael H Allen	1982	2015	Roy I Berkley Jr	1976	2016
Antonio Alvarado Guerrero	1966	2015	Joseph D Biscoe Jr	1951	2016
Daniel Alvarez	2005	2013	William C Bixler	2001	2015
B Leota Anderson	1950	2014	Robert S Black	1971	2013
Charles H Anderson	2006	2014	James F Blackerby	1963	2016
Joe N Anderson	1975	2013	Lawrence O Blight	1979	2015
John W Anderson Jr	1965	2016	David L Blum	1951	2016
Andy Anderson	1991	2013	William J Boehm	1992	2017
Timbana Andre	1997	2013	Carl W Bogner	1963	2016
Y Aoki	1963	2015	Gerald A Bohall Sr	1976	2017
Yoshiaki Aoki	2007	2015	Israel Bolanos	1953	2014
Felipe Eduardo Aparicio	1986	2017	G Dewayne Bolton	1994	2015
Virgil P Applegate	1957	2014	Harold R Bonner	1955	2014
Blair Leon Armstrong	1982	2015	Walter O Boomer	1961	2016
Jimmy R Armstrong	1979	2013	Virgil W Borden	1952	2014
Mack J Armstrong	1973	2014	C A Bost	1960	2014
Mark S Armstrong	1990	2015	E Keith Bottles	1954	2015
Martin C Arni	1965	2016	John D Bouldrey	1972	2015
Mildred P Asbury	1945	2014	Steven A Boze	1994	2014
Charles S Ashley	1962	2017	Lester E Braddock	1945	2014
Earl D Atteberry	1977	2013	Wilbur W Brannon	1952	2016
Walter W Attig	1951	2014	William F Branson	1990	2016
Elizabeth M Ault	1948	2014	Eugene T Brantley	1966	2017
Lois E Aumiller	1970	2015	Hugh M Bright Jr	1954	2016
James P Bailey	1956	2013	Larry R Brinkley	1968	2016
William L Bailey	1969	2016	Vernon L Brockman	1955	2014
John G Baisden	1991	2013	David A Brooks	1992	2017
Gilbert Bakasa	2007	2013	R Harold Brown	1953	2016
Drexall D Baker	1984	2016	Eunice R Bryant	1960	2015
Richard C Baker	1977	2015			

Paul W Buchanan	1961	2013	Huot P Chau	1997	2016
John J Buchko	1966	2017	Josephat Mwafuli Chidule	2012	2014
Roy E Buckmaster	1964	2013	Evance Chimwanza	1995	2016
Joel Buenafe Herrera	1948	2015	David W Ching	2010	2015
Bill L Buettner	1980	2016	Verlin E Chipp	1993	2016
Charles E Bullock	1971	2015	Goodwin Chirwa	1990	2015
John W Bullock	1957	2016	Felix Chitambala	2010	2015
Geoffrey R Burges	1983	2017	Abe W Christian	1959	2016
Eddie L Burnett Sr	1964	2013	Lester L Clark	1977	2013
E Dewayne Burton	1981	2017	Rex D Clark	1984	2015
Kenneth O Burton	1953	2016	Fred M Clem	1965	2013
Tommy Burton Jr	1944	2016	Ronald L Cleveland	1973	2016
Raymond Busby	1963	2013	Jerry Cline	1975	2014
Jay C Bybee	1958	2013	Charles M Cloud	1974	2013
Joseph D Byers	1952	2013	Louis W Cobb	1952	2013
Verna L Cahill	1993	2016	John T Cobbs	2000	2014
J Mark Caldwell	1969	2016	Dunn C Cochran	1970	2016
W Richard Call	1969	2014	Oscar G Cogdill	1977	2014
Paul A Cameron	1975	2017	Kenn R Coil	1973	2015
Jack Camp	1987	2014	Miriam E Coleman	1959	2016
Beulah B Campbell	1955	2016	Donald R Collins Jr	2003	2014
Pedro Damiano Canche y Chan	1988	2013	Robert T Collins Jr	1959	2013
Harold W Canaday	1957	2013	David E Combs	1986	2015
Donald G Cannon	1968	2015	John R Combs	1988	2016
Norbert Cannon	1997	2014	Byron E Conrad	1963	2016
Richard L Cannon	1980	2015	Frank E Cook	1944	2013
Harold G Carlisle	1952	2016	Leslie M Cook	1956	2013
Carby J Carney	1965	2015	Willis R Cook	1972	2017
Bob Carpenter	1950	2017	Dallas Cooper	1968	2015
Juan Carlos Carreño	2001	2015	Alberto Antonio Cordero	1991	2014
Harold W Carrison	1980	2016	Samuel Martinez Cordova	1979	2016
Wallace E Carruth	1950	2017	H B Corley	1966	2014
William E Carte	1981	2015	Chris V Cornish	1944	2014
Marjorie L Carter	1957	2014	Laurence H Cox	1978	2017
Francisco Cardona García	Unknown	2016	Riley Corzo	1959	2016
Max A Case	1974	2016	Dale E Cozby	1999	2013
Arthur R Cash	1999	2015	Edgar N Craig	1964	2016
Angelo Cereda	1967	2014	James D Craig Sr	1966	2016
Bryan D Chaffins	1995	2015	Kenneth R Craig	1999	2014
F Bruce Chamberlain	1967	2017	John D Crane	1942	2013
William L Chambers Jr	1953	2014	Thomas F Crawford	1984	2015
Donald R Chandler	1974	2014	Paul Crew	1969	2016
Larry W Chandler	1977	2014	Ulysses S Cribbs	1979	2017
Joseph F Chapman	1974	2014	A Bruce Crosby	1956	2013
David M Charlton Sr	1983	2016	Roy D Crum	1987	2014
Robert L Chason	1964	2014	David L Cubie	1956	2014
Claude Chastain Jr	1958	2013	Dortha E Culver	1979	2014
Philip R Chatto	1952	2016	Gary R Cunningham	1993	2015

Larry C Dale	1974	2017	James A Edwards	1963	2015
Scott Alan Daniel	1999	2015	Ralph C Edwards	1956	2013
St Pierre Darcelin	1993	2014	Edward J Eichenberger	1956	2016
Donald A Davis	1976	2013	Walter O Eichenberger	1945	2015
Donald H Davis	1955	2014	Clell B Elliott	1967	2014
Frank E Davis	1964	2014	William E Elliott	1978	2014
Jervis Davis	1959	2014	Doyle E Ellis	2001	2015
Laddonia C Davis	1981	2015	C William Ellwanger	1948	2013
W Leon Davis	1954	2015	Jack Elmore	2005	2017
Timothy D Dawson	2007	2013	Lee R Elzey	1968	2015
Richard V Dean	2001	2015	Jerry E Emra	2007	2017
Biprosh Debsarma	2012	2014	Brek E Erickson	2007	2014
Ruth V DeLong	1987	2016	Claudio Errasti	2004	2016
John H Denby Sr	1974	2017	John Euton Jr	1983	2015
Robert W Denham Sr	1962	2015	George E Evans	1954	2013
Darrell Dennis	1977	2016	H Michael Evans	1982	2015
Marvin E Dennison	1992	2014	John C Evans	1954	2015
James DePasquale	1959	2016	Thomas E Evans	1975	2017
Wayne E Devore	1954	2017	S Evora	1963	2016
Biprosh Devsharma	2012	2014	D Amos Ewald	1973	2017
Onias Dhliwayo	1984	2014	Nikolao Fa'ata'ape	2006	2015
Ezequiel Juantá Díaz	1976	Unknown	F John Fabrin	1957	2014
Jacobus Dibakwane	1977	2013	Carlos W Fandino	1981	2016
Iral W Dickey	1954	2016	Lewis K Fannin	1969	2015
Joseph L Dineen	2016	2016	Larry Faul	1947	2016
Taime Diriye	1977	2016	A Ray Faulk	1966	2013
Ruben Divinagracia	1977	2013	Falani A Felise	2000	2016
Judith A Dixon	2014	2016	R Dean Ferguson	1966	2014
Abraham S Dlamini	1977	2015	Robert E Ferrell	1982	2014
Gladys C Dlamini	1996	2013	George W Fields	1989	2015
Joy Gladys Mantombi Dlamini	1983	2014	Chambo Manuel Filimao	1977	2016
Onias Dliwayo	1984	2014	James L Fishback Sr	1996	2014
William H Doan	1968	2014	Glendon B Fisher	1959	2015
Samuel Doctorian	1951	2016	Ralph W Fisher	1965	2014
Listard Kennedy Domoya	1997	2014	Floyd O Flemming	1954	2014
Praken Dongsongkram	2013	2014	David Flint	1982	2016
Livernier T Doréus	1993	2015	John A Flowers	1957	2016
John W Doss	1969	2015	Roy A Flowers	2011	2014
Kenneth G Dossey	1993	2016	Lester R Foote	1981	2015
Darrell L Dunigan Sr	1995	2013	Billy M Ford	1973	2013
Franklin M Dunkle	1963	2014	Gordon L Forward	1983	2015
Joel D Dunn	1994	2016	Howard Foster	2000	2016
Kendall W Dutton Sr	1977	2015	Charles L Fowler	1995	2016
Phillipe Dwanyi	2008	2014	Robert B Fowler	1949	2013
Iva L Eads	1968	2014	Euel M Fox	1944	2013
Glenn W Eagle	1953	2014	James D Fox	1960	2017
Thomas E Eaton	1981	2015	Sergio D Franco	1950	2016
Alfred E Eddy	1997	2014	Gaetano Franzese USA (Ret)	1976	2014

George C Frasier	1999	2014	Carlton D Hansen	1966	2014
Macamo Frederico	1989	2014	Kelly G Harless	1991	2016
P Rickey Free	1998	2014	Wayne W Harman	1982	2013
John C Frye	1975	2015	Glenn W Harrell Jr	1962	2014
Gene Fuller	1954	2016	Don R Harris	1994	2014
Richard L Funderburk	1997	2016	F Irwin Harris	1956	2015
JoAnn Funk	1997	2016	Wesley C Harris	1995	2014
P Stanley Funk	1968	2013	Lydia H Harrold	1960	2013
Dean Gallaway	1970	2014	Darrel R Hartsock	2002	2016
B J Garber	1956	2015	Thomas A Havener	1981	2016
Gregorio Noriega García	2000	2015	Ray J Hawkins	1953	2013
Jonathan T Gasset	1940	2014	Richard L Hawley	1959	2016
Juan Francisco Gaucín Alfaro	1990	2016	John F Hay	1958	2015
Glen R Gaugler	1996	2014	Richard J Hayes	1961	2015
Marilyn J Gaunce	1990	2015	James E Hazelwood	1959	2016
Buck Gebhart	1967	2014	George A Hazlett	1969	2014
Cecil M Geiger	1961	2015	Edward H Heck	1982	2016
Bernice L Gerbig	1949	2016	Paul H Hegstrom	2006	2017
Stanley C Gerboth	1957	2014	Dale Rosalia T Hema	1992	2015
Alberto Gimenez	1981	2014	Robert D Hempel	1947	2017
Thomas L Goble	1960	2013	Larry A Henderson	1963	2017
George H Golay	1974	2013	William M Hendley	1964	2013
Eneas González Chanona	1956	2016	Geneva W Hendrick	1965	2014
Adolfo González García	1989	2016	A Scott Hendrix	2005	2015
Gene L Gore	1956	2014	Fae Hendrix	1956	2014
R Alan Granat	2002	2017	Daniel Hernandez	1992	2016
Howard Grantz	1958	2013	M Isabel Hernandez	2003	2015
Thomas H Gray	1999	2013	Diego Hernández Hernández	1959	2015
Clifford H Green	1946	2013	George A Hess	1973	2014
Robert H Green	1961	2017	Ralph E Hess	1946	2015
Clyde C Greenidge	1962	2014	R Kenneth Hester	1976	2017
Thomas A Gritton	2002	2016	Paul H Hetrick	1942	2015
Donald W Grobe	1958	2016	John L Hickman	1982	2016
Robert E Grosse	1957	2015	Charles R Hill Jr	1983	2015
Carl B Haddix	1957	2013	Dawn L Hill	1994	2016
Sawat Hahom	1994	2017	Kenneth I Hinman	1970	2015
Yeghia Hajian	1961	2016	Harry E Hinze	1977	2015
Gerald C Hald	1972	2016	Danny L Hively	1982	2017
W Clayton Haley	1974	2015	David A Hoagland	1985	2017
Danette R Hall	2013	2017	Gilbert L Hockett	1970	2016
J Paul Hall	1962	2016	John F Hockett	1997	2014
John D Hall	1968	2014	Clarence W Hoffpauir	1966	2014
W Leonard Hall	1963	2014	Larry J Hoffpauir	1970	2016
Charles E Hallin Jr.	1978	2014	Harold E Holmes	1992	2013
Betty S Hamby	2001	2016	Theodore R Holmquist	1984	2015
Freeman J Hamrick	1958	2017	Bobby W Holsombeck	1962	2015
Lawrence R Hance	1975	2015	Jack Holstead	1956	2013
John J Hancock Sr	1955	2014	Eldon R Hotle	1971	2013

Richard M Hover	1965	2014	James B Jim Joyce	2012	2017
Alan D Howard	1972	2014	Esperidion Julca C	1942	2014
Kenneth D Howell	1987	2014	Michinari Kadowaki	1967	2016
James B Hubbard	1961	2013	John A Kammer	1964	2015
Lawrence D Huddleston	1981	2016	Cinda A Kammermann	2015	2015
Leo J Hudson Sr	1992	2014	Yantje Kanipa	1987	2016
Richard L Hudson	1984	2016	Billy Karanick	1961	2016
Corliss M Huff	1973	2014	Tanda Karia	Unknown	2017
Robert F Huff	1954	2017	Burchir Katuoki	1953	2016
Arthur Hughes	1952	2016	S Wayne Keith	2005	2013
Elton E Hughes	1963	2014	Solomon WL Kekoa	1964	2014
Ted L Hughes	1955	2013	M Neal Kellam	1980	2017
Richard Nelson Hume Jr	2006	2015	Gary W Keller	2006	2014
Byron M Hunt	1982	2016	Dell M Kelley	1957	2016
Stanley R Hunt	1985	2014	Nancy J Kelly	1973	2014
Earl D Hunter	1942	2015	V Keith Kelly	1954	2014
Vernon E Hurles	1968	2016	Marian Bernadette		
Edward W Hurn	1948	2014	Kent	2009	2015
Mary L Husband	2008	2014	James J Kester	1970	2016
Wayne E Hysong	1968	2013	Jerrold W Ketner	1964	2015
Michael D Ice	1971	2017	Barbaton Ketwa	2014	2015
Ridgeley P Ireland Jr	1966	2013	Baburao Kisanrao Khandare	2008	2017
Kunikazu Isozaki	1967	2015	Kisan Khandekar	2001	2015
Gernot W Iwersen	1971	2013	Vipul Dayanand Kharat	1995	2016
Juan T Izquierdo	1972	2015	Ntombikayise Khumalo	2009	2015
Charles E Jackson	1978	2013	Joseph L Killgore	1968	2014
Deborah S Jackson	2006	2017	Steven K King	1990	2013
David K Jacobsen	1995	2016	Nick Kiriluk	1976	2016
Robert E James	1951	2017	Voleta A Kirks	1976	2014
Louis Jantjes	1965	2017	Krishman Kistensamy	2003	2014
Lawrence E Jantz	1958	2014	Charles A Klaffke	1955	2015
Pedro G Jaramillo	1988	2015	Merlyn H Klink	1962	2016
Selvaraj Jayakumar	1990	2015	Ralph H Knepper	1967	2017
Kenneth L Jenkins	1948	2016	Paul F Knight	1960	2013
L Wayne Jenkins	1948	2013	I Carl Koons	1968	2015
Clarence L Jennings	1960	2013	Ivan Kounter	1954	2014
Bill Jetton	1955	2016	Lorima Kuruvoli	2006	2015
Albert H Johnson	1954	2014	G Elbert Labenske	1940	2013
Dennis M Johnson	1975	2014	Genaro H Lachapelle	2002	2017
Lynn E Johnson	1983	2016	Fred E Laeger	1980	2015
Gordon K Johnston	1967	2016	Irving W Laird	1964	2015
Pat J Johnston	1990	2015	Robert S Lambert	1975	2017
Gary A Jones	1970	2015	Clark E Langford	1965	2016
June G Jones	1999	2015	Delbert G Lanham	1955	2016
Phillip C Jones	1975	2016	Roxana I Lanier Soto	2011	2015
Thomas Allen Jones	1992	2016	E Wales Lankford	1963	2013
Elmer L Joplin	1945	2015	Harold D Latham	1953	2014
Joseph R Jordan	1989	2016	Geraldine Launstein	2001	2015

Lucille M Law	1951	2017	W Dale Martin	1962	2015
Richard W Law	1951	2015	Luis Fernando Maza Martínez	2007	2017
Riley E Lawrence Jr	1963	2017	Michael E Martz	1982	2014
Delbert L Laws	1958	2013	Honorio C Mateo Sr	1967	2016
Robert W League	1970	2016	Daniel G M Mavuso	1980	2016
James L Ledoux	2008	2013	D Richard May	1959	2017
Jae B Lee	1987	2015	Sergio P Mayorga	1986	2016
Vaoiva Leleivaioese	1997	2014	Douglas D McAdams	1958	2016
John R Lenker	1956	2016	John C McAllister	1993	2013
William E Lentsch	1999	2016	Paul R McBride Sr	1988	2015
Howard M Lester	1955	2014	Jerry W McCant	1968	2015
Seymour A Levin	1996	2015	Horace T McCants	1945	2014
Ray J Lewis	1963	2015	William E McCluskey	1988	2016
P L Liddell	1955	2013	David C McConnell	1995	2015
John R Lightfoot	1979	2013	James E McCormick	1960	2017
Arthur O Little	1953	2013	Joyce W McCown	1952	2014
Paul E Lockhart	1953	2013	Lyndell L McDaniel	1989	2017
Larry C Lott	1981	2015	Lewis N McDonald	2008	2014
Tommy L Loving	1972	2014	Densel P McFadden	1966	2014
James E Lowery	1977	2016	Michael E McFarland Sr.	2007	2015
Thomas F Lowry	1956	2016	Weber B McGarrah	1959	2016
Claud Luff	1963	2016	James M McGuffey	1969	2016
L Duane Lum	1991	2015	Keith McKain	1998	2013
W M Lynch	1950	2014	Ronald B McKee	1992	2016
William H Lynch	1976	2013	Kevin N McLain	1994	2016
Frederico Macamo	1989	2014	Robert W McNeely	1954	2014
Warren A MacEachern	1968	2015	Malcolm E McNeer	1951	2014
Nicholas J MacKenzie	1986	2015	Stanley D Meek	1969	2016
D Fred MacMillan	1960	2013	George Howard Melton	1967	2016
Salomao Elifassi Mafuieca	2003	2014	Stephen P Merki	1985	2017
Thomas Mahungo	2009	2016	Ralph A Mickel	1940	2015
Victor Y Maine	1975	2017	Allan W Miller Sr	1959	2016
Andries Mbudi Manana	1983	2015	Bernard F Miller	1958	2013
Fred Manda	1965	2017	Lowell B Miller	1954	2014
Paul D Mangum Sr	1944	2016	Richard A Miller	1980	2015
Ishak Djo Mannariwu	2006	2013	Richard S Miller	1966	2013
Bill Manning	1979	2016	Robert L Miller	1969	2014
Clifford Manswell	1980	2016	Wallace C Miller	1968	2014
Manuel de Jesús Manuel Aguilar	2012	2015	Wayne R Miller	1997	2017
Wayne Mardis	1998	2016	Mayne Minich Jr	1952	2013
Ray W Mariage	1958	2014	Hadayat Masih	2009	2016
Felício Onofre De Mario	1972	2013	Daniel Mita Ayala	1990	2015
Robert B Marley	1975	2015	Robert S Mitchell Sr	1962	2016
Vernon R Marsh	1993	2015	R Dean Mitchell	1972	2015
Keal E Marson	1994	2013	Talmage W Mitchell Jr	1955	2014
James C Martin	1967	2016	Clarence R Mitchum	1961	2016
Mary E Martin	1949	2014	Andrew Moime	1992	2016
Tim C Martin	2001	2016	Darrell P Moore	1957	2014

Gail C Moorman	1953	2016	Richard H Page	1993	2016
Julio Morales	2002	2017	Thomas P Paine	1967	2015
Paul A Moranville	2006	2013	O Abelino Palma	1985	2015
Elva J Morden	1967	2015	Gerald J Palmer	1980	2014
Roberto C Moreno Sr	1952	2014	Michael D Pankey	1997	2015
Ladell H Morgan	1950	2016	Elmer W Pannier	1953	2015
Clyde H Morris	1969	2014	Pukerua Parai	1995	2014
David R Morrison	1952	2014	J Leon Patrick	1979	2017
Joseph W Morse	1963	2016	Burl A Patton Jr	1954	2016
Neil G Morse	1963	2013	Ruth N Patton	2007	2016
Charles E Morton	1972	2013	Charles L Paul	1985	2015
Elsie L Mosgrove	1999	2015	Frank E Paul	1999	2016
Earl E Mosteller	1943	2015	Kenneth J Pell	1992	2015
George L Mowry Sr	1991	2017	Victor M Peña	1963	2015
Cain Mthembu	1989	2014	Everett D Penrod	1941	2015
Luis Saul Mujica	1994	2013	Ralph E Perdew	2000	2014
Josue S Munoz	1961	2013	José C Pérez	1970	2015
Robert L Murrow	1973	2016	B Edwin Perkins	1960	2013
Eusebio Bechane Mussaleca	1996	2014	David L Perry	1987	2016
Sérgio Mussato	2009	2016	J E Perryman Jr	1956	2013
David J Myers	1967	2015	Samuel D Phipps	1976	2016
Robert F Myers	1962	2013	Donald W Pierce	1982	2016
Berge S Najarian	1953	2016	Andrew Pikip	2014	2015
Langwane Ndebele	2009	2015	Joe Pindipia	1995	Unknown
Philippe Ndwanyi	2008	2014	Harold E Platter	1957	2017
George R Neighbors	1977	2015	H Gene Pool	1956	2014
Edwin L Nelson	1973	2015	Edwin L Porter	1971	2016
Dwight E Neuenschwander	1957	2017	Floyd H Pounds	1947	2014
Dewey Nickels	1969	2015	Gary F Powell	1969	2013
Emmanuel Akapan Nkanang	2002	2016	John E Powell	1973	2015
Gregorio Noriega Garcia	2000	2015	Louis J Powell	1995	2015
Gashoke Ntibikwira	2015	2016	W Frank Powell	1953	2015
Andrew Nyoni	1993	2017	Charles C Powers	1953	2015
Gerphas Oure Obar	1998	2017	Gary Pozgay	2007	2013
Micheal Akpan Obugi	1997	2016	David L Prater	1966	2014
Gerald Lee Oetken	1995	2016	Marion Prather	1999	2016
Salvador P Ofilanda	1996	2015	Joseph L Predaina	1981	2015
Ervin L Olsheske	1990	2016	George C Prentice	1958	2014
Hugo Alberto Oliveira	1995	2015	Jim D Price	1973	2016
Donald T Oneal	1984	2015	John H Price	1963	2013
Luis E Ordonez	1989	2016	Johnny L Price	1996	2015
Guillermo Orduña Hernández	1990	2016	Michael A Prince Sr	1983	2015
Todd L Orr	2016	2017	Russell M Quantz	1951	2015
Andrés Ortiz Gaudencio	Unknown	2017	Jovesa Rabativesi	Unknown	2013
Richard A Osborne	1970	2014	David S Radcliffe	1956	2017
Ryiji Otsuki	1941	2016	Glendle Rains	1973	2015
Gerphas Obar Oure	1998	2017	Janie B Ramsey	1998	2014
Bill Oxner	1964	2016	Wendell R Raney	1964	2016

Jean R Ratliff	1977	2015	Harvey L Shapiro	1995	2017
Carlos E Ray	1999	2016	Nelson E Sharp	2012	2015
Ray C Raycroft	1964	2015	James S Shaw Jr	1947	2013
George H Reader	1932	2015	Lillian P Shaw	1955	2017
Edward F Redmon	1970	2016	Robert O Shepherd	1984	2017
Ernest R Rhodes	1964	2015	James E Sherman	1970	2015
W E Rhodes	1958	2017	Vernon J Shetler	1937	2014
George W Rice	1947	2014	Eldon E Shields	1949	2016
Kenneth S Rice	1950	2015	Paul R Shields	1968	2016
Norman V Rickey	1954	2013	Roy A Shifley	1960	2017
Brady O Riffle	1961	2015	John J Shipman	1972	2014
Keith A Riffle	1980	2014	Sarah Shippy	1949	2016
Billy H Ring	1961	2016	Dennis D Shirer	1996	2016
Eugene D Roberts	1971	2015	Richard N Shomo	1957	2014
A Scott Robinson	1967	2016	G Ervin Shreckengast	1974	2016
Norman Robinson	1955	2016	Wayne M Shurley	1958	2015
Herbert L Rogers	1956	2016	Simiao Z Sigauque	1986	2016
R Howard Rogers	1972	2013	Donald W Simmons	1971	2014
Ronald A Rogers	1993	2015	Antonio S Simoes	1985	2014
Michael P Rolan	1995	2016	Edwin C Simpson	1967	2015
Larry G Ross	1993	2015	Paul E Simpson	1955	2014
Charles L Ruby	1979	2016	Homer L Skidgel	1983	2013
Deborah J Runion	2002	2013	Jerry L Skidgel	1973	2017
Garry W Rush	1989	2015	Leonard J Skodak	1958	2016
Eldon L Russell	1968	2017	Troy L Slay	1966	2014
Robert N Russum	1970	2015	Belden J Slothower	1957	2015
David P Rutherford	1984	2017	Gale R Smedley	1978	2016
Stanley Sabine Jr	1970	2015	Astrid P Smith	1981	2013
Henderson Sabwera	2005	2015	Ernest D Smith	1947	2014
Michinari Saegusa	1967	2016	James H Smith	1984	2013
E Aileen Salisbury	1949	2013	Ora R Smith	1963	2014
Richard L Salisbury	1970	2017	Ottis E Smith Jr	1949	2015
Norman Salmons	1952	2017	Owen J Smith Sr	1960	2016
Ronald F Salsbury	1986	2016	Samuel P Smith	1972	2014
John P Salyer	1967	2016	Kevin A Sneed	1997	2015
Alberto Samuel	2004	2015	Claude L Snodgrass	1968	2016
R Don Sanders	1960	2016	Dana D Snodgrass	1977	2015
Héctor Santín	1958	2016	Luis Solís Orantes	1960	2014
Michael R Satterlee	1976	2016	Joe Dartoh Sonkpah	2008	2014
I Yvonne Saville	1952	2016	David E Sparks	1947	2013
Ruth O Saxon	1954	2013	Raymond Spence	1955	2017
Milford A Schmidt	1955	2015	K Robert Sporleder	1952	2016
Robert A Schmidt	1971	2016	Roland A Stanford	1946	2016
Elmer M Schrag	1951	2015	Rob L Staples	1953	2015
Ralph Leon Seager	1955	2015	James J Stark Jr	1958	2013
John E Seaman	1983	2017	Kirk L Starkweather	1977	2016
Shinobu Sekiya	1967	2016	Herbert L Steele	1956	2015
William T Sessoms	1969	2014	James Steele Jr	1952	2015

Joseph William Stegemann	2010	2016	Clyde H Townsend	1976	2016
Philip R Steigleder	1951	2016	David W Trump	1969	2016
Phillip J Stein	1996	2014	Lester G Trusty	1977	2016
Franklin D Stephens	1966	2016	Manuel F. Tshambe	1977	2016
David V Stephenson Jr	2001	2013	Karia Tungi	2010	Unknown
J Monty Stewart	1991	2016	Jerry D Ulrich	1962	2017
Albert D Stiefel	1953	2017	Yoshinobu Umemiya	1976	2016
Clifford Stone	1962	2014	Owen F Underwood	1953	2013
Steven D Stone	1994	2016	John E Utterback	1973	2016
William E Stone	1963	2013	Patricia J Van Scyoc	1985	2015
James A Storey	1984	2015	David L Van Sickle	2009	2015
O'Neal Stover	1987	2016	Brian W Vanciel	1955	2014
Mary K Stream	2003	2014	R Deal VandeGrift	1942	2013
J Gilbertson Stuart	1965	2016	Ramon P Vanderpool	1950	2015
Wilfred E Stukas	1952	2017	William R VanMeter Jr	1992	2014
Jerry L Sudduth	1981	2015	Niria Vasukicakau	Unknown	2014
Noel D Sullivan	1992	2014	William C Vaughters	1939	2013
Perter Sunardi	2002	2014	Leonel Vázquez López	1999	2014
Calvin E Sutterfield	1960	2014	Alfredo Veloso Gallegos	1984	2015
Verla M Sutton	1963	2014	William G Vermilya	1954	2017
Lewis W Swope	1962	2016	V Dale Viars Sr	1964	2014
Alofa T Taaititi	1988	2014	Norberto Vicuña Yujra	1970	2014
Joseph A Talhelm	1986	2014	James G Virden	2005	2014
Katsutoshi Tanigawa	1943	2016	Anthony P Vohar	1992	2016
Anna M Taylor	1993	2014	Frank D Voss	1955	2014
Bruce T Taylor	1944	2013	Ronald H Wagner	1990	2015
Emmett E Taylor	1944	2014	Russell A Walborn	1952	2014
G Gordon Taylor	1977	2014	Willis W Walker	1965	2015
Anísia L Edwards Teixeira dos Santos	2014	2016	Ruby Walters	1987	2015
Sada Tembo	1997	2014	Clifford L Walton	1952	2015
Daniel H Tennyson	1977	2014	James K Walton	1968	2015
Earl L Terrell Sr	2009	2016	Mathew Wane	Unknown	2015
Eddie J Thomas Sr	1991	2017	Joseph E Watkins Jr	1977	2016
J Melton Thomas	1942	2015	Wilmer R Watson	1957	2017
Charles L Thompson	1961	2013	John R Weatherill	1954	2015
Melvin L Thompson	1965	2014	Errol L Webb	1979	2015
Raymond L Thompson	1959	2015	Jamie Weberg	2008	2015
Harmon O Thrasher	1980	2015	William L Webster Sr	1973	2014
Donald R Thurman	1956	2016	Robert J Weckle	1987	2013
William H Tibbetts	1955	2014	D Eugene Wells	1983	2014
Tomás Ticum Ventura	1992	2015	Dean H Wessels	1948	2014
Kenneth R Timblin	1980	2015	C Dexter Westhafer Sr	1942	2013
Daniel Laurinal Tittle	1967	2014	A Gordon Wetmore	1961	2016
Charles R Tone	1982	2017	Arlie T Whaley Jr	1972	2016
F Lee Topliff	1957	2016	J Timothy White	1990	2015
Octavio Torres	1996	2014	Paul E White	1959	2015
Zena J Toussaint	1987	2014	Ronald E White	1973	2017
			William A White	1988	2015

Noel L Whitis	1944	2016
Forrest E Whitlatch	1946	2014
Gordon C Wickersham	1954	2013
Chalmer R Wiegman	1973	2017
Robert C Wiggers	2000	2015
Paul Wiggins	1966	2015
William N Wiggins	1963	2015
Carrie A Wilcox	2013	2016
Walter C Wilcox	1953	2016
Carl O Wilde	1954	2014
Carol E Wilkinson	1954	2015
David Kent Williams	2016	2016
E Wendell Williams	1961	2016
Leonard A Williams	1962	2013
Gene Williams	1957	2013
Robert P Williams Sr	1954	2016
C Mae Willis	1946	2013
Freddie L Wilson	1962	2016
George I Wilson	1995	2016
K Ray Wilson	1963	2013
LaVerne D Wilson	1967	2014
O W Wilson	1956	2017
Parker Lee Wilson	2009	2017
Parker Lee Wilson	2007	2017
James H Winterton	1959	2016
Janet E Wiser	1991	2015
Mark S Wojtal	2007	2015
Clifford J Womacks	1960	2016
Joseph D Wright	1954	2015
Richard A Wright Sr	1964	2016
Arvind K Yangad	1979	2013
Frederick N Yates	1968	2016
Harold J Yochim	1955	2013
Takashi Yoshimochi	1985	2014
Akio Yoshitake	1967	2015
Dale H Young	1986	2016
Darrell R Zumalt	1972	2015
Charles F Zwicker	1991	2016

MISSIONARIES

(based on information received through 30 May, 2017)

	Field(s) Served	Deceased Date
2013 (<i>May 1-December 31</i>)		
Robert Collins	Brazil	1 November
Paula Greer	India	1 July

Virginia Helling	Japan	27 June
John "Jack" Holstead	Hong Kong, Taiwan	11 July
Joan Larson	Papua New Guinea, Swaziland	11 July
Evelyn Ragains	Nicaragua, Colombia	2 October
Ruth Saxon	Trinidad	3 June
Raymond Thorpe	South Africa, Cape Verde	21 November
William Vaughters	Guatemala, USA/Canada	12 August
2014		
Oma Fae Hendrix	Argentina, Uruguay, Cuba, Chile	16 February
Natalie Holstead	Hong Kong, Taiwan	28 May
Lydia Howard	Swaziland, Cape Verde	28 December
Donald H. Lewis	Argentina	7 September
Tillie McCroskey	Philippines	17 March
Robert Merki	South Africa, Papua New Guinea	13 June
Lois Pass	South Africa	24 September
Lenora Pease	India, Jamaica	14 January
Mary Lou Riley	South Africa, Zimbabwe	24 December
2015		
Robert Ashley	Honduras, Windward Islands, USA/Canada	3 June
Eunice Bryant	Costa Rica, Guatemala, El Salvador, Peru	27 January
Margaret Dayhoff	South Africa	17 February
Catherine Eades	Cape Verde	2 December
Paul Hetrick, Sr.	Swaziland, Mozambique, Antigua	8 November
Patricia "Pat" Stockett Johnson	Jordan/Papua New Guinea	6 November
Maxine Klinefelter	Southwest Indian (USA)	22 September
Elva Bates Morden	Swaziland	20 August
Earl Mosteller	Cape Verde, Brazil, Portugal, Azores	27 October
Frances Vine	Philippines	2 August
2016		
John Anderson	India	5 July
Carol Kratz Bennett	Brazil	29 January
Beatrice "Betty" Emslie	South Africa	14 March
Larry Faul	Barbados, Trinidad, Antigua, Jamaica	11 August
Samuel Hynd	Swaziland	18 August
Gordon Johnston	Jordan/Papua New Guinea	27 May
Louise Karker	Swaziland, Lebanon, South Africa	27 August

Wayne Larson	Papua New Guinea, Swaziland	29 May
Gladys Mosteller	Cape Verde, Brazil, Portugal, Azores	27 October
Berge Najarian	Lebanon, Jordan, Antigua, Grenada, Zambia	19 February
Faye Riley	Swaziland, South Africa	2 May
Betty Sedat	Guatemala	15 July
Philip Steigleder	South Africa	23 August

2017 (January 1-May 30)

Meryle Burkhart	Guyana, Philippines	21 April
Norman Salmons	South Africa, Mozambique	23 April
Patricia "Pat" Smith	South Africa	26 February
Stanley Storey	Guatemala, Honduras, El Salvador	18 May

NOMINATIONS

Sunday, 24 June, 2017—Indiana Convention Center

Members present: Brad Estep, Chair; Dave Warren, Secretary; Carla Sunberg, Nazarene Theological Seminary President; Ed Alba, Kim Smith, Roy Rogers, Brian Powell, Ardee Coolidge, Kevin Donley, Kathy Manson, Dwayne Mills, and David Wilson, ex-officio.

1. We, your Committee on Nominations, submit the following nominations to the General Assembly for the General Court of Appeals:

Janine Metcalf	Doug Wyatt
Ian Fitzpatrick	Pascal Permis
Donna Wilson	Daniel Gomis
Hans Gunter Mohn	Virgil Askren
Brian Powell	Hunter Cummings

2. We, your Committee on Nominations, submit to the USA and Canada Regional Caucuses the following nominations for the Board of Trustees for Nazarene Theological Seminary:

Ministers

Canada

Doug Herbert
Earl Wood

Central USA (ONU)

Phil Kizzee
David Roland

East Central USA (MVNU)

Darryl Blank
Dave Lutz

Laypersons

Ruth Copeland-Holtz
Dawn Falk

Mary Margaret Reed
Jim Upchurch

Scott Couchenhour
Brinda Price

Eastern USA(ENC)

Miriam Mouzon
Victor Price

North Central USA(MNU)

Jeren Rowell
David Sharps

Northwest USA(NNU)

Bill Russell
Brian Thomas

South Central USA(SNU)

Jim Cooper
David Downs

Southeast USA(TNU)

Daron Brown
Kevin Ulmet

Southwest USA(PLNU)

Tara Beth Leach
Tom Taylor

Dennis Jones
Merritt Mann

John Leon
Jeannie Williams

Bob Helstrom
Robert Weatherford

Howard Hendricks
Wiley Smith

Monroe Ballard
Rob Edwards

Allen Brown
Christine Jones

3. We, your Committee on Nominations, submit to the USA Regional Caucus the following nominations for the Board of Trustees for Nazarene Bible College:

Central USA

James Kraemer, DS
David Roland, DS
Rob Prince, Minister
Lenny Wisehart, Minister
Marc Abla, Lay
Jim Knight, Lay

East Central USA

Kevin Dennis, DS
Bob Mahaffey, DS
Doug Boquist, Minister
Kevin Jack, Minister
Carol Dockery, Lay
Homer McKnight, Lay

North Central USA

Jim Bond, DS
Dan Cole, DS
John Marra, Minister
Brent Van Hook, Minister
Jeanie Helstrom, Lay
Bonnie Perry, Lay

Eastern USA

Kevin Dunlap, DS
Phil Fuller, DS
Bud Reedy, Minister
Althea Taylor, Minister
Christi Le Shankel, Lay
Jay Wilson, Lay

Northwest USA

Bill Carr, DS
Paul Hartley, DS
Brandin Melton, Minister
Shawn Siegfried, Minister
Jeremy Carr, Lay
Steve Emerson, Lay

South Central USA

Randy Berkner, DS
Charles Fountain, DS
Ken Carney, Minister
C.B. Glidden, Minister
Duane Cox, Lay
Peggy Stark Wilson, Lay

Southeast USA

Ron McCormick, DS
Roy Rogers, DS
Tim Gates, Minister
Brett Rickey, Minister
Donna Alder, Lay
Marcus Clemants, Lay

Southwest USA

John Nells, DS
Doug Pierce, DS
Kendall Franklin, Minister
James Kinzler, Minister
Saurabh Emmanuel, Lay
Mark Potter, Lay

Respectfully Submitted,
BRAD ESTEP, *Chair*
DAVE WARREN, *Secretary*

PLATTING

We recommend that the bar of the assembly be set to include:

Sections A , B, C, D, E , F, G, H, I, J, K, & L Rows 1–10, as indicated on the seating chart and platform

Specific seating requests have been accommodated according to the decisions of the Credentials Committee; for example, to facilitate simultaneous interpretation for two delegates, non-voting interpreters of their languages are seated with the appropriate delegations.

We have selected and assigned delegates to seats in Halls ABC in accordance with the Rules of Order. The seating assignment and a chart have been distributed to each delegate.

Row 11 includes non-voting delegates (superintendents of Phase 1 districts, field strategy coordinators).

Respectfully Submitted,
DAVID P. WILSON
DIANE MILLER
SUSAN METCALF

REFERENCE

We, your Committee on Reference, having had the resolutions referred to us, have assigned them to the various committees of the General Assembly in accordance with our Rule of Order:

DAVID BUSIC
WILLIAM DAVID BANTOM
RANDY BERKNER
MARK BERRY
DEAN BLEVINS
KEITH COX
CHUCK CROW
SCOTT DANIELS
LARRY DENNIS
MARSHALL DUKE

EDDIE ESTEP
IAN FITZPATRICK
PHIL FULLER
DWIGHT GUNTER
ANTONIE HOLLEMAN
LARRY LEONARD
DAVID MONTGOMERY
KEITH PARDUE
MARK PATRICK
MIKE PELLE
DOUG PIERCE
STAN REEDER
STAN RODES
JOHN SEAMAN
TERRY SOWDEN
JIM SPEAR
PEGGY STARK-WILSON
DAVID WILSON

SPECIAL COMMISSIONS/COMMITTEES

ARTICLES OF FAITH STUDY GROUP

CLERGY RESTORATION STUDY

COVENANT OF CHRISTIAN CONDUCT STUDY COMMITTEE

FUTURE OF GENERAL SUPERINTENDENCY

**REPORT OF THE
ARTICLES OF FAITH STUDY GROUP**

**TO THE
TWENTY-NINTH GENERAL ASSEMBLY
OF
THE CHURCH OF THE NAZARENE**

**June 25-30, 2017
Indianapolis, Indiana, USA**

By action of the 2013 General Assembly the Board of General Superintendents (BGS) appointed a qualified group of global scholars to constitute the Articles of Faith Study Group. These scholars represent a wide range of theological education, reflection and experience.

The study group was resourced from Nazarene colleges and universities, pastoral leadership, and the Global Ministry Center (GMC), and considered all resolutions which were referred to the Board of General Superintendents from the 2013 General Assembly in Indianapolis, Indiana USA.

The composition of the study group included the following:

Frank Moore, Chair
General Editor
The Church of the Nazarene

Dwight Gunter
Trevecca Community Church of the Nazarene
Nashville, Tennessee – USA

Ron Benefiel
Point Loma Nazarene University
San Diego, California – USA

Diane Leclerc
Northwest Nazarene University
Nampa, Idaho – USA

Kent Brower
Nazarene Theological College
Manchester, England

Jon Middendorf
First Church of the Nazarene
Oklahoma City, Oklahoma – USA

David Busic
General Superintendent
The Church of the Nazarene

Thomas Noble
Nazarene Theological Seminary
Kansas City, Missouri - USA

Dan Copp
Education Commissioner
The Church of the Nazarene

Henry Spaulding
Mount Vernon Nazarene University
Mount Vernon, Ohio - USA

Meetings were held at the Global Ministry Center in Lenexa, Kansas USA, on three different occasions for two days each over a three year period. Between meetings, subcommittees worked to refine language and report back to the full group. Study group members emailed thoughts, suggestions, and clarifications between meetings.

The study group made recommendations to the BGS for its consideration and they fell into three general categories:

- 1) Accept or reject the General Assembly 2013 resolution with an up or down vote.
- 2) Suggest language changes to the Articles of Faith.
- 3) Propose new resolutions for BGS consideration.

I reported the work of the study group to the Board of General Superintendents on two occasions and offered recommendations for consideration. The general superintendents took great care to understand all proposal wording and reasoning which supported the suggested changes. The Board of General Superintendents discussed these recommendations in its quarterly meetings.

After approval by the Board of General Superintendents, and with the help of the General Secretary's office, the documents were formatted into resolutions which are before you today.

Additionally, further work was done to update the language of several Articles of Faith to more accurately reflect the church's theological understanding of these matters.

Recommendations were also offered to update language in the 800 section of the *Manual*, along with rituals related to them, and re-numbering where appropriate. In one case there is a recommendation to delete a ritual in 800.4 which was identified as being redundant (Dedication of infants or young children—a ritual for Single Parent or Guardian)

That summarizes the work of the Articles of Faith Study Group. The members consider it a privilege to serve the church in this capacity.

Respectfully Submitted,
Articles of Faith Study Group
FRANK MOORE, *Chair*

**REPORT OF THE
CLERGY RESTORATION STUDY**

**TO THE
TWENTY-NINETH GENERAL ASSEMBLY
OF
THE CHURCH OF THE NAZARENE**

**June 25-30, 2017
Indianapolis, Indiana, USA**

On behalf of Global Clergy Development, I am pleased to acquaint you with a group of more than thirty resolutions that, taken together, substantially revise the restoration process for Nazarene ministers guilty of misconduct and moral failure. The goal of these resolutions is to create a clearer and more redemptive process of restoration.

Allow me to provide some background on this important matter. We hold our ministers to a high standard of conduct. For this reason, any minister found guilty of misconduct is placed under discipline. This means the minister is relieved of the rights, privileges, and responsibilities of being a minister. As a church, however, we believe our response should be as extravagantly redemptive as the gospel we proclaim.

For this reason, the church has provided a process by which the minister might regain the confidence of the church and return to ministerial service. The most recent revision of this process was adopted by the 1997 General Assembly.

Situations involving misconduct are always difficult and complex. The local church and the surrounding community are deeply impacted, and the consequences are devastating for the minister and for the minister's spouse and family. We are grateful for positive outcomes we have seen from time to time under current provisions. However, our conversations with leaders from each of our six regions and with ministers who are or have been in the restoration process, and with many of their spouses, have consistently indicated

- a pervasive lack of clarity with regard to the process;
- a persistent confusion over roles, responsibilities, and terminology; and
- a failure to appropriately include the minister's spouse and family in the process.

These are significant shortcomings of the current provisions.

Adopting the provisions proposed in this group of resolutions coming before you will revise our current clergy restoration process in several important ways:

1. The revised process separates restoration into two distinct but closely related steps: *recovery* and *reinstatement*. The change is of fundamental importance because it establishes the recovery of the minister, spiritually and otherwise, as the first priority.
 - In principle, current provisions also emphasize the importance of the minister's personal recovery. However, this emphasis is undercut by the fact that, under current provisions, any formal efforts toward recovery on the part of district depend on the minister's willingness to pursue the possibility of a return to ministry. This requirement tends to make the goal of regaining ministerial service the controlling priority for both the minister and the district, and thus diverts attention and energy from recovery for its own sake.
2. The revised process specifically includes the minister's spouse and family in the recovery process. In fact, the revised process calls for efforts to be made toward the recovery of the minister's spouse and family even if the minister is unwilling to participate in recovery.
 - Under current provisions, what actually happens in the vast majority of cases is that the spouse and family are left out of the process entirely or almost entirely. This leaves the spouse and family confused and isolated, feeling forsaken by the church. This deepens the wound from which they are already suffering.

3. The revised process requires the district to be intentional in formulating a response that is redemptive, timely, and sustained throughout the process.
 - Under the new provisions, each district is to develop and review annually a plan that will guide their response in the event of a situation of misconduct. It is also to appoint a recovery team to work with the minister under discipline and with his or her spouse and family. The recovery team has one purpose only: to help the minister and the minister's spouse and family recover, spiritually and otherwise.
4. In the revised process, the reinstatement phase follows the recovery phase. Upon certain conditions and approvals, the minister under discipline may apply for reinstatement of the rights and privileges of being a minister. It is required that the recommendation of the recovery team be carefully considered by the board deciding whether to recommend reinstatement. As it is with current provisions, additional approvals are required prior to actual reinstatement.
5. The proposed revision reorganizes *Manual* 536-538 so that terms are more clearly defined and roles and responsibilities clarified. All provisions related to restoration will be moved to the 538 series and sequenced to reflect each step of the process. A number of other matters related to ministerial credentials are also clarified and organized.
6. The revision provides for added flexibility while maintaining important safeguards and imposing appropriate time-frames. This flexibility is critical to our global setting with the large variety of cultures and their distinctive communal processes and practices when dealing with such difficult matters.

As these resolutions represent an extensive revision of the restoration process we recommend that they be considered together as a group and not be edited from the floor of the general assembly.

We express deep appreciation to the Board of General Superintendents for working closely with Global Clergy Development over the past two and a half years on this important matter.

Respectfully Submitted,
STAN RODES
Global Clergy Development Director

**REPORT OF THE
COVENANT OF CHRISTIAN CONDUCT STUDY COMMITTEE
ON HUMAN SEXUALITY AND MARRIAGE**

**TO THE
TWENTY-NINETH GENERAL ASSEMBLY
OF
THE CHURCH OF THE NAZARENE**

**June 25-30, 2017
Indianapolis, Indiana, USA**

Membership of the Committee

Scott Daniels (Chair), Dan Boone, Todd Bowman, David A. Basic, Dick Osita Eugenio, David Gonzalez, Diedre Brower Latz, Corey S. MacPherson, Franklin M. Moore, Mary R. Paul, Michael Scott, Arthur W. Snijders, and Patrick Thomas

Introduction

I want to begin by expressing appreciation to Covenant of Christian Conduct Study Committee members for their service and global perspective with participation from every region. Additionally we are grateful for time to present important background information ahead of the final recommendations.

As leaders in the global Church of the Nazarene, we recognize that the conversations about human sexuality are some of the most important and difficult conversations the church faces in this generation.

In the first place, they are important conversations because **our bodies matter**. As a holiness people, Nazarenes are convinced that Christians are not only called but they are also made capable – by the transforming and sanctifying work of the Holy Spirit – to glorify God in our bodies.

Secondly, conversations about our sexuality are important because these issues are so closely tied to **the formation of community**. In the Scriptural narratives of creation, God not only forms humankind in his image, but he also forms them in the relational community of male and female. The creation of the human is an expression of God's self-emptying love. We are made with an innate need for connection with others at the core of our being. That need for connection is ultimately fulfilled as we live in covenanted relationship with God, others, and loving our neighbor as our self. As social beings, we reflect the image of God in our capacity to relate and our desire to do so.

These conversations about sexuality are also critical because of **the counter-cultural nature of the gospel**. The calling of the church is not just responding to surrounding cultures but embodying an alternative kingdom that the world cannot understand on its own terms. So while the church always embodies the love and mercy of Christ, we are also called to serve as a prophetic witness to the life that is only made possible by submission to the lordship of Jesus and the indwelling work of the Holy Spirit, to the glory of God the Father.

Finally, we recognize the significance of these conversations because of how **deeply personal and potentially divisive these questions are for a global body of Christ**. Because issues of sexuality are tied so closely to questions of identity and belonging, they are rightly felt and experienced deeply and personally. Conversations about sexuality cannot simply be abstracted from the reality of particular people who are valued and loved by God and by the church. Although a holiness people are convinced that sin and brokenness need not have the last word in any person's life, we are also convinced of the reality of sin and its effects on every life. This means that – as was the case in the incarnation – grace and truth cannot be divided from one another but must be expressed in unity. When it comes to the questions around sexuality pastoral concerns must be taken into account alongside the ethical concerns. It is not enough for the church to think rightly about these issues, the church must also respond to all people in ways that reflect the love and graciousness of God revealed in Jesus Christ.

As leaders for the global church, we not only recognize the significance and the sensitivity of these issues, but we also recognize that they are taking place within various contexts.

Our conversations about sexuality are taking place in **global cultural contexts**. We recognize that as a global church the issues that press upon the people of God in the areas of sexuality are incredibly diverse. The challenge the church has is to speak and give guidance to the whole church in ways general enough to cross cultures and cultural perspectives but also specific enough to give much needed biblical guidance and direction for pastors and laypeople facing complicated and important questions.

Our conversations about sexuality are taking place in **diverse political contexts**. The people of God have always been called to be a unique people – “resident aliens” – living in the midst of political systems that range from gracious and supporting to oppressive and persecuting toward those committed to the Christian faith. The challenge of being a holy people in the midst of an often unholy empire is as old as the Exodus narratives. The church recognizes the need in many current global political contexts to work diligently - by all appropriate means - to ensure the dignity and freedoms for people of Christian conviction. But the leaders of the church also recognize the need for people of Christian faith to be willing to extend those same freedoms and dignities to those who hold different convictions. It is always the goal of God’s people to do everything possible to live peaceably with all and to seek justice, love mercy, and walk humbly with and for those most vulnerable and often oppressed in these areas.

Our conversations about sexuality are taking place in **shifting cultural contexts**. The rapid development of technology has expanded the reach of secularism, individualism, and consumerism around the globe. Although much of the church is thankful for the elevation of human rights and freedoms that these developments have often brought for many across the world, the church recognizes that these forces have also brought destruction, distortion, and even the increased commodification of people – in particular in the areas of sexuality.

Our conversations about sexuality are taking place in **ever-changing generational contexts**. The church recognizes that passing the mission of the church on to the next generation has never been an easy task. But with the developments mentioned above, it is clear that passing on the faith – and the leadership of the church – to the coming generation is as challenging as it has ever been. Many in the generation quickly moving into leadership are not aliens to a secular and technological age. Although the church cannot and will not surrender a biblical standard of sexual morality, the church must move forward with sensitivity to all those for whom the increasingly complex questions of sexuality are very personal and relational.

Our conversations about sexuality are taking place directed by **biblical and theological contexts**. The primary source and authority for the church in dealing with these questions is the inspired and revealed truth of God’s nature and character as witnessed to in the Holy Scripture. The Word of God – interpreted through the lenses of Christian orthodox tradition, reason, and personal experience – occupies the privileged position as the final authority for the faith and practice of the people of God in all aspects of our lives, including our sexuality.

Our conversations about sexuality are taking place in **an ecclesial context**. An age-old problem that continues to shape our struggle with sexuality is what it means to submit one’s

self to the authority and accountability of the body of Christ. The leadership of the church must always lead in ways that model the call of Jesus for the first to be last and for the leader to be the servant; but the members of the Body of Christ must also constantly work toward unity. In areas as diverse and controversial as human sexuality, the leadership of the church realizes that complete unanimity will be impossible. But it is the prayerful hope of the church that – as Nazarenes have attempted to do from their inception – unity can be found on essentials, liberty can be given on non-essentials, and in all things charity or love will be extended.

Finally, our conversations about sexuality are taking place in **pastoral contexts**. It is imperative that the Body of Christ commit to loving unconditionally. God so unconditionally loved the world that He sent His one and only Son, not to condemn but to save. Although sin and brokenness in the areas of sexuality are deeply personal and therefore often difficult conversations, it still remains just one aspect of our all-encompassing human sinfulness. Loveless judgmentalism and ungracious reactions do little to enable Christ's Body to grant grace and to show forth God's unconditional love. As the complexities of local contexts for doing ministry increase, the need for the church to grant not only wisdom but also grace to those who are attempting to show love, accountability, grace, and transformation to those caught in the bondage of sin will also increase.

Because of the great cultural shifts that have taken place over the last decades, the leadership of the church is recommending the adoption of a revised *Manual* statement on human sexuality and marriage. In writing this statement, the goal has not been to set aside the historical position of the Church of the Nazarene on sexuality but to more clearly articulate the truth and grace necessary for the church in this time on these issues.

Because of the diverse and various contexts listed above, the proposed statement is intentionally general and concise. There is no possible way in the context of the *Manual* of the Church of the Nazarene to address all of the pastoral and diverse cultural issues that are connected to human sexuality. It is therefore the intention of the Board of General Superintendents to leave space for regional leadership and for other church leaders to address the diversity of pastoral issues that face the church through sermons, statements, and pastoral letters.

The challenges of faithfulness in sexuality also require the church to develop further resources for instruction and formation of the church to use in the equipping of pastors and the discipling of our people.

Because of the difficulty and nuance required for crafting a globally appropriate statement of this importance from the floor of the General Assembly, it is the hope of the Board of General Superintendents that the proposed statement would be accepted or rejected as it is written.

Here is the statement developed by this specially assigned global committee, which was re-worked and refined, then accepted unanimously by the current Board of General Superintendents (BGS).

It therefore comes to you for adoption.

Human Sexuality and Marriage

The Church of the Nazarene views human sexuality as one expression of the holiness and beauty that God the Creator intended. Because all humans are beings created in the image

of God, they are of inestimable value and worth. As a result we believe that human sexuality is meant to include more than the sensual experience, and is a gift of God designed to reflect the whole of our physical and relational createdness.

As a holiness people, the Church of the Nazarene affirms that the human body matters to God. Christians are both called and enabled by the transforming and sanctifying work of the Holy Spirit to glorify God in and with our bodies. Our senses, our sexual appetites, our ability to experience pleasure, and our desire for connection to another are shaped out of the very character of God. Our bodies are good, very good.

We affirm belief in a God whose creation is an act of love. Having experienced God as holy love, we understand the Trinity to be a unity of love among Father, Son, and Holy Spirit. Therefore, **we are made with a yearning for connection with others at the core of our being.** That yearning is ultimately fulfilled as we live in covenanted relationship with God, the creation, and loving one's neighbor as one's self. Our creation as social beings is both good and beautiful. We reflect the image of God in our capacity to relate and our desire to do so. The people of God are formed as one in Christ, a rich community of love and grace.

Within this community, believers are called to live as faithful members of the body of Christ. **Singleness among the people of God is to be valued and sustained by the rich fellowship of the church and the communion of the saints.** To live as a single person is to engage, as Jesus did, in the intimacy of community, surrounded by friends, welcoming and being welcomed to tables, and expressing faithful witness.

Also within this community, we affirm that some believers are called to be married. As defined in Genesis, "a man leaves his father and mother and clings to his wife, and they become one flesh." The marriage covenant, a reflection of the covenant between God and the people of God, is one of exclusive sexual fidelity, unselfish service, and social witness. A woman and a man publicly devote themselves to one another as a witness to the way God loves. Marital intimacy is intended to reflect the union of Christ and the Church, a mystery of grace. It is also God's intention that in this sacramental union the man and woman may experience the joy and pleasure of sexual intimacy and from this act of intimate love new life may enter the world and into a covenantal community of care. The Christ-centered home ought to serve as a primary location for spiritual formation. The church is to take great care in the formation of marriage through pre-marital counseling and teaching that denotes the sacredness of marriage.

The Scriptural story, however, also includes the sad chapter of the fracturing of human desire in the fall, resulting in behaviors that elevate self-sovereignty, damage and objectify the other, and darken the path of human desire. As fallen beings, we have experienced this evil on every level – personal and corporate. The principalities and powers of a fallen world have saturated us with lies about our sexuality. Our desires have been twisted by sin and we are turned inward on ourselves. We have also contributed to the fracturing of the creation by our willful choice to violate the love of God and live on our own terms apart from God.

Our brokenness in the areas of sexuality takes many forms, some due to our own choosing and some brought into our lives via a broken world. However, God's grace is sufficient in our weaknesses, enough to bring conviction, transformation, and sanctification in our lives. Therefore, in order to resist adding to the brokenness of sin and to be able to witness to the beauty and uniqueness of God's holy purposes for our bodies, we believe members of the body of Christ, enabled by the Spirit, can and should refrain from:

- **Unmarried sexual intercourse and other forms of inappropriate sexual bonding.** Because we believe that it is God's intention for our sexuality to be lived out in the covenantal union between one woman and one man, we believe that these practices often lead to the objectification of the other in a relationship. In all its forms, it also potentially harms our ability to enter into the beauty and holiness of Christian marriage with our whole selves.
- **Sexual activity between people of the same sex.** Because we believe that it is God's intention for our sexuality to be lived out in the covenantal union between one woman and one man, we believe the practice of same-sex sexual intimacy is contrary to God's will for human sexuality. While a person's homosexual or bi-sexual attraction may have complex and differing origins, and the implication of this call to sexual purity is costly, we believe the grace of God is sufficient for such a calling. We recognize the shared responsibility of the body of Christ to be a welcoming, forgiving, and loving community where hospitality, encouragement, transformation and accountability are available to all.
- **Extra-marital sexual relations.** Because we believe this behavior is a violation of the vows that we made before God and within the body of Christ, adultery is a selfish act, a family-destroying choice, and an offense to the God who has loved us purely and devotedly.
- **Divorce.** Because marriage is intended to be a life-long commitment, the fracturing of the covenant of marriage, whether initiated personally, or by the choice of a spouse, falls short of God's best intentions. The church must take care in preserving the marriage bond where wise and possible, and offering counsel and grace to those wounded by divorce.
- **Practices such as polygamy or polyandry.** Because we believe that the covenantal faithfulness of God is reflected in the monogamous commitment of husband and wife, these practices take away from the unique and exclusive fidelity intended in marriage. Sexual sin and brokenness is not only personal but pervades the systems and structures of the world. Therefore, as the church bears witness to the reality of the beauty and uniqueness of God's holy purposes we also believe the church should refrain from and advocate against:
- **Pornography in all its forms,** which is desire gone awry. It is the objectification of people for selfish sexual gratification. This habit destroys our capacity to love unselfishly.
- **Sexual violence in any form,** including rape, sexual assault, sexual bullying, hateful speech, marital abuse, incest, sex trafficking, forced marriage, female genital mutilation, bestiality, sexual harassment, and the abuse of minors and other vulnerable populations. All people and systems that perpetrate sexual violence transgress the command to love and to protect our neighbor. The body of Christ should always be a place of justice, protection, and healing for those who are, who have been, and who continue to be affected by sexual violence.

Therefore we affirm that:

- **Where sin abounds grace abounds all the more.** Although the effects of sin are universal and holistic, the efficacy of grace is also universal and holistic. In Christ, through the Holy Spirit, we are renewed in the image of God. The old is gone and the new comes. Although the forming of our lives as a new creation may be a gradual process, God’s healing is effective in dealing with the brokenness of humanity in the areas of sexuality.
- **The human body is the temple of the Holy Spirit.** We affirm the need for our sexuality to be conformed to God’s will. Our bodies are not our own but have been bought with a price. Therefore, we are called to glorify God in our bodies through a life of yielded obedience.
- **The people of God are marked by holy love.** We affirm that, above all the virtues, the people of God are to clothe themselves with love. The people of God have always welcomed broken people into our gathering. Such Christian hospitality is neither an excusing of individual disobedience nor a refusal to participate redemptively in discerning the roots of brokenness. Restoring humans to the likeness of Jesus requires confession, forgiveness, formative practices, sanctification, and Godly counsel – but most of all, it includes the welcome of love which invites the broken person into the circle of grace known as the church. If we fail to honestly confront sin and brokenness, we have not loved. If we fail to love, we cannot participate in God’s healing of brokenness.

As the global church receives and ministers to the people of our world, the faithful outworking of these statements as congregations is complex and must be navigated with care, humility, courage, and discernment.

Respectfully Submitted,
Covenant of Christian Conduct Committee
SCOTT DANIELS, *Chair*

**REPORT ON THE
FUTURE OF GENERAL SUPERINTENDENCY**

**TO THE
TWENTY-NINITH GENERAL ASSEMBLY
OF
THE CHURCH OF THE NAZARENE**

**June 25-30, 2017
Indianapolis, Indiana, USA**

Introduction

Dr. Phineas F. Bresee, the denomination's first general superintendent, felt the need for a "sufficient general superintendency to bind the whole together and make it effective" as he worked to unite the different groups that came together to form the Church of the Nazarene. On October 10, 1907 the first general assembly of the Association of Pentecostal Churches and the Church of the Nazarene was held in Chicago, IL, USA where they united as the Pentecostal Church of the Nazarene. It is interesting to note that "committees on the superintendency" were formed at that time.

Nazarenes have been discussing the superintendency for a very long time!

From the beginning until now various committees, commissions, and ad-hoc hall committees continued to have conversations on the general superintendency. The latest official review was the Nazarene Study Group authorized by the 2009 General Assembly in Orlando, Florida, USA. (SR – 757)

- Delegates to the 2013 General Assembly in Indianapolis, Indiana, USA received a report from the Board of General Superintendents (BGS) and an orientation to its recommendations drawn from the Nazarene Future Study Group.
- On 16 February 2015 the BGS put in place a "Future of the General Superintendency Task Force" with Jesse C. Middendorf, chair, Jim L. Bond, secretary, and J. K. Warrick as liaison between the BGS and Task Force.
- The Task Force consulted with general superintendents' emeriti/a and others as they considered possibilities for the general superintendency.
- The BGS consulted with the district superintendents of the USA/Canada region at the biannual Superintendents' Retreat, Tucson, Arizona, USA, in February 2016.
- The BGS also met with the Global Mission director and regional directors prior to the General Board Session in Ede, Netherlands, February 2016, and processed some of the initial responses to the various studies and meetings referenced above.

Assumptions

The preliminary discussions around the Future of the General Superintendency have been framed under the following assumptions:

1. The need for the general superintendency to remain as one of three visible reflections of unity in the International Church of the Nazarene, along with General Assembly and international General Board, (*Manual* Preamble, Local Church Government); responsible for mission articulation, vision casting, propagation of theological coherence, clergy ordination, and general oversight for the denomination.
2. That ordination and global itinerancy are integral to the role of a present and future general superintendency.
3. The growth of the denomination, which increases the need for jurisdictional presence of the general superintendents in fulfilling their role (as stated in the *Manual* paragraph 306).

The projected growth scenarios for the denomination by 2030 could be:

- a. As few as 3.6 million or as many as 5.1 million members worldwide...
- b. As few as 51,000 congregations or as many as 83,000 ...

- c. Between 600 and 650 districts, of which it is estimated 273 will be Phase 3.
(Currently there are 198 Phase 3 districts)
4. The need to review the process of nomination and election of the Board of General Superintendents.
5. Continued challenges in funding due to the cost of fulfilling the mission in a global economy and the shifts in giving patterns among individuals and local churches representing the financial base of the church.

Initial Conclusions

From the discussions and interactions with the various constituencies outlined above, at the present time, the Board of General Superintendents recommends the following:

- 1. Keep the number of general superintendents at six**

“The Board of General Superintendents suggests to currently keeping the number of General Superintendents at six.” Why Six and not One?

Ecclesiology and Polity of the Denomination

Because of its “representative form of government,” the Episcopal form of leadership, which resides on one individual, doesn't fit the structure of “shared power” intrinsic of a representative form of government. “Our people have felt they did not want extreme episcopacy in the appointment of pastors, neither did they want extreme congregationalism. In the past, we have tried to find a middle ground, so as to respect the spirit of democracy and at the same time retain a degree of efficiency.” (1923 General Assembly statement on Nazarene Polity).

Global Makeup of the Denomination

While some denominations in the United States have moved to a single General Superintendent, such designation is a misnomer. These leaders are indeed General Superintendents of their respective denomination in their country. In this regard, while the “general” designation is accurate for their respective jurisdiction, it is not “general” in a global sense. The Church of the Nazarene and the Catholic Church are the only two known global religious bodies that share global, centralized governance, doctrine, and polity. Most other denominations that have “one” General Superintendent, have, in reality more than one General Superintendent responsible for each geographic area that elects them. A board of General Superintendents is more likely to help fulfill the requirement of the superintendency to be “the visible reflection of unity in the International Church of the Nazarene.”

Practical Reasons

While contemporary corporate models may demand the “efficiency of a single CEO,” the denomination cannot be seen solely as a corporation. A globally complex church requires multiple talents and gifts from its leaders. It is a proven fact that no single leader can provide all the areas of expertise needed in leading a denomination. There is wisdom in the counsel of many and, while the model of shared leadership may be at times slow in reaching decisions, the history of the denomination is that, the wisdom of the many has allowed the denomination to keep its identity, orthodoxy, mission, and vision.

In addition, a board (rather than a single individual) helps maintain internal checks and balances in terms of doctrine, mission, operations, and strategy.

Why Six and not more?

While others may argue that the growth of the denomination may require a comparable growth in the size of the Board of General Superintendents (Ingersol, 2014: *Past and Prospect: The Promise of Nazarene History*), the current financial realities make an expansion of the number of general superintendents a great challenge and it further complicates the board's decision-making flexibility.

In addition, the insertion of regional (and later field) structures in Global Mission has allowed the Board of General Superintendents to delegate both jurisdictional and administrative functions to these structures without adding unnecessary legislative levels. If we apply the ratio of districts per Jurisdictional General Superintendent as assigned in the 1970s to the current denominational size, we would need a BGS comprised of 20-25 general superintendents. Today, a board of six GSs is able to delegate by appointment both jurisdictional and administrative responsibilities to six Regional Directors and thirty Field Strategy Coordinators.

Why Six and not less (like 3, 4, or 5)?

Similarly, other groups interested in reduction of costs at the top suggest reducing the number of general superintendents as a way to incur in significant budgetary reductions. However, a benefit-cost analysis suggests that the savings generated from eliminating one or two (or even three) general superintendents would not be significant enough to cover the current jurisdictional workload of the BGS.

2. General Superintendents to be elected by the general assembly

After consultation with various constituencies, the Board of General Superintendents proposes that the General Assembly Rule of Order 30/E will remain in effect.

"In each of the regional caucus meetings, each delegate is requested to submit one name by ballot for each general superintendent position proposed to be elected. These names will be compiled as a list for submission at a GA plenary meeting. If the GA accepts and approves, this list will become our first official ballot, and will be reported to the GA as a basis for successive ballots, where delegates may vote electronically from that list, or add names by paper ballot."

In preparing for this process, the General Secretary will prepare standardized biographical information of the top 30 general superintendent vote getters in the last two general assemblies and who still qualify for election.

These bios will be prepared prior to the Monday meeting of the General Assembly using the biographical information provided by the delegates and/or the regions. Furthermore, the General Secretary will research and prepare a bio for any qualified candidate whose biographical information has not been prepared in advance, and who ranks among the top thirty candidates voted at the Saturday regional caucuses. Any time a candidate ranks among the top thirty candidates and his/her bio has not been presented; the General Secretary will prepare a bio for such candidate.

3. General Superintendents engaged in global itinerancy

- a. Because the denomination's size and diversity that span dozens of countries, cultures, and languages, global itinerancy allows all members of the Board of General Superintendents to develop a global perspective, inform the global denomination, and avoid a sense of what Francis Asbury called "locality" (or parochial thinking).
- b. Global itinerancy helps foster a sense of "connection" (a fundamental value in the Church of the Nazarene). Just as early Methodists considered that "the church was bigger than any locality, always transcending the particularity of any specific place," (2009, Campbell: *Ministry and Itineracy in Methodism*) the Board of General Superintendents as a whole needs to remain globally itinerant with a sense of responsibility and authority for vision casting, mission articulation, and theological coherence.
- c. While itinerancy is a practical system that allows for a global perspective and a sense of connectionalism, itinerancy... "is really a theological concept and not just an administrative tool for ministry deployment and oversight" (Campbell, 2009).

4. General Superintendents providing apostolic and visionary spiritual leadership by:

- i. Articulating mission
 - ii. Casting vision
 - iii. Ordaining members of the clergy
 - iv. Propagating theological coherency, and
 - v. Providing *jurisdictional and* administrative oversight for the general church
- As to ordination, the general superintendents hold the following beliefs:
- According to the *Manual* Preamble, the Board of General Superintendents is one of three visible reflections of the global unity of the Church of the Nazarene.
 - Ordination has been identified as one of the five primary "apostolic and visionary" roles of the general superintendent.
 - Global itinerancy of the general superintendent and the practice of ordination highlight and strengthen that unity on a regular basis.
 - As ordination is the commission to a life of ministry in the global church it is significant that it be linked to the international church by the presence of a general superintendent.
 - Ordination represents a significant jurisdictional and ecclesiological practice by the general superintendents.

We further recommend:

5. Adding "jurisdictional" oversight to "administrative" oversight in *Manual* 306 (*Manual* editing post-2017 General Assembly)

6. Improving the process by which general superintendents are elected at the general assembly

Additionally, taking into account the assumptions previously stated, along with pending matters related to governance, the general superintendency, to paraphrase author and church historian, Dr. Gerald F. Moede, "should be under continual study, that its function be the object of continued thought and prayer."

Summary

In the delegate commissioning and orientation, convened on Saturday, 22 June 2013, the Board of General Superintendents committed to further study the general superintendency beyond SR - 757. To the extent possible, that commitment has now been fulfilled.

As much time as we spend on organizational matters needed to support the mission of making Christlike disciples in the nations, it is important that as a church and general superintendents in particular, we never lose sight of what comes first.

To quote Dr. Bresee again, "Denominational success is not our aim, but that souls may be saved and sanctified."

God grant that it may be so in the Church of the Nazarene.

Respectfully Submitted,
Board of General Superintendents
DAVID W. GRAVES, *General Superintendent*
GUSTAVO A. CROCKER, *General Superintendent*

BALLOT REPORTS

INCUMBENT GENERAL SUPERINTENDENTS

	<i>Total Ballots Cast</i>	<i>Necessary to Elect</i>	<i>Yes</i>	<i>No</i>
Eugénio R. Duarte	841	563	808	33
David W. Graves	679	453	659	20
David A. Busic	780	520	761	19
Gustavo A. Crocker	795	530	727	68

NEW GENERAL SUPERINTENDENTS

BALLOT ONE

<i>Total Ballots Cast:</i>	1,409		10
<i>Necessary to Elect:</i>	939	Arthur Snijders	8
Carla Sunberg	176	Jim Cooper	8
Filimao (Fili) Chambo	167	Victor George	8
Christian Sarmiento	87	Oscar Medina-Guzman	8
T. Scott Daniels	57	Dwight Rich	8
Robert (Bob) Broadbooks	54	Im Seung-An	8
Carlos (Luis) Saenz	52	David Downs	7
Deidre Brower Latz	30	Philip (Phil) Fuller	7
Harry (Mashangu) Maluleka	29	Woodie Stevens	7
Stanley (Stan) Reeder	24	Brad Estep	6
Min-Gyoo (Min-gyu) Shin	24	Ruben Fernandez	6
Mark Louw	23	Terry Rowland	6
Verne Ward	23	Mark Bane	5
Daniel (Dan) Boone	19	Ron Blake	5
Adalberto Herrera Cuello	19	Carlos (Luis) Cordova	5
Samuel Vassel	18	Jeffrey Johnson	5
Brian Wilson	18	Kafoa Muaror	5
Eddie Estep	16	Pascal Permis	5
Ian Fitzpatrick	14	Gerson Pinto Cardoso	5
Randall (Randy) Craker	13	Brian Powell	5
Dwight Gunter II	13	Richard (Rick) Power	5
Jeren Rowell	13	Rubens Rodrigues	5
R. Alphonzo Porter	12	Klaus Arnold	4
Elias Betanzos	11	Luiz-Andrade Brazon	4
Daniel (Dan) Copp	11	Jorge Córdoba	4
Jorge Julca	11	Leonel De León	4
David Wilson	11	Peter Colin Elliott	4
Rick Harvey	10	Glen Gardner	4
		J. Fred Huff	4

Geoffrey Kunselman	4	Trevor Johnston	2
Joven Laroya	4	Corey Jones	2
Greg Mason	4	Titus Joseph	2
Walliere Pierre	4	Daniel Ketchum	2
Mateus Andrade Ramos	4	Ishida Manabu	2
Flavio Valvassoura	4	Larry McCain	2
Kerry Willis	4	H. David (Dave) McKellips	2
Gabriel Benjiman	3	Manuel Molina Flores	2
Doug Boquist	3	Paulo Mtambo	2
Sunil Rajaram Dandge	3	Curtis Solomon Ndlovu	2
Stephen Gualberto	3	Geraldo Nunes	2
Young-Su Kim	3	Luis-Carlos Olivera	2
James (Jim) Kraemer	3	Jossie Owens	2
Larry Leonard	3	Scott Rainey	2
Luis Meza	3	Segundo I. Rimarachin Núñez	2
(Elias) Jose Moiane	3	M. Kim Smith	2
John Moore	3	Kenneth Stanford	2
Harmon Schmelzenbach Jr	3	Charles (Chuck) Sunberg	2
Steven R. Scott	3	Stanley Ushe	2
Ramón Serra	3	Evelio Vásquez	2
Bernie Slingerland	3	Wilford Yenda	2
Robert (Bob) Songer	3	Marcelina Achaco	1
Henry Spaulding II	3	Derrick Acre	1
Juan-José Zani	3	Dwayne Adams	1
Jacques Pierre Antoine	2	Andrew Akus	1
Terry Armstrong	2	Alessandro Antonio Alvarenga Silva	1
Orestes Barboza Mejia	2	Josefin M Ano-os	1
Randy Berkner	2	David Araujo	1
Darly Blank	2	Scott Armstrong	1
Jim Bond	2	José Fredy Arreola de la Rosa	1
David Bowser	2	Virgil Askreh	1
Eunice Brubaker	2	Rajkumar Autar	1
Elias Camas	2	Albino Alone Banda	1
Wifredo Canales	2	Begardo Bardales	1
Andre Jose Chiliague	2	David Bennett	1
David DeKoker	2	Jesús Maria Bernat Pintos	1
Fredi Delar Arriola	2	Timothy Blamaini	1
Kevin Dennis	2	Alex Bordales	1
César de Olivera Fernando	2	William Lloyd Brock	1
Daniel Gomez	2	Bob Brower	1
Andres Hernandez	2	Randy Calhoun	1
Anthony Hollerman	2	Johnny Calvo	1
Mark Hostetler	2	Lomerson Canquissu	1
Trino Jara	2	Victor Cergee	1

Francisco Cho Si	1	David Lutz	1
Emilio Choc Icó	1	Fili Mao	1
Vicki Copp	1	Khanyile Mercy Mashaya	1
Tim Crump	1	Philip McAlister	1
Monte Cyr	1	Janine Metcalf	1
Larry Dahl	1	Olivia Metcalf	1
Humberto Decoliroieu	1	Luis Meza	1
Kevin Dunlop	1	Sidney Mitchell	1
Dan Eddings	1	Ezekiel Mnisi	1
David Eliassoint	1	Damasio Morias	1
Steve Estep	1	Kathy Mowry	1
Martel Farley	1	Johnny Nells	1
Adérito S. Ferreria	1	Keith Newman	1
Samuel Flores	1	Wellington Obotte	1
Sam Fomais	1	Jorge-Jules Olana	1
Kendal Franklin	1	Jose Palacios	1
Shuji Furukawa	1	Mario Paredes	1
Greg Garman	1	Adan-Sanchez Pareds	1
Elmer Gillett	1	Joel Pearsall	1
José Flavio Gomez Martinez	1	Kent Pelton	1
Dany Gomis	1	Nick Peoples	1
David González Pérez	1	Douglas R. Pierce	1
Steve Green	1	Oni Platilla	1
Reginaldo José Guerra da Silva	1	Robert S. Prince Jr.	1
John Haines	1	Mark Prugh	1
Doug Hardy	1	Carlos Radziszewski	1
Gary Hartke	1	Vinjay Rajalawla	1
Matt Hastings	1	Stanley W. Reeder	1
Jay Height	1	Ricardo Rodriguez Purizaca	1
Lui Henrique	1	David Roland	1
Caleb Herrera	1	Michael Scott	1
Roberto Hodgson	1	Orlando Serrano	1
Marty Hoskins	1	David Sharpes	1
Albert Hung	1	Scott Shaw	1
Keith Joseph	1	Scott Sherwood	1
Jerry Kester	1	David Shore	1
Marlon King	1	David Sierra	1
Dong Wwan Kwon	1	Jubalaus Simbarda	1
Larry Lachar	1	Mervin Smith	1
Mark Lail	1	Anips Spina	1
Tara Beth Leach	1	Antione St. Louis	1
Alberto Ladesma	1	Linda Stargel	1
Solomon Lenache	1	Mark Sung	1
Leonel Lopez	1	Gene Tanner	1

Tom Taylor	1
Sheryl Tedder	1
Terry Toler	1
Kevin Ulmet	1
E. Stader Uridos	1
Doug VanNest	1
Don Walter	1
David Warren	1

Woody Webb	1
Scott Whalen	1
John Whitsett	1
Chad Wilks	1
RaJiv Yenade	1
Paul Edward Zamar	1
Cris Zimmerman	1

BALLOT TWO

<i>Total Ballots Cast:</i>	840
<i>Invalid Votes</i>	27
<i>Necessary to Elect:</i>	542
Carla Sunberg	321
Filimao (Fili) Chambo	287
Christian Sarmiento	130
T. Scott Daniels	100
Robert (Bob) Broadbooks	96
Deidre Brower Latz	66
Carlos (Luis) Saenz	54
Mark Louw	40
Daniel (Dan) Boone	39
Verne Ward	38
Min-Gyoo (Min-gyu) Shin	37
Eddie Estep	30
Stanley (Stan) Reeder	27
Dwight Gunter II	25
Samuel Vassel	22
Harry (Mashangu) Maluleka	21
Brian Wilson	19
David Wilson	18
Jorge Julca	17
Ian Fitzpatrick	15
Adalberto Herrera Cuello	13
R. Alphonzo Porter	12
Randall (Randy) Craker	11
Elias Betanzos	9
Jeren Rowell	9
Arthur Snijders	8
Woodie Stevens	8
Jim Cooper	7
David Downs	7
Samuel Flores	7
Rick Harvey	7
Pascal Permis	6

Oscar Medina-Guzman	5
Dwight Rich	5
Harmon Schmelzenbach Jr.	5
Daniel (Dan) Copp	4
Victor George	4
J. Fred Huff	4
Jeffrey Johnson	4
Flavio Valvassoura	4
Brad Estep	3
Philip (Phil) Fuller	3
Steve Green	3
Gerson Pinto Cardoso	3
Sunil Rajaram Dandge	2
Peter Colin Elliott	2
Corey Jones	2
James (Jim) Kraemer	2
Larry Leonard	2
Luis Meza	2
Luis-Carlos Olivera	2
Walliere Pierre	2
Richard (Rick) Power	2
Rubens Rodrigues	2
Terry Rowland	2
Ramón Sierra	2
Kerry Willis	2
Alessandro Ant Alvarenga Silva	1
Josefin M Ano-os	1
Scott Armstrong	1
Terry Armstrong	1
KlausArnold	1
Mark Bane	1
Orestes Barboza Mejia	1
Randy Berkner	1
Jesús Maria Bernat Pintos	1
Ron Blake	1

Daryl Blank	1	H. David (Dave) McKellips	1
Eunice Brubaker	1	John Moore	1
Johnny Calvo	1	Kafoa Muaror	1
Wifredo Canales	1	Adan-Sanchez Pareds	1
Victor Cergee	1	Douglas R. Pierce	1
Emilio Choc Icó	1	Brian Powell	1
Tim Crump	1	Scott Rainey	1
Leonel De León	1	Segundo I. Rimarachin Núñez	1
David DeKoker	1	Im Seung-An	1
Kevin Dunlop	1	David Sharpes	1
David Eliassoint	1	Bernie Slingerland	1
Steve Estep	1	Robert (Bob) Songer	1
Sam Fomais	1	Antione St. Louis	1
Greg Garman	1	Charles (Chuck) Sunberg	1
Andres Hernandez	1	Gene Tanner	1
Titus Joseph	1	Kevin Ulmet	1
Daniel Ketchum	1	John Whitsett	1
Tara Beth Leach	1	Paul Edward Zamar	1

BALLOT THREE

<i>Total Ballots Cast:</i>	798	Jeren Rowell	9
<i>Invalid Votes</i>	24	Samuel Flores	8
<i>Necessary to Elect:</i>	516	Pascal Permis	7
Carla Sunberg	343	David Wilson	7
Filimao (Fili) Chambo	313	Elias Betanzos	6
Christian Sarmiento	136	Michael Thompson	6
T. Scott Daniels	131	Jim Cooper	5
Robert (Bob) Broadbooks	106	Randall (Randy) Craker	5
Deidre Brower Latz	62	Richard (Rick) Power	5
Carlos (Luis) Saenz	41	Jeffrey Johnson	4
Daniel (Dan) Boone	29	Oscar Medina-Guzman	4
Min-Gyoo (Min-gyu) Shin	29	Harmon Schmelzenbach Jr.	4
Verne Ward	29	Arthur Snijders	4
Eddie Estep	26	Woodie Stevens	4
Dwight Gunter II	24	David Downs	3
Mark Louw	24	Steve Green	3
Stanley (Stan) Reeder	24	Mark Quanstrom	3
Brian Wilson	18	Dwight Rich	3
Samuel Vassel	17	Robert (Bob) Songer	3
Ian Fitzpatrick	14	Flavio Valvassoura	3
Jorge Julca	14	Daniel (Dan) Copp	2
Harry (Mashangu) Maluleka	14	J. Fred Huff	2
Adalberto Herrera Cuello	9	Walliere Pierre	2
R. Alphonzo Porter	9	Brian Powell	2

Terry Rowland	2	Rick Harvey	1
Tom Taylor	2	Trevor Johnston	1
Derrick Acre	1	Titus Joseph	1
Josefin M Ano-os	1	Tara Beth Leach	1
KlausArnold	1	Kafoa Muaror	1
Mark Bane	1	Curtis Solomon Ndlovu	1
Orestes Barboza Mejia	1	Jossie Owens	1
Begardo Bardales	1	Scott Rainey	1
Eunice Brubaker	1	Rubens Rodrigues	1
Jorge Córdova	1	Ramón Sierra	1
Leonel De León	1	Gene Tanner	1
Kevin Dunlop	1	Stanley Ushe	1
Brad Estep	1	Kerry Willis	1
Philip (Phil) Fuller	1	Wilford Yenda	1
Victor George	1	Juan-José Zani	1

BALLOT FOUR

<i>Total Ballots Cast:</i>	827	David Wilson	6
<i>Invalid Votes</i>	40	Adalberto Herrera Cuello	5
<i>Necessary to Elect:</i>	524	Oscar Medina-Guzman	5
Filimao (Fili) Chambo	368	Daniel (Dan) Copp	4
Carla Sunberg	362	Randall (Randy) Craker	4
Christian Sarmiento	148	Jeffrey Johnson	4
T. Scott Daniels	130	Im Seung-An	4
Robert (Bob) Broadbooks	110	Jim Cooper	3
Deidre Brower Latz	56	David Downs	3
Carlos (Luis) Saenz	40	Steve Green	3
Verne Ward	33	Pascal Permis	3
Min-Gyoo (Min-gyu) Shin	30	Richard (Rick) Power	3
Daniel (Dan) Boone	23	Mark Quanstrom	3
Stanley (Stan) Reeder	22	Robert (Bob) Songer	3
Brian Wilson	22	Greg Garman	2
Mark Louw	21	Andres Hernandez	2
Eddie Estep	16	J. Fred Huff	2
Dwight Gunter II	14	Titus Joseph	2
Jorge Julca	14	Terry Rowland	2
Harry (Mashangu) Maluleka	12	Ramón Sierra	2
Samuel Flores	10	Arthur Snijders	2
Samuel Vassel	10	Michael Thompson	2
Ian Fitzpatrick	9	Kerry Willis	2
R. Alphonzo Porter	7	Marcelina Achaco	1
Jeren Rowell	7	Derrick Acre	1
Woodie Stevens	7	Alessandro Antonio Alvarenga Silva	1
Walliere Pierre	6	Mark Bane	1

Orestes Barboza Mejia	1
Jesús Maria Bernat Pintos	1
Elias Betanzos	1
Eunice Brubaker	1
Wifredo Canales	1
Sunil Rajaram Dandge	1
Kevin Dunlop	1
Peter Colin Elliott	1
Brad Estep	1
Glen Gardner	1
Rick Harvey	1

Albert Hung	1
David Lutz	1
H. David (Dave) McKellips	1
Kafoa Muaror	1
Gerson Pinto Cardoso	1
Scott Rainey	1
Rubens Rodrigues	1
Harmon Schmelzenbach Jr.	1
Kevin Ulmet	1
Flavio Valvassoura	1

BALLOT FIVE

<i>Total Ballots Cast:</i>	835
<i>Invalid Votes</i>	21
<i>Necessary to Elect:</i>	543
Filimao (Fili) Chambo	452
Carla Sunberg	377
Christian Sarmiento	155
T. Scott Daniels	128
Robert (Bob) Broadbooks	118
Deidre Brower Latz	42
Verne Ward	41
Carlos (Luis) Saenz	35
Min-Gyoo (Min-gyu) Shin	31
Mark Louw	27
Stanley (Stan) Reeder	20
Daniel (Dan) Boone	19
Harry (Mashangu) Maluleka	19
Brian Wilson	16
Eddie Estep	12
Jorge Julca	12
Dwight Gunter II	10
Samuel Flores	8
Samuel Vassel	8
Ian Fitzpatrick	7
Adalberto Herrera Cuello	6
Daniel (Dan) Copp	5
Oscar Medina-Guzman	5
Walliere Pierre	5
Jeren Rowell	5
Jim Cooper	4
Pascal Permis	4
David Wilson	4
William Lloyd Brock	3

R. Alphonzo Porter	3
Mark Quanstrom	3
Terry Rowland	3
Randall (Randy) Craker	2
Jeffrey Johnson	2
Brian Powell	2
Dwight Rich	2
Harmon Schmelzenbach Jr.	2
Woodie Stevens	2
Kevin Ulmet	2
Jacques Pierre Antoine	1
Terry Armstrong	1
Orestes Barboza Mejia	1
Jesús Maria Bernat Pintos	1
Elias Betanzos	1
Doug Boquist	1
Eunice Brubaker	1
Jorge Córdova	1
Sunil Rajaram Dandge	1
David Downs	1
Kevin Dunlop	1
Brad Estep	1
Ruben Fernandez	1
Greg Garman	1
Steve Green	1
Rick Harvey	1
J. Fred Huff	1
Trevor Johnston	1
Titus Joseph	1
Jerry Kester	1
Kafoa Muaror	1
Curtis Solomon Ndlovu	1

Scott Rainey	1
David Sharpes	1
Michael Thompson	1

Stanley Ushe	1
Flavio Valvassoura	1

BALLOT SIX

<i>Total Ballots Cast:</i>	826
<i>Invalid Votes</i>	21
<i>Necessary to Elect:</i>	537
Filimao (Fili) Chambo	509
Carla Sunberg	391
Christian Sarmiento	149
Robert (Bob) Broadbooks	119
T. Scott Daniels	118
Verne Ward	44
Deidre Brower Latz	37
Min-Gyoo (Min-gyu) Shin	25
Carlos (Luis) Saenz	24
Mark Louw	23
Daniel (Dan) Boone	16
Harry (Mashangu) Maluleka	15
Stanley (Stan) Reeder	12
Eddie Estep	11
Jorge Julca	9
Brian Wilson	9
Samuel Flores	8
Dwight Gunter II	7
Walliere Pierre	7
Samuel Vassel	7
Ian Fitzpatrick	6
Daniel (Dan) Copp	3
Adalberto Herrera Cuello	3
Oscar Medina-Guzman	3
Brian Powell	3
Dwight Rich	3
Terry Rowland	3
Jim Cooper	2
Greg Garman	2
Steve Green	2
Jeffrey Johnson	2

Pascal Permis	2
R. Alphonzo Porter	2
Scott Rainey	2
Segundo I. Rimarachin Núñez	2
Arthur Snijders	2
David Wilson	2
Alessandro Antonio Alvarenga Silva	1
Josefin M Ano-os	1
Mark Bane	1
Orestes Barboza Mejia	1
Gabriel Benjiman	1
Jesús Maria Bernat Pintos	1
William Lloyd Brock	1
Eunice Brubaker	1
Wifredo Canales	1
Emilio Choc Icó	1
Randall (Randy) Craker	1
Leonel De León	1
David Downs	1
Kevin Dunlop	1
Brad Estep	1
Philip (Phil) Fuller	1
J. Fred Huff	1
Corey Jones	1
Young-Su Kim	1
Mark Quanstrom	1
Rubens Rodrigues	1
Jeren Rowell	1
Im Seung-An	1
Woodie Stevens	1
Michael Thompson	1
Flavio Valvassoura	1
Woody Webb	1

BALLOT SEVEN

<i>Total Ballots Cast:</i>	826
<i>Invalid Votes</i>	15
<i>Necessary to Elect:</i>	541
Filimao (Fili) Chambo	597
Carla Sunberg	441

Christian Sarmiento	124
Robert (Bob) Broadbooks	111
T. Scott Daniels	91
Verne Ward	42
Deidre Brower Latz	28

Carlos (Luis) Saenz	22	Josefin M Ano-os	1
Mark Louw	21	Orestes Barboza Mejia	1
Min-Gyoo (Min-gyu) Shin	16	Jesús Maria Bernat Pintos	1
Harry (Mashangu) Maluleka	15	Daryl Blank	1
Eddie Estep	10	Randall (Randy) Craker	1
Stanley (Stan) Reeder	10	David Downs	1
Samuel Flores	8	Kevin Dunlop	1
Daniel (Dan) Boone	7	David Eliassoint	1
Jorge Julca	7	Glen Gardner	1
Dwight Gunter II	6	Steve Green	1
Brian Wilson	6	Rick Harvey	1
Ian Fitzpatrick	5	Adalberto Herrera Cuello	1
Walliere Pierre	5	J. Fred Huff	1
Jim Cooper	3	Jeffrey Johnson	1
Daniel (Dan) Copp	3	Trevor Johnston	1
Oscar Medina-Guzman	3	Daniel Ketchum	1
R. Alphonzo Porter	3	Paulo Mtambo	1
Terry Rowland	3	Pascal Permis	1
Samuel Vassel	3	Scott Rainey	1
Eunice Brubaker	2	Dwight Rich	1
Brad Estep	2	Segundo I. Rimarachin Núñez	1
Greg Garman	2	Arthur Snijders	1
Brian Powell	2	Woody Webb	1
David Wilson	2		

BALLOT EIGHT

<i>Total Ballots Cast:</i>	858	Harry (Mashangu) Maluleka	3
<i>Invalid Votes</i>	13	Steve Green	2
<i>Necessary to Elect:</i>	564	Pascal Permis	2
Carla Sunberg	455	R. Alphonzo Porter	2
Christian Sarmiento	127	Stanley (Stan) Reeder	2
Robert (Bob) Broadbooks	75	Terry Rowland	2
T. Scott Daniels	57	Samuel Vassel	2
Deidre Brower Latz	29	David Wilson	2
Verne Ward	21	Daniel (Dan) Boone	1
Min-Gyoo (Min-gyu) Shin	10	Alex Bordales	1
Walliere Pierre	9	William Lloyd Brock	1
Carlos (Luis) Saenz	9	Daniel (Dan) Copp	1
Mark Louw	6	Sunil Rajaram Dandge	1
Brian Wilson	6	Eddie Estep	1
Dwight Gunter II	5	Jeffrey Johnson	1
Ian Fitzpatrick	3	Oscar Medina-Guzman	1
Samuel Flores	3	Scott Rainey	1
Jorge Julca	3	Arthur Snijders	1

BALLOT NINE

<i>Total Ballots Cast:</i>	859
<i>Invalid Votes</i>	7
<i>Necessary to Elect:</i>	568
Carla Sunberg	502
Christian Sarmiento	146
Robert (Bob) Broadbooks	63
T. Scott Daniels	45
Deidre Brower Latz	25
Min-Gyoo (Min-gyu) Shin	12
Verne Ward	10
Walliere Pierre	7
Mark Louw	4
Steve Green	3
Dwight Gunter II	3
Pascal Permis	3
Carlos (Luis) Saenz	3
Luiz-Andrade Brazon	2
Daniel (Dan) Copp	2

Ian Fitzpatrick	2
Jorge Julca	2
Harry (Mashangu) Maluleka	2
Samuel Vassel	2
Eunice Brubaker	1
Jim Cooper	1
David DeKoker	1
Samuel Flores	1
Trevor Johnston	1
Titus Joseph	1
Ishida Manabu	1
Oscar Medina-Guzman	1
Mario Paredes	1
Stanley (Stan) Reeder	1
Terry Rowland	1
Charles (Chuck) Sunberg	1
Michael Thompson	1
Brian Wilson	1

BALLOT TEN

<i>Total Ballots Cast:</i>	835
<i>Invalid Votes</i>	5
<i>Necessary to Elect:</i>	554
Carla Sunberg	549
Christian Sarmiento	155
Robert (Bob) Broadbooks	39
T. Scott Daniels	25
Deidre Brower Latz	15
Min-Gyoo (Min-gyu) Shin	12
Walliere Pierre	8
Pascal Permis	4
Steve Green	3
Harry (Mashangu) Maluleka	3

Timothy Blamaini	2
Eddie Estep	2
Mark Louw	2
Carlos (Luis) Saenz	2
Elias Betanzos	1
Samuel Flores	1
Oscar Medina-Guzman	1
R. Alphonzo Porter	1
Stanley (Stan) Reeder	1
Charles (Chuck) Sunberg	1
Samuel Vassel	1
Verne Ward	1
Brian Wilson	1

BALLOT ELEVEN

<i>Total Ballots Cast:</i>	836
<i>Invalid Votes</i>	5
<i>Necessary to Elect:</i>	554
Carla Sunberg	614
Christian Sarmiento	137
Robert (Bob) Broadbooks	23
T. Scott Daniels	16
Deidre Brower Latz	9

Walliere Pierre	6
Min-Gyoo (Min-gyu) Shin	6
Pascal Permis	3
Stanley (Stan) Reeder	3
Eddie Estep	2
Samuel Flores	2
Verne Ward	2
Steve Green	1

Dwight Gunter II	1	Charles (Chuck) Sunberg	1
Mark Louw	1	Samuel Vassel	1
Oscar Medina-Guzman	1	Brian Wilson	1
Carlos (Luis) Saenz	1		

GENERAL COURT OF APPEALS

Report No. 1

(Vote for five)

Janine Metcalf	461	Doug Wyatt	287
Ian Fitzpatrick	430	Pascal Permis	239
Donna Wilson	351	Daniel Gomis	234
Hans Günter Mohn	341	Virgil Askren	212
Brian Powell	334	Hunter Cummings	170

NAZARENE THEOLOGICAL SEMINARY TRUSTEES

Report No. 1

Ministers

Laypersons

Canada

Doug Herbert	99	Ruth Copeland-Holtz	81
Earl Wood	218	Dawn Falk	283

Central USA (ONU)

Phil Kizzee	105	Mary Margaret Reed	298
David Roland	254	Jim Upchurch	67

East Central USA (MVNU)

Darryl Blank	151	Scott Couchenhour	319
Dave Lutz	207	Brinda Price	62

Eastern USA(ENC)

Miriam Mouzon	137	Dennis Jones	43
Victor Price	174	Merritt Mann	334

North Central USA(MNU)

Jeren Rowell	302	John Leon	95
David Sharps	89	Jeannie Williams	254

Northwest USA(NNU)

Bill Russell	165	Bob Helstrom	326
Brian Thomas	172	Robert Weatherford	49

South Central USA(SNU)

Jim Cooper	97	Howard Hendricks	314
David Downs	283	Wiley Smith	51

Southeast USA(TNU)

Daron Brown	126	Monroe Ballard	60
Kevin Ulmet	240	Rob Edwards	279

Southwest USA(PLNU)

Tara Beth Leach	103	Allen Brown	286
Tom Taylor	259	Christine Jones	71

NAZARENE BIBLE COLLEGE TRUSTEES

Report No. 1

Central USA

James Kraemer, DS	157
David Roland, DS	185
Rob Prince, Minister	127
Lenny Wisheart, Minister	245
Marc Abla, Lay	119
Jim Knight, Lay	215

East Central USA

Kevin Dennis, DS	243
Bob Mahaffey, DS	107
Doug Boquist, Minister	205
Kevin Jack, Minister	136
Carol Dockery, Lay	96
Homer McKnight, Lay	260

Northwest USA

Bill Carr, DS	264
Paul Hartley, DS	68
Brandin Melton, Minister	78
Shawn Siegfroid, Minister	271
Jeremy Carr, Lay	252
Steve Emerson, Lay	64

South Central USA

Randy Berkner, DS	274
Charles Fountain, DS	79
Ken Carney, Minister	267
G.B. Glidden, Minister	70
Duane Cox, Lay	76
Peggy Stark-Wilson, Lay	277

Eastern USA

Kevin Dunlop, DS	97
Phillip Fuller, DS	271
Bud Reedy, Minister	205
Althea Taylor, Minister	143
Christi Le Shankel, Lay	170
Jay Wilson, Lay	155

North Central USA

Jim Bond, DS	266
Dan Cole, DS	97
John Marra, Minister	112
Brent Van Hook, Minister	212
Jeanie Helstrom, Lay	84
Bonnie Perry, Lay	276

Southeast USA

Ron McCormack, DS	80
Roy Rogers, DS	264
Tim Gates, Minister	95
Brett Rickey, Minister	244
Donna Alder, Lay	254
Marcus Clemants, Lay	68

Southwest USA

John Nells, DS	248
Doug Pierce, DS	97
Kendall Franklin, Minister	259
James Kinzler, Minister	104
Saurabh Emmanuel, Lay	249
Mark Potter, Lay	86

GENERAL BOARD

Report No. 1

<i>REGION/NAME</i>	<i>STATUS</i>	<i>YES</i>	<i>NO</i>
<i>Africa</i>			
Solomon Ndlovu	Minister (DS)	674	27
Stanley Ushe	Minister (DS)	665	33
Arsénio Jeremias Manjate	Minister	652	38

Benjamin Langa	Lay	674	26
Sibongile Gumedze	Lay	656	38
Ángela Moreno	Lay	666	31
<i>Asia-Pacific</i>			
Kafoa Muaror	Minister (DS)	671	31
Min-Gyoo Shin	Minister	683	22
Joung Won Lee	Lay	672	29
Leonila Domen	Lay	678	27
<i>Canada</i>			
D. Ian Fitzpatrick	Minister (DS)	701	19
David Falk	Lay	680	30
<i>Central USA</i>			
Ronald Blake	Minister (DS)	693	23
Judith Owens	Lay	682	29
<i>East Central USA</i>			
Geoffrey Kunselman	Minister (DS)	677	22
Carson Castleman	Lay	681	27
<i>Eastern USA</i>			
Samuel Vassel	Minister	690	24
Larry Bollinger	Lay	683	27
<i>Eurasia</i>			
Sanjay Gawali	Minister (DS)	675	22
David Montgomery	Minister (DS)	664	33
Mary Schaar	Minister	667	25
Vinay Gawali	Lay	638	43
Christoph Nick	Lay	654	24
David Day	Lay	668	27
<i>Mesoamerica</i>			
Walliere Pierre	Minister (DS)	673	26
Elias Betanzos	Minister (DS)	668	27
Antoine St. Louis	Minister	665	26
Plinio Urizar	Lay	659	32
Abraham Fernandez Gamez	Lay	659	30
Carmen Checo	Lay	666	26
<i>North Central USA</i>			
Jim Bond	Minister (DS)	691	21
Larry McIntire	Lay	679	25
<i>Northwest USA</i>			
Randall Craker	Minister (DS)	685	23
Joel K. Pearsall	Lay	683	24
<i>South America</i>			
Fernando Oliveira	Minister(DS)	683	26
Adalberto Herrera	Minister	680	28
Amadeu Teixeira	Minister	658	33

Galdina Arrais	Lay	667	27
Jacob Rivera Medina	Lay	687	17
Emerson Natal	Lay	653	38
<i>South Central USA</i>			
Terry Rowland	Minister (DS)	673	30
Cheryl Crouch	Lay	673	22
<i>Southeast USA</i>			
Larry Dennis	Minister (DS)	674	28
Dwight Gunter	Minister	667	30
Michael Johnson	Lay	655	36
Dennis Moore	Lay	653	37
<i>Southwest USA</i>			
Ron Benefiel	Minister	672	27
Dan Spaite	Lay	657	36
<i>NMI Representative</i>			
Philip Weatherill		695	14
<i>NYI Representative</i>			
Adiel Teixeira		703	15
<i>SDMI Representative</i>			
Milon Patwary		688	22
<i>Educational – Minister</i>			
John Bowling		505	
Henry Spaulding		196	
<i>Educational – Layperson</i>			
Bob Brower		478	
David Spittal		215	

2017 GENERAL ASSEMBLY CALENDAR OF RESOLUTIONS

Resolution Code	Title	Presenter	General Assembly Action	<i>Manual Reference</i>
CHRISTIAN ACTION (CA)				
CA-700	Affirmation and Declaration of Human Freedoms	United Kingdom British Isles South District	Amended and Adopted (Amended by Legislative Committee)	New (actual number to be determined)
CA-701	Human Sexuality	Board of General Superintendents	Adopted (Amended by Legislative Committee)	Amend 32, 30-30.4
CA-701a	Human Sexuality	Netherlands District Assembly	See CA-701	Amend 32
CA-701b	Human Sexuality	New England District Resolutions Committee and Kansas City District	See CA-701	Amend 32
CA-702	Matrimony	Mid-Atlantic District Resolutions Committee	Adopted	Amend 803
CA-703	Matrimony	Kansas City District	Rejected*	Amend 803
CA-704	<i>Manual</i> Appendix Review—Discrimination	Reference Committee	Adopted	Appendix Review 903.2
CA-704a	Discrimination	Kansas City District and Virginia District	Adopted	Amend 903.2
CA-705	<i>Manual</i> Appendix Review—The Church and Human Freedom	Reference Committee	Adopted (Amended by Legislative Committee)	Amend 903.6
CA-706	<i>Manual</i> Appendix Review—War and Military Service	Reference Committee	Adopted	Appendix Review 903.7
CA-707	<i>Manual</i> Appendix Review—Christian Modesty of Dress	Reference Committee	Adopted	Appendix Review 903.12
CA-708	The Christian Life	Mid-Atlantic District Resolutions Committee, Northwestern Ohio District General Assembly Resolutions Committee, and Reference Committee	Adopted	Amend 28.6
CA-709	The Use of Social Media	Mid-Atlantic District Resolutions Committee and Reference Committee	Adopted	New 903.19
CA-710	Use of Intoxicating Liquors as a Beverage	Nebraska District Resolutions Committee, Mid-Atlantic District Resolutions Committee, and Reference Committee	Referred to the Board of General Superintendents (Amended by Legislative Committee)	Amend 29.5, 29.6, 903.15

CA-711	Use of Other Intoxicants	Virginia District Resolutions Committee and Mid-Atlantic District Resolutions Committee	Amended and Adopted (Amended by Legislative Committee)	Amend 29.6
CA-712	Marriage and Divorce and/or Dissolution of Marriage	Mid-Atlantic District Resolutions Committee	See CA-701	New 30.1
CA-713	Marriage and Divorce and/or Dissolution of Marriage	Mid-Atlantic District Resolutions Committee	Rejected*	Amend 30.4
CA-714	Sanctity of Human Life	Mid-Atlantic District Resolutions Committee	Referred to the Board of General Superintendents	New 31-31.6, 903.19
CA-715	Reception of Church Members	Mid-Atlantic District Resolutions Committee	Adopted	Amend 801
CA-716	Bible Societies	Mid-Atlantic District Resolutions Committee	Adopted	Amend 902.3
CA-717	Covenant of Christian Character	Netherlands District Assembly	Rejected*	Amend 21.1, 21.2
CA-718	The Christian Life (The Basic Christian Ethic)	New England District Resolutions Committee	Adopted (Amended by Legislative Committee)	Amend 28.1
CA-719	Creation	North Arkansas District Resolutions Committee	Adopted	Amend 903.8
CA-720	Dedication Ritual	North Central Ohio District Advisory Board	Referred to the Board of General Superintendents	Amend 800.3, 800.4
CA-721	Christian Marriage	Southwest Indiana District Assembly Resolutions Committee	See CA-701	Amend 30.2
CA-722	Cohabitation	Southwest Indiana District Assembly Resolutions Committee	Rejected*	New 30.5
CA-723	Membership/Baptism	Southwest Indiana District Assembly Resolutions Committee	Rejected*	Amend 23, 107, 801
CA-724	Gender Identity	Board of General Superintendents	Referred to the Board of General Superintendents	New 903.6
CHURCH PROGRAM (CP)				
CP-100	Duties of the District Sunday School and Discipleship Ministries International Chairperson	Mid-Atlantic District Resolutions Committee	Adopted	Amend 239.3
CP-101	Historic Landmark Designation – Sharpe Memorial Church of the Nazarene (“The Old Stone Church”)	Swaziland Central District	Adopted	
CP-102	Nazarene Publishing House Governance – Mission Statement	Nazarene Publishing House Board	Adopted	New 339

CP-103	The Local Church Nazarene Youth International and the District Nazarene Youth International	Global Nazarene Youth International Convention	Adopted	Amend 150-150.4, 151-151.5, 240-240.4
CP-104	Nomination and Election of Global Nazarene Missions International Director	Global Nazarene Missions International Convention	Adopted	Amend 343.2
DISTRICT ADMINISTRATION (DA)				
DA-200	Final Receipt of Credential by Receiving District	Colorado District Resolutions Committee, Mid-Atlantic District Resolutions Committee, and Reference Committee	Rejected*	Amend 203.8, 203.9, 228.9, 228.10, 535, 535.2
DA-201	District Advisory Board Duties	Daniel Gilmore, et al.	Rejected	Amend 222.11
DA-202	Election and Organization of a Board of Ministry	Global Clergy Development	Adopted	Amend 203.17
DA-203	Retired Relation	Global Clergy Development	Adopted	Amend 228.8
DA-204	District Pastoral Directors	Guatemala Central District Assembly and Reference Committee	Rejected*	Amend 208.9, 237.1
DA-205	The District Superintendent	Kansas City District	Adopted	New 208
DA-206	Membership of District Assembly	Mid-Atlantic District Resolutions Committee	Adopted	Amend 201
DA-207	Duties of the District Superintendent	Mid-Atlantic District Resolutions Committee	Adopted (Amended by Legislative Committee)	Amend 214
DA-208	The District Advisory Board	Mid-Atlantic District Resolutions Committee	Rejected*	New 221.5
DA-209	Renewing the District Superintendent Relationship	MidSouth District Resolutions Committee, Alabama South District Advisory Board, Nebraska District Resolutions Committee, and Reference Committee	Referred to the Board of General Superintendents	Amend 206, 206.1, 203.11, 203.12, and 203.13
DA-210	Election and Review of the District Superintendent	Nebraska District Resolutions Committee	Rejected*	Amend 203.11
DA-211	Age Limit for District Superintendents	Northern California District Advisory Board	Rejected	Amend 203.11
DA-212	Duties of District Superintendent Church/Pastoral Reviews	Northwestern Ohio District General Assembly Resolutions Committee	Adopted	Amend 208.5
DA-213	District Superintendents/Ex-officio Chair	Northwestern Ohio District General Assembly Resolutions Committee	Referred to the <i>Manual</i> Editing Committee	Amend 213

DA-214	Electronic and Multi-site Meetings— District	Oregon Pacific District Resolutions Committee	Adopted (Amended by Legislative Committee)	New 201
DA-215	Licensed Ministers as Active Members in Local Church	Oregon Pacific District Resolutions Committee	Rejected*	New 530.9
DA-216	Composition of the Credentials Board	Virginia District General Assembly Resolutions Committee	Adopted	Amend 203.15, 226
DA-217	District Incorporation	Board of General Superintendents	Adopted	New 222.6
DA-218	District Paid Assistants	Board of General Superintendents	Adopted	Amend 242.3
DA-219	Paid District Assistant Not Eligible to Serve on the District Advisory Board	Board of General Superintendents	Adopted	Amend 242.4
DA-220	Process for a Phase 3 District to be Declared in Crisis	Board of General Superintendents	Adopted	Amend 200.2
DA-221	The Licensed Minister/Recognized Credentialed Elder Validated Course of Study Requirements	Southwest Oklahoma District Advisory Board, North Arkansas District Resolutions Committee, South Central USA/Canada Region District Superintendents, Louisiana District Delegation, West Texas District Advisory Board, and South Texas District Advisory Board/Delegate Committee	Adopted	Amend 530.1, 533
DA-221a	Requirements for District License	Northwestern Illinois District Assembly Resolution Committee	Adopted (Amended by Legislative Committee)	Amend 530.1, 530.2
DA-222	Pastoral Support	Republic of South Africa Limpopo District Assembly	Adopted	New 200 and 100 sections
GENERAL ADMINISTRATION (GA)				
GA-300	Time of General Assembly	Board of General Superintendents, Mid-Atlantic District Resolutions Committee, South Central Ohio District Resolutions Committee and District Advisory Board, Northwestern Ohio District General Assembly Resolutions Committee, and Kansas City District	Rejected	Amend 302

GA-301	General Assembly	Louisiana District Delegation, Southwest Oklahoma District Advisory Board, South Arkansas General Assembly Delegates Resolutions Committee, and Reference Committee	Rejected*	Amend 301, 301.2
GA-302	Composition of General Assembly	Mid-Atlantic District Resolutions Committee	Adopted	Amend 25.1
GA-303	Membership of the General Assembly	Mid-Atlantic District Resolutions Committee	Adopted	Amend 301.4
GA-304	Prioritizing Voting Business	Mid-Atlantic District Resolutions Committee	Rejected*	Amend 302.2
GA-305	The General Secretary	Mid-Atlantic District Resolutions Committee	Adopted	Amend 326.1
GA-306	Historical Sites	Mid-Atlantic District Resolutions Committee	Rejected*	Amend 327.2, 902.8
GA-307	Elections to the General Board	Mid-Atlantic District Resolutions Committee	Adopted	Amend 333.4
GA-308	Elections to the General Board–Sunday School and Discipleship Ministries International (SDMI)	Mid-Atlantic District Resolutions Committee	Adopted (Amended by Legislative Committee)	New 333.5
GA-309	Duties of the General Board	Mid-Atlantic District Resolutions Committee	Adopted	Amend 335
GA-310	Duties of the General Board/Meetings	Mid-Atlantic District Resolutions Committee	Adopted (Amended by Legislative Committee)	Amend 335.4
GA-311	Diversification of General Assembly Delegates	New England District Resolutions Committee	Rejected*	Amend 203.23, 301.1
GA-312	General Assembly	Southwest Oklahoma District Advisory Board and North Arkansas District Resolutions Committee	Rejected*	Amend 301.1
GA-312a	General Assembly	South Arkansas General Assembly Delegates Resolutions Committee	Amended and Adopted	Amend 301.1
GA-313	Layperson Who Transitions to Ministerial Status and Eligibility to Continue to Serve on the General Board	Board of General Superintendents	Adopted	Amend 334
GA-314	Membership of the General Assembly	Board of General Superintendents	Adopted	Amend 301
GA-315	Duties of General Board and Board of General Superintendents	General Board	Adopted (Amended by Legislative Committee)	Amend 317.3, 335

GA-316	Role of the General Superintendents	Board of General Superintendents	Adopted (Amended by Legislative Committee)	Amend 306
GA-317	Election of the Board of General Superintendents	General Board	Adopted	Amend 305.2, 25.5
LOCAL ADMINISTRATION (LA)				
LA-400	Renewing the Church/Pastor Relationship	North Carolina District Resolutions Committee	See LA-401	Amend 123, 124
LA-401	Renewing the Church/Pastor Relationship	Georgia District Resolutions Committee, MidSouth District Resolutions Committee, and Alabama South District Advisory Board	Adopted (Amended by Legislative Committee)	Amend 123, 124
LA-402	Calling of a Pastor	Kansas City District	Adopted (Amended by Legislative Committee)	Amend 116
LA-403	Restrictions	Kansas City District	Adopted	Amend 104.2
LA-404	The Local Church Board	Kansas City District	Adopted (Amended by Legislative Committee)	Amend 127
LA-405	The Local Church Board	Kansas City District	Adopted	Amend 128
LA-406	Special Church/Pastoral Review	Mid-Atlantic District Resolutions Committee	Adopted	Amend 124
LA-407	Church Board Membership	MidSouth District Resolutions Committee and Alabama South District Advisory Board	Adopted (Amended by Legislative Committee)	Amend 127
LA-408	Special Review of the Pastor	Nebraska District Resolutions Committee	Rejected*	Amend 122, 124
LA-409	Co-Pastors	Netherlands District Assembly	Adopted (Amended by Legislative Committee)	Amend 121, 121.1
LA-410	Associate Pastor's Severance	New England District Resolutions Committee	Rejected*	Amend 160.2, 160.3
LA-411	Electronic and Multi-site Meetings—Local Church	Oregon Pacific District Resolutions Committee	Referred to the Board of General Superintendents (Amended by Legislative Committee)	Amend 113.2
LA-412	Stewards/Scriptural Support	Southwest Indiana District Assembly Resolutions Committee	Adopted	Amend 138.2
LA-413	The Regular Church/Pastoral Review	Upstate New York District Resolutions Committee	Adopted	Amend 123

LA-414	Approval For a Paid Associate to be Considered as Pastor	Board of General Superintendents	Rejected	Amend 129.2, 208.10
LA-415	Local Church Name Change	Board of General Superintendents	Rejected*	Amend 101.1
LA-416	Calling of a Pastor	Republic of South Africa Eastern District	Rejected*	Amend 115, 123
LA-417	Local Church Membership Recording	Southern Florida District General Assembly Resolutions Committee	Adopted	Amend 109.2, 112
LA-418	Local Church Refinancing Restrictions	Southern Florida District General Assembly Resolutions Committee	Adopted	Amend 104
MINISTRY AND EDUCATION (MED)				
MED-500	Approval Process for Ministers Who Wish to Serve with an Independent Church, Religious Group, or Denomination	Board of General Superintendents, New England District Resolutions Committee, Mid-Atlantic District Resolutions Committee, and Reference Committee	See MED-515	Amend 536.11
MED-501	Annual Reporting of a Licensed Minister	Colorado District Resolutions Committee	Adopted	Amend 530.8
MED-502	Call and Qualifications of the Minister	Global Clergy Development	Adopted	Amend 500
MED-503	The Chaplain	Global Clergy Development, Mid-Atlantic District Resolutions Committee, and Reference Committee	Amended and Adopted	Amend 506
MED-504	Renewal of District Minister's License	Global Clergy Development	Adopted	Amend 530.4
MED-505	Authority of Licensed Ministers	Global Clergy Development	Adopted	Amend 530.7
MED-506	Board Election for Multiregional International Board of Education Schools	International Board of Education	Adopted	Amend 305.8
MED-507	The Retired Minister	Kansas City District	Adopted (Amended by Legislative Committee)	New 534.2
MED-508	Theology of Ordination	Mid-Atlantic District Resolutions Committee, New England District Resolutions Committee, and Reference Committee	Adopted	Amend 502
MED-509	The Missionary	Mid-Atlantic District Resolutions Committee	Adopted	Amend 512

MED-510	Expectations of Clergy	South Central Ohio District Resolutions Committee and Advisory Board	Adopted	Amend 536.8
MED-511	Core Duties of the Pastor	Mid-Atlantic District Resolutions Committee	Adopted	Amend 517
MED-512	General Guidelines for Preparation for Christian Ministry	Mid-Atlantic District Resolutions Committee	Adopted (Amended by Legislative Committee)	Amend 528.2
MED-513	General Regulations	Mid-Atlantic District Resolutions Committee	Adopted	Amend 536.7
MED-514	Special Service Status	MidSouth District Resolutions Committee and Alabama South District Advisory Board	Adopted	Amend 526, 813.2
MED-515	Special Service	South Central Ohio District Resolutions Committee and District Advisory Board	Amended and Adopted (Substituted and adopted by the Legislative Committee)	Amend 526.1, 526.2, 536.10, 536.11
MED-516	Core Duties of the Pastor	Mid-Atlantic District Resolutions Committee and New England District Resolutions Committee	Adopted	Amend 514.4, 514.9
MED-517	Restrictions for Persons Who Are Guilty of Sexual Misconduct Involving Children	Global Clergy Development, Northeast Oklahoma District Resolutions Committee, and Reference Committee	Referred to the Board of General Superintendents (Amended by the Legislative Committee)	Amend 129.30, 903.3
MED-518	Use of the title "Pastor"	Northwestern Ohio District General Assembly Resolutions Committee	Amended and Referred to the Board of General Superintendents	New (Actual number to be determined)
MED-519	Background Check for Local Ministers	Oregon Pacific District Resolutions Committee	Adopted	Amend 529.1
MED-520	Deacons/Elders	Southwest Indiana District Assembly Resolutions Committee	Rejected*	Amend 514.9, 504, 531.1, 531.2, 531.4, 532, 532.1
MED-521	Assigned Minister Requirement	Northwestern Illinois District Assembly Resolution Committee	Rejected*	New 504.4
MED-522	Parent-Affiliated Congregation Pastor	Global Clergy Development and USA/Canada Region	Adopted	New 524
MED-535	Chapter IV, Section H. General Regulations Definitions	Global Clergy Development	Adopted	Amend 536
MED-536	Duplicate Ordination Certificate	Global Clergy Development	Adopted	Amend 536.7

MED-537	Nazarene Clergy and Local Church Membership	Global Clergy Development	Adopted	Amend 536.8
MED-538	General Regulations	Global Clergy Development	Adopted	Amend 538
MED-539	General Regulations Governing Members of the Clergy	Global Clergy Development	Adopted	Amend 538.1
MED-540	General Regulations	Global Clergy Development	Adopted	Amend 538.6
MED-541	Rename Section Heading	Global Clergy Development	Adopted	Amend Chapter IV, Credentials and Ministerial Regulations, Section I
MED-542	Filing of Ministerial Credential	Global Clergy Development	Adopted	Amend 537
MED-543	Required Filing of Credential	Global Clergy Development	Adopted	Amend 537.2
MED-544	Resignation of Ministerial Credential	Global Clergy Development	Adopted	Amend 537.1
MED-545	Suspension of Credential	Global Clergy Development	Adopted	Amend 537.3
MED-546	Discipline for Violation of Church Membership Requirements for Clergy	Global Clergy Development	Adopted	New 537.4
MED-547	Resignation of Credential	Global Clergy Development	Adopted	Amend 537.4
MED-548	Provision to Expel From the Ministry	Global Clergy Development	Adopted	Amend 537.5
MED-549	Restrictions on Ministers Whose Credentials are Surrendered	Global Clergy Development	Adopted	Amend 537.7
MED-550	Reinstatement of Filed Credential	Global Clergy Development	Adopted	Amend 538.2
MED-551	Reinstatement of Resigned and Removed Credential	Global Clergy Development	Adopted	Amend 538.3, 538.4
MED-552	Certificate of Ordination of Deceased Minister	Global Clergy Development	Adopted	Amend 538.5
MED-553	Restoration of Clergy	Global Clergy Development	Adopted	New 538
MED-554	Restoration of Clergy	Global Clergy Development	Adopted	New 538.1
MED-555	Restoration of Clergy	Global Clergy Development	Adopted	New 538.2
MED-556	Restoration of Clergy	Global Clergy Development	Adopted	New 538.3
MED-557	Clergy Restoration	Global Clergy Development	Adopted	Amend 538.7
MED-558	Restoration of Clergy	Global Clergy Development	Adopted	New 538.5
MED-559	Clergy Restoration	Global Clergy Development	Adopted	New 538.6
MED-560	Restoration of Clergy	Global Clergy Development	Adopted	New 538.7
MED-561	Clergy Restoration	Global Clergy Development	Adopted	New 538.8
MED-562	Eligibility for Reinstatement to the Rights, Privileges, and Responsibilities of Being a Member of the Clergy	Global Clergy Development, Northeast Oklahoma District Resolutions Committee, and Reference Committee	Adopted	Amend 538.9

MED-563	Clergy Restoration	Global Clergy Development	Adopted	New 538.10
MED-564	Clergy Restoration	Global Clergy Development	Adopted	New 538.11
MED-565	Clergy Restoration	Global Clergy Development	Adopted	Amend 538.8
MED-566	Duties of the District Superintendent	Global Clergy Development	Adopted	New 208.20
MED-567	Duties of the District Advisory Board	Global Clergy Development	Adopted	New 222.5
STEWARDSHIP AND FINANCE (SF)				
SF-600	Pastoral Retirement Funding Preparation/Business of the Church Board	Northwestern Ohio District General Assembly Resolutions Committee and Board of Pensions and Benefits USA	Adopted (Amended by Legislative Committee)	Amend 129.8
SF-601	<i>Manual</i> Appendix Review—Annuities	Reference Committee	Adopted	Appendix Review 902.1
SF-602	<i>Manual</i> Appendix Review—Debt	Reference Committee	Amended and Adopted	Amend 902.2
SF-603	Capital Stewardship Campaign Funding and Apportionment System	South Texas District Advisory Board/Delegate Committee, Southwest Oklahoma District Advisory Board, and Reference Committee	Rejected*	
SF-604	Capital Stewardship Campaign Funding and Apportionment System	Southwest Oklahoma District Advisory Board and Reference Committee	Rejected*	
SF-605	Funding Goals and Responsibilities	Keith Cox, et al.	Adopted (Amended by Legislative Committee)	Amend 33.5, 130, 154, 154.1, 155.2, 155.3, 208.21, 317.11, 335.6, 335.7, 515.9, 515.13
SPECIAL RESOLUTIONS (SR)				
SR-750	Dr. Jerry D. Porter — General Superintendent Emeritus	General Board	Adopted	
SR-751	Dr. J. K. Warrick — General Superintendent Emeritus	General Board	Adopted	
SR-752	<i>Manual</i> Appendix Review—Tenure of Committees	Reference Committee	Adopted	Appendix Review 902.6
SR-753	Resolution on SR-754	General Board	Adopted	
SPECIAL JUDICIAL (JUD)				
JUD-800	Article of Faith XII – Baptism	Board of General Superintendents	Adopted	Amend 12 (Article of Faith XII)

JUD-800a	Baptism	Kansas City District and Southwest Indiana District Assembly Resolutions Committee	Rejected*	Amend 12 (Article of Faith XII)
JUD-801	Baptism of Infants or Young Children	Kansas City District, Southwest Indiana District Assembly Resolutions Committee, and Reference Committee	Rejected*	Amend 800.2
JUD-802	Article of Faith XIII – The Lord’s Supper	Board of General Superintendents	Adopted	Amend 13 (Article of Faith XIII)
JUD-802a	The Lord’s Supper	Kansas City District and Southwest Indiana District Assembly Resolutions Committee	Rejected*	Amend 13 (Article of Faith XIII)
JUD-802b	The Lord’s Supper	Alabama North District	Rejected*	Amend 13 (Article of Faith XIII)
JUD-803	The Sacrament of the Lord’s Supper	Kansas City District, Southwest Indiana District Assembly Resolutions Committee, and Reference Committee	Rejected*	Amend 802
JUD-804	Article of Faith VI – Atonement	Michigan District Assembly	Referred to the Board of General Superintendents	Amend 6 (Article of Faith VI)
JUD-805	Resurrection, Judgment, and Destiny	Mid-Atlantic District Resolutions Committee	Referred to the Board of General Superintendents	Amend 16 (Article of Faith XVI)
JUD-805a	Article of Faith: Resurrection, Judgment, and Destiny	MidSouth District Resolutions Committee and Alabama South District Advisory Board	See JUD-805	Amend 16, 16.1, 16.2 (Article of Faith XVI)
JUD-806	Study of Ecclesiology (The Church)	Mid-Atlantic District Resolutions Committee, New England District Resolutions Committee, and Reference Committee	Rejected*	Amend 11 (Article of Faith XI)
JUD-807	The Universal Church	Mid-Atlantic District Resolutions Committee	Rejected*	Amend 17
JUD-808	Contested Discipline of a Member of the Clergy	Mid-Atlantic District Resolutions Committee	Adopted	Amend 606
JUD-809	Clergy Discipline	North Arkansas District Resolutions Committee	Adopted	Amend 605.1
JUD-810	Article of Faith VII – Prevenient Grace	Board of General Superintendents	Adopted	Amend 7 (Article of Faith VII)

JUD-811	Article of Faith VIII – Repentance	Board of General Superintendents	Adopted	Amend 8 (Article of Faith VIII)
JUD-812	Article of Faith IX – Justification, Regeneration, and Adoption	Board of General Superintendents	Adopted	Amend 9.2, 9.3 (Article of Faith IX)
JUD-813	Article of Faith X – Christian Holiness and Entire Sanctification	Board of General Superintendents	Referred to the Board of General Superintendents	Amend 10, 10.1 (Article of Faith X)
JUD-814	Study Group on Article of Faith XVI – Resurrection, Judgment, and Destiny	Board of General Superintendents	Adopted	Amend 16, 16.1, 16.2 (Article of Faith XVI)
JUD-815	Article of Faith XIV – Divine Healing	Board of General Superintendents	Adopted	Amend 14 (Article of Faith XIV)
JUD-816	Judicial Matters	2013-2017 General Court of Appeals	Adopted	Amend 615.1, 615.2
JUD-817	Quorum for General Assembly Business	Board of General Superintendents	Adopted	Amend 25.4
JUD-818	Amendments to the Constitution	Board of General Superintendents	Adopted	Amend 26
JUD-819	Reporting Process with Articles of Faith Study Committee	Board of General Superintendents	Adopted	Amend 27
JUD-820	Person with Authority to Respond to Possible Misconduct	Board of General Superintendents	Adopted	Amend 601.2
JUD-821	Ministry of Laypersons	Board of General Superintendents	Adopted	New 503, 604.3
JUD-822	Ritual Section Footnote	Board of General Superintendents	Adopted	Amend 800-807
JUD-823	District Boundaries	Board of General Superintendents	Adopted	Amend 24
JUD-824	Statement of Mission, Core Values, and Seven Characteristics of the Church of the Nazarene	Board of General Superintendents	Adopted	Amend Foreword Section
JUD-825	Subsidiaries of the Church of the Nazarene, Inc.	General Board	Adopted	New 338, Amend 338-338.6, 317.5, 317.8, 335.16, 335.20
JUD-826	Church Government Flow Chart	Southwest Indiana District Assembly Resolutions Committee	Adopted	Amend Church Government Flow Chart
JUD-826a	Church Government Flow Chart	Oregon Pacific District Resolutions Committee	Adopted	Amend Church Government Flow Chart
JUD-827	Study Group on Baptism of Infants Ritual	Board of General Superintendents	Adopted	Amend 800.2
JUD-828	The Baptism of Believers	Board of General Superintendents	Adopted	Amend 800.1
JUD-829	The Dedication of Infants or Young Children (Ritual for Single Parent or Guardian)	Board of General Superintendents	Adopted	Amend 800.4

JUD-830	The Reception of Church Members	Board of General Superintendents	Adopted (Amended by Legislative Committee)	Amend 801
JUD-831	The Sacrament of the Lord's Supper	Board of General Superintendents	Adopted	Amend 802
JUD-832	Matrimony	Board of General Superintendents	Adopted	Amend 803
JUD-833	Task Force on the Use of Alcohol	Board of General Superintendents	Referred to the Board of General Superintendents	Amend 903.15
JUD-834	Burial Ritual for a Child	Republic of South Africa Eastern District	Referred to the Board of General Superintendents	Amend 804
JUD-835	Conflict Resolution and Reconciliation in the Church	Board of General Superintendents	Adopted	New 603, 603.1, 603.2

*Rule 34. Two-thirds Rejection. Any resolution or petition which receives a two-thirds vote for rejection by the legislative committee to which it is assigned shall be reported "dead." No further action shall be taken following such disposition unless such resolution or petition is recalled for consideration by a two-thirds vote of the Assembly.

USA CAUCUS/ STEWARDSHIP AND FINANCE (USA)

USA-900	Pensions and Benefits for Pastors	Southwest Indiana District Assembly Resolutions Committee	Referred to the Board of Pensions and Benefits USA	
USA-901	Pastors Life Insurance Plan	Dallas District Advisory Board	Referred to the Board of Pensions and Benefits USA	

RULES OF ORDER

I. GENERAL

A. ORGANIZATION AND ORDER OF BUSINESS

Rule 1. Seating. Members of the General Assembly shall be seated by delegations and shall have reserved seat status. The section assigned to each delegation by the Platting Committee shall be properly identified and the members shall occupy their reserved seats for the entire meeting unless change is made by order of the General Assembly.

Rule 2. Meeting Hours. The first business meeting of the General Assembly shall convene at a time determined by the General Secretary and the Board of General Superintendents. Thereafter, the hours for convening and adjourning meetings shall be determined by vote of the General Assembly.

Rule 3. Organization. When the General Assembly has been convened in accordance with the provisions of the *Manual*, the Credentials Committee shall report the following:

- a. The names of the general superintendents, if any, who have died during the quadrennium and the names of the delegates-elect, if any, who have died since election.
- b. The number of delegates present.
- c. Approved list of alternates to be seated in lieu of delegates, providing first the name of the district represented, then the name of the alternate, in lieu of the name of the delegate.

[**Rule 4. Quorum.** The quorum of the General Assembly shall be a majority of the total number of delegates elected. In the absence of a quorum, the only business to be properly transacted and in order shall be the approval of minutes and the matter of adjournment.]

Rule [5]4. Preparation for Business. When the presence of a quorum is determined, the General Secretary shall nominate assistant secretaries and other necessary assistants to be elected by the Assembly. The report of the Platting Committee will be received with instructions for the seating of delegations and non-voting members. The business of the Assembly will then be in order.

- Rule [6]5. Order of Business.** The regular order of business shall be:
- a. Adoption of Rules of Order (first plenary business meeting only).
 - b. Report of the Credentials Committee relating to the presence of a quorum and the seating of alternates [(first three days)].
 - c. Report of the Daily Journal Committee (after first day).
 - d. Presentation of appeals, resolutions, and miscellaneous business for immediate consideration. The question of considering these items shall be undebatable and require a two-thirds vote in the affirmative for consideration at this time.
 - e. Reports of the general officers and department directors.
 - f. Reports of special committees and commissions.
 - g. Miscellaneous business.

Rule [7]6. Agenda. The General Secretary shall keep a record of the Orders of the Day, of the reports of committees, and reports placed on the record by a vote. These items of business shall be presented to the Agenda Committee, which shall place them in order for consideration by the General Assembly. By a two-thirds vote, any item may be considered out of its proper order.

B. ELECTIONS AND DUT[IES]Y OF [CHAIRPERSON] THE BOARD OF GENERAL SUPERINTENDENTS

Rule 7. Elections of the general superintendents will be by a two-thirds vote of members present and voting for a total of six general superintendents.

[Rule 8. Preserve Order. The Chairperson shall be responsible for seeing that the business of the General Assembly proceeds in accordance with the aforementioned Order of Business and in accordance with these Rules of Order and such other rules and regulations as may be adopted by the Assembly.

Rule 9. Questions and Points of Order. The Chairperson shall rule on Questions and Points of Order, subject to appeal. In case of an appeal, the question shall be taken without debate if it relates to indecorum, to priority of business, or if the previous question is pending at the time the point of order is raised. On a debatable question, the Chairperson shall state the reasons for his or her decision and the member appealing may state the reasons for the appeal.

Rule 10. Questions of Privilege. The Chairperson shall decide on Questions of Privilege. After the Question of Privilege is stated by the member, the Chairperson rules on the admissibility of the question.]

Rule [11]8. Appoint Committees. The Board of General Superintendents shall appoint all committees unless otherwise ordered by the General Assembly.

C. DUTIES AND RIGHTS OF MEMBERS

Rule [12]9. Attendance at Meetings. Members shall be expected to attend all meetings of the General Assembly unless physically unable to do so. In the event a member is unable to attend the meetings, arrangements shall be made with the Credentials Committee for the certification of an alternate.

Rule [13]10. Obtain the Floor. A member desiring to make a motion, debate, or bring a matter to the General Assembly shall rise and address the Chairperson, then state his or her name and [district] entity represented. Once acknowledged by the Chairperson, the member then may proceed to speak. In the case of a motion, a second will be required before the Chairperson states the question. A question is not before the Assembly for consideration until stated by the Chairperson or Secretary. Instructions for microphone sequencing shall be followed.

[Rule 14. Questions which may Interrupt the Speaker. The following motions have the high privilege of interrupting a speaker:

- a. Questions of Privilege
- b. Call for the Orders of the Day
- c. Point of Order
- d. Such incidental motions as are permitted in the most current revision of *Robert's Rules of Order Newly Revised*.

Rule 15. Rising to a Question of Privilege. A member desiring to rise to a Question of Privilege shall briefly state the question after being assigned the floor by the Chairperson but shall not proceed until the Chairperson rules its admissibility. Questions of Privilege are limited to matters relating to the rights of the entire Assembly or of the individual member, and must be of an imperative character to justify the interruption of the regular order or a speaker who has the floor.]

Rule [16]11. Limits of Debate. [He or she] A member may speak three minutes each time. A member may speak a second time to a question only after every member desiring to debate has spoken. A committee making a report through its chairperson shall be entitled to five minutes to close the debate. A report consisting of two or more propositions may be divided for consideration and each proposition shall be entitled to the same rights and privileges as if they were separate reports. The same privilege shall be granted to the reporting member who presents the views of the minority.

D. MOTIONS

Rule [17]12. Written. All main motions and amendments shall be written and presented to the Secretary of the Assembly.

[Rule 18. Withdrawal of a Motion. A member may withdraw a motion or modify it without permission if it had not been stated by the Chairperson. If modified, the seconder may withdraw the second. After a motion has been stated by the Chairperson it may be withdrawn or modified only with the consent of the Assembly, either by general consent or by a majority vote on the motion to withdraw.

Rule 19. Undebatable Motions. The vote on the following motions shall be taken without debate:

- a. Adjourn
- b. Suspend the Rules
- c. Lay on the Table
- d. Take from the Table
- e. Previous Question
- f. Reconsider an Undebatable Motion.

Rule 20. Amendments. Only two amendments, one of the first degree and one of the second degree (an amendment to an amendment), may be pending at the same time. An amendment must be germane to the motion it proposes to amend. When a member desires to change an entire motion, paragraph, or section, the proper amendment is the amendment to substitute. This is an amendment of the first degree and the original motion, paragraph, or section, and the substitute may be further amended by amendments of the second degree. When both propositions have been perfected by amending, the Assembly shall vote on the question to substitute. If the substitute is adopted, it becomes the pending question and must be adopted or rejected. If the substitute is rejected, the original question is before the Assembly for adoption or rejection.

Rule 21. Previous Question. The previous question may be called for on one or a series of pending questions. If not qualified, it applies only to the immediately pending questions. If adopted by a two-thirds vote, future debate and amending shall cease and the question or questions put to vote immediately. After the previous question has been adopted, it is in order to divide a question or lay it on the table; however, a member may not move the previous question or move to lay on the table a question under discussion at the close of his or her debate on the question.

Rule 22. Division of a Question. When a question is divisible into distinct propositions, any member shall have a right to call for a division of the question.

Rule 23. Motion to Adjourn. A motion to adjourn is undebatable and is in order, except when:

- a. A member has the floor.
- b. A vote is being taken.
- c. The motion to adjourn has been rejected and there has been no intervening business.
- d. A motion to fix the time to which to adjourn is pending.]

Rule [24]13. Read. All reports and communications to the General Assembly shall be facilitated by the Secretary for reading.

[Rule 25. Reconsideration. A motion or resolution which has been decided by the Assembly may be brought back for further consideration by the motion to reconsider the vote. Only a member who voted on the prevailing side may make the motion to reconsider and it must be made on the same day or the succeeding day that the action was adopted. It must be approved by a majority vote.]

E. RESOLUTIONS AND (PETITIONS)

Rule [26]14. Presentation. District Assemblies, a committee authorized by the District Assembly, Regional Councils, the General Board or any of its recognized departments, official boards or commissions of the general church, the Global Nazarene Missions International Convention, the Global Nazarene Youth International Convention, or five or more members of the General Assembly may present resolutions and petitions for the consideration of the General Assembly in accordance with the following rules:

- a. Resolutions and petitions shall be printed or typewritten on the official form furnished by the General Secretary.
- b. Each resolution or petition presented will include the subject and the name of the delegates or group making the presentation.
- c. All resolutions that call for action that requires expenditures must include an estimated cost to complete the action.
- d. Proposals for changes in the church *Manual* must be presented in writing and shall give paragraph and section of *Manual* to be affected and the text of the change, should it be adopted.
- e. They shall be presented to the General Secretary **no later than December 1** prior to the convening of the Assembly to be numbered and sent to the Reference Committee for reference in accordance with Rule [38]24 and *Manual* 305.1.
- f. Any resolutions which are non-*Manual* items must indicate which entity has responsibility to enact legislation.

Rule [27]15. Resolutions and Petitions for Late Reference. Resolutions, petitions, and other items may be presented to the General Secretary for reference to a legislative committee no later than **June 1**. Resolutions from global conventions which meet just prior to the General Assembly will be processed for consideration.

Rule [28]16. Manual Changes. Resolutions adopted by the General Assembly shall be submitted to the *Manual* Editing Committee to be harmonized with other *Manual* provisions.

F. VOTING

Rule [29]17. Eligibility. Only members of the General Assembly who are seated in the designated sections shall be eligible to vote. [A member absent from the Assembly in the performance of business of the Assembly at the time a vote is taken may be allowed to vote with the permission of the General Assembly.]

Rule [30]18. Methods of Voting. Voting may be by:

- a. Show of Hands
- b. Paper Ballot
- c. Electronic Vote.

A vote by machine shall in all instances be a valid vote, and shall constitute a vote by ballot when such is called for in the *Manual*, organizational bylaws, and in the Rules of Order for the General Assembly.

- d. Voice Vote (yeas and nays)
- e. Proposed Balloting for Electing New General Superintendents.

In each of the regional caucus meetings, each delegate is requested to submit one name by ballot for each general superintendent position proposed to be elected. These names will be compiled as a list for submission at a General Assembly plenary meeting. This list will become the first official ballot, and will be reported to the General Assembly as a basis for successive ballots, where delegates may vote electronically from that list, or add names by paper ballot.

A ballot vote on any question may be ordered by a majority vote.

[Rule 31. Interrupted Vote. Once the chairperson has called for a vote, the vote cannot be interrupted for any reason.

Rule 32. Division of the Assembly. When a member doubts the results of a vote as announced by the Chairperson he or she may call for a Division of the Assembly. A count shall then be taken electronically or by having all members rise and remain standing until counted. The Chairperson, on his or her own initiative, may ask that this be done if he or she is in doubt.]

II. COMMITTEES

A. LEGISLATIVE COMMITTEES

Rule [33]19. Legislative. There shall be seven standing legislative committees as follows:

- Christian Action
- Church Program (Missions, Evangelism, Publishing)
- District Administration
- General Administration
- Local Administration
- Ministry and Education
- Stewardship and Finance

And there shall be two special legislative committees as follows:

- Judicial
- Resolutions

Rule [34]20. Membership.

[34]20.1. Each member of the delegation is eligible for membership on one standing committee.

- a. A delegation with less than seven members will not have representation on each committee, but members may choose the committee on which they will serve within the provisions of this section.
- b. No delegation shall have two members on any committee until one member of the delegation has been assigned to each committee.

- c. No delegation shall have more than two members on any committee until two members of the delegation have been assigned to each committee.
- d. No delegation shall have two ministerial or two lay members on any committee until one minister and one lay member have been assigned to each committee.

[34]20.2. Ministerial and lay delegates shall be assembled for organization by the District Secretary as soon as feasible after their election. They shall choose a chairperson and make assignments to legislative committees according to Rule [34]20.1.

[34]20.3. The District Secretary shall send to the General Secretary the names of the delegates of his or her district indicating the standing legislative committees to which each is assigned. From these returns the General Secretary shall prepare, as far as possible, the roll of legislative committees prior to the opening of the General Assembly.

[34]20.4. The delegates who are missionaries representing their regions shall constitute a delegation for the purpose of appointing its members to the legislative committees.

[34]20.5. The Education ex-officio members of the General Assembly shall constitute a delegation for the purpose of appointing its members to the legislative committees.

[34]20.6. The Global Ministry Center ex-officio members of the General Assembly shall be appointed to appropriate legislative committees. The General Superintendents shall be ex-officio members of all legislative committees.

B. SPECIAL COMMITTEES

Rule [35]21. Special Committees. The following special committees shall be named by the Board of General Superintendents:

- a. Agenda
- b. Fraternal Representatives
- c. Nominations
- d. Judicial
- e. Resolutions
- f. Such other committees as may be necessary.

Rule [36]22. Composition and Duties.

[36]22.1. The Agenda Committee shall be those persons appointed by the Board of General Superintendents. It shall receive the list of business items, orders of the day, reports of committees, actions placed on the record by vote of the Assembly, and like items, and shall prepare an agenda of business for each meeting of the General Assembly.

[36]22.2. The Fraternal Representatives Committee shall be those persons appointed by the Board of General Superintendents. It shall serve as host to special fraternal representatives attending the General Assembly. The chairperson of this committee shall sign all fraternal correspondence directed by the Assembly.

[36]22.3. The Nominations Committee shall be 12 persons who are members of the General Assembly, appointed by the Board of General Superintendents. The Committee shall submit nominees for:

- a. Board of Trustees of Nazarene Theological Seminary in Kansas City, Missouri, as directed in the *Manual*. (305.8)

- b. Board of Trustees of Nazarene Bible College in Colorado Springs, Colorado, as directed in the *Manual*. (305.8)
- c. General Court of Appeals as directed in the *Manual*. (305.7)

[36]22.4. The Judicial Committee shall be composed of not more than 21 persons who are members of the General Assembly. The Committee shall consider all business relating to the church constitution, all appeals from decisions of law, and requests for interpretation of the law.

[36]22.5. The Resolutions Committee shall be seven persons who are members of the General Assembly. The Committee shall prepare any special positional documents or resolutions of greeting which may be requested of it by the General Assembly.

Rule [37]23. Meetings.

[37]23.1. All committees will meet at times scheduled by the General Secretary, and agreed upon by the Assembly or upon the call of the committee chairperson.

[37]23.2. The Board of General Superintendents shall name a chairperson and secretary for each committee. The secretary shall receive from the General Secretary a record of all matters which have been referred to the committee and have them organized for the committee's consideration.

[37]23.3. The chairpersons and secretaries of all standing legislative committees shall be expected to attend an orientation meeting called by the General Secretary prior to the committee meetings. The orientation shall include instruction in their duties; the procedures in handling the resolutions, petitions and other documents referred to the committee; and other information to expedite the committee's work.

Rule [38]24. References. Resolutions, petitions, recommendations, and other documents (including implementing legislation from commissions/committees and special committee reports) shall be referred to Assembly standing committees, special committees, or regional caucuses, for consideration before being presented to the Assembly, as follows:

[38]24.1. To the CHURCH PROGRAM (MISSIONS, EVANGELISM, PUBLISHING) COMMITTEE shall be referred resolutions, recommendations, petitions and other documents relating to program and materials of:

- a. Sunday School and Discipleship Ministries International.
- b. Nazarene Youth International.
- c. The global mission work of the church, including NMI, as defined in the *Manual*.
- d. Church growth, church planting and evangelism ministries.
- e. Continuing Lay Training.
- f. Nazarene Publishing House, *Holiness Today*, books and other publications and publishing interests.

[38]24.2. To the DISTRICT ADMINISTRATION COMMITTEE shall be referred resolutions, recommendations, petitions and other documents relating to [district] organization of the district church, including the district assembly, the district superintendency, district boundaries and district boards.

[38]24.3. To the GENERAL ADMINISTRATION COMMITTEE shall be referred resolutions, recommendations, petitions and other documents relating to the organization of the general church, including the General Assembly, the general superintendency, the correlation of general interests, the arrangements and organization of the General Board and

its departments, and the church regions for administrative representation and educational support.

[38]24.4. To the LOCAL ADMINISTRATION COMMITTEE shall be referred resolutions, recommendations, petitions and other documents relating to organization, business, and administration of the local church, including pastoral arrangements and church membership.

[38]24.5. To the MINISTRY AND EDUCATION COMMITTEE shall be referred resolutions, recommendations, petitions, and other documents relating to:

- a. The work of the ministry and the minister, including validated courses of study and other requirements relating to those who receive official recognition from the church as follows: elders, deacons, licensed ministers, local ministers, evangelists, song evangelists, directors and ministers of Christian education, ministers of music, consecrated and licensed deaconesses.
- b. The care and support of retired and disabled ministers, the widows, widowers, and children of deceased ministers, and all other matters affecting ministerial pensions and benefits.
- c. The educational work of the church, and to the administration of schools, universities, colleges and seminaries.

[38]24.6. To the STEWARDSHIP AND FINANCE COMMITTEE shall be referred resolutions, recommendations, petitions, and other documents relating to finance, stewardship, church property, fire insurance, and acquiring, leasing, building, and financing church and parsonage property, local, district and general.

[38.7.] To the JUDICIAL COMMITTEE shall be referred all business relating to the church constitution, all appeals from decisions of law and requests for interpretations of the law.]

[38.8]24.7. To the CHRISTIAN ACTION COMMITTEE shall be referred resolutions, recommendations, petitions, and other documents relating to Christian life issues, including the Covenants of Christian Character and Conduct of the Church, and issues such as Christian marriage, abortion, human sexuality, use of alcohol and drugs, social justice, and entertainments that are subversive to the Christian ethic.

[38.9]24.8. To the REGIONAL CAUCUSES shall be referred resolutions relating to specific interests, goals and concerns of said regions. The Reference Committee may submit legislation affecting only a specific region/regions to the General Assembly delegates of said region(s) meeting in caucus for action. Changes that affect the *Manual* must be acted upon by the entire General Assembly. (*Manual* 305.1)

C. GENERAL COMMITTEES

Rule [39]25. General and Arrangements. The following General and Arrangements Committees shall be appointed by the Board of General Superintendents prior to the convening of the General Assembly:

- a. Communion Service
- b. Credentials
- c. Daily Journal
- d. Exhibits
- [d]e. General Arrangements
- [e]f. *Manual* Editing

- [f]g. Memorial
- [g]h. Platting
- [h]i. Program
- [i]j. Publicity
- [j]k. Reference
- [k. Exhibits]

Rule [40]26. Composition and Duties.

[40]26.1. The COMMUNION SERVICE COMMITTEE shall be five persons living within reasonable distance of the site of the General Assembly. They shall be appointed at least six months prior to the time of the General Assembly. The Committee shall arrange for and supervise the observance of the sacrament of Communion in the opening service of the General Assembly.

[40]26.2. The CREDENTIALS COMMITTEE shall be the General Secretary and six other persons, three of whom need not be members of the General Assembly. They shall be appointed at least 30 days prior to the convening of the General Assembly. The Committee shall receive from the General Secretary, prior to the opening business meeting of the General Assembly, a list of duly elected delegates and alternates. The Committee shall report to the first business meeting of the General Assembly concerning the registration of delegates and a quorum for business. It shall consider requests for seating of alternates and make recommendation for their seating during the first three days of the General Assembly, after which time no alternate delegates shall be seated.

[40]26.3. The DAILY JOURNAL COMMITTEE shall be five persons who are members of the General Assembly. The Committee shall read the Assembly proceedings and report each day to the Assembly concerning their correctness.

26.4. The EXHIBITS COMMITTEE shall be composed of up to nine members, including the General Secretary, General Treasurer, Global Mission Director, Nazarene Publishing House President, Education Commissioner, and the General Assembly Arrangements Coordinator, and one to three others as appointed by the Board of General Superintendents.

[40.4]26.5. The GENERAL ARRANGEMENTS COMMITTEE shall be appointed in accordance with the provisions of the *Manual*. The Committee shall perform its responsibilities prescribed in the *Manual*. (304-304.2) In addition, it shall give guidance to all regular and special committees involved in planning and preparing for the General Assembly. All committees shall submit special arrangements and budget requests in writing to the General Secretary, who shall place them before the Committee for approval.

[40.5]26.6. The *MANUAL* EDITING COMMITTEE shall be five persons, one of whom is the General Secretary, appointed at least 90 days prior to the convening of the General Assembly. The Committee shall consider all resolutions adopted and other business acted upon by the Assembly relating to the revision of the *Manual*.

[40.6]26.7. The MEMORIAL COMMITTEE shall be five persons appointed at least one year prior to the convening of the General Assembly. The Committee shall present to the General Assembly the names of ministers who have been deceased during the quadrennium and shall plan the observance of an appropriate memorial service.

[40.7]26.8. The PLATTING COMMITTEE shall be three persons nominated by the General Secretary. The Committee shall:

[(a)] a. Designate a reserved section for each delegation assigned, [by drawing,] commencing with the front seats.

[(b)] b. Suitable uniform signs shall designate the seats reserved for each delegation.

[(c)] c. Seating assignments shall be furnished for each delegation, and reserved seat status assigned for each delegate.

[40.8]26.9. The PROGRAM COMMITTEE shall be a General Superintendent who is named by the Board of General Superintendents; the General Secretary; the music coordinator; the media coordinator; and those with convention/programmatic leadership responsibilities. A Program Sub-Committee shall include the General Secretary; the music coordinator; the media coordinator; and the Board of General Superintendents. The Program Committee shall implement and coordinate planning and preparation for all General Assembly programs and unified convention services formulated by the General Assembly Arrangements Committee in conjunction with the Board of General Superintendents (*Manual* 304.2) and shall arrange for the regular and special music of the General Assembly in cooperation with the leaders of the various services and public meetings and in consultation with the General Arrangements Committee. The Music Coordinator shall be responsible for organizing the calendar of musical groups and talent for the Assembly. The Committee shall be named a year prior to the General Assembly.

[40.9]26.10. The PUBLICITY COMMITTEE shall be the General Secretary, the editor of *Nazarene Communications Network News*, the president of the Nazarene Publishing House, the editor of *Holiness Today*, and two appointed persons, one of whom shall be a representative from the Board of General Superintendents. The General Secretary shall be secretary for the Committee. The Committee shall arrange for publicity and promotion deemed necessary for the General Assembly. It shall give general guidance for the newspaper and magazine releases of the *Nazarene Communications Network News* and for the plans relating to radio and television programs and announcements. The Committee may select such assistants as needed, subject to the General Arrangements Committee approval.

[40.10]26.11. The REFERENCE COMMITTEE shall include all legislative committee chairpersons and secretaries, the General Secretary, members of the *Manual* Editing Committee, and four other persons named by the Board of General Superintendents. The General Secretary shall be secretary for the Committee. The Committee shall elect one of its members as chairperson, and the secretary may appoint an assistant secretary to help keep the records of this committee. The Committee shall meet prior to the convening of the General Assembly and carefully survey all resolutions for reference to the General Assembly committees. It may propose harmonizing wording, when two or more resolutions dealing with the same subject are considered. A single resolution for a series of resolutions may be written and referred; and it shall propose wording for implementing legislation when resolutions effecting *Manual* change do not include such wording. (See Rule [47]33)

The Reference Committee shall use its discretion in assigning to the various committees and caucuses resolutions, petitions, and other documents not covered under these rules.

The Reference Committee shall assign numbers to its references for distribution to the delegates.

[40.11. The Exhibits Committee shall be composed of up to nine members, including the General Secretary, General Treasurer, Global Mission Director, Nazarene Publishing House

President, Education Commissioner, and the General Assembly Arrangements Coordinator, and one to three others as appointed by the Board of General Superintendents.]

D. COMMITTEE RULES

Rule [41]27. Quorum. The quorum for all standing committees shall be a majority of all members of the committee.

Rule [42]28. Authority. A committee shall not originate business, but shall consider only subjects referred to it by the General Assembly. All resolutions and petitions referred to a committee shall be acted upon by the committee when duly assembled in accordance with Rule [37]23. A resolution not in proper form may be rewritten and submitted as a substitute.

E. COMMITTEE AND COMMISSION REPORTS

Rule [43]29. Method of Reporting. The secretary of each General Assembly committee shall present the committee's report to the General Secretary, who in turn will place it on the Assembly agenda and prepare sufficient copies for distribution to the presiding officer, each general superintendent, and the [secretaries] platform assistants.

Rule [44]30. Form of Report. The committee report shall give the name of the committee, the number voting for and number voting against the report, and shall be signed by the secretary and the chairperson.

EXAMPLE:

Mr./Madam Chairperson:

The (Name of Committee) Committee, having had under consideration resolution(s) proposed by (District, District Delegation, Individuals) referred to it, recommends by a vote of _____ for and _____ against that it be (Adopted, Rejected, Amended, Referred).

Chairperson

Secretary

[Note: In reporting on a number of resolutions, it is well first to report in one group all those that the committee recommends be adopted, if in the opinion of the committee no objection will be made.]

Rule [45]31. Chairperson not in Agreement. When the chairperson of a committee is not in agreement with the report of the committee, it shall be his or her duty to report the fact to the committee in order that the committee may elect one of its members to present and discuss the report in the General Assembly. In the event the committee fails to do this, the chairperson may designate a member to present the report of the committee. This appointed representative shall have all the rights and privileges of the chairperson in relation to such reports.

Rule [46]32. Minority Report. When seven or more members of a committee are not in agreement with the committee report, they may submit a minority report. The person designated to present the views of the minority shall have all the privileges that are given to the chairperson, except that the member presenting the committee report shall have the privilege of closing debate on the question of substituting the minority report for the committee's report.

Rule [47]33. Resolutions relating to the same Subject. When two or more resolutions relating to the same subject are referred to a committee, the committee may prepare a single resolution or a series of resolutions and report them as a substitute for the resolutions on the subject.

Rule [48]34. Presentation of Resolutions. Resolutions not amended in committee may be voted upon without being read in the Assembly if they have been distributed to the delegates. Substitutes or resolutions with amendments must be typed before being submitted to the General Secretary to be read to the General Assembly.

Rule [49]35. Two-thirds Rejection. Any resolution or petition which receives a two-thirds vote for rejection by the legislative committee to which it is assigned shall be reported "dead." No further action shall be taken following such disposition unless such resolution or petition is recalled for consideration by a two-thirds vote of the Assembly.

Rule [50]36. Commission/Committee. The procedures for presenting reports of the special commissions/committees of the General Assembly shall be:

a. All recommendations, resolutions, and implementing legislation shall be referred to the appropriate legislative committee of the General Assembly in accordance with *Manual* 305.1.

b. The reading of the commission/committee report before the Assembly will be at a time when the report from the legislative committee dealing with the commission's/committee's recommendations and legislation can follow immediately.

c. The chairperson of the commission/committee or designee of the chairperson of the commission/committee will read the report. The reading shall constitute receiving the report.

d. The legislative committee which received the recommendations and legislation from the commission/committee report shall then present its report on these referrals and its recommendations will be debated in keeping with the following conditions.

Rule [51]37. Action of the Assembly. A report of a committee or commission is before the Assembly without a motion or a second.

The General Assembly may amend resolutions, recommit or refer a report; or it may vote to adopt or reject the committee's action on each resolution.

The first step in considering a committee's report shall be to perfect the report by amendments, if there are any desired. Debate on the amendments shall be limited to three speeches for and three speeches against of not more than three minutes each. The chairperson of the committee shall have the final statement, not to exceed five minutes. However, if the committee report is on resolutions from a commission/committee, the chairperson of the commission/committee shall have the final statement, not to exceed five minutes.

The perfected report is then before the Assembly for debate. The debate is limited to three speeches for and three speeches against, none to exceed three minutes; and a closing statement by the committee or commission chairperson, not to exceed five minutes.

Rule [52]38. One Vote on Series. By general consent a single vote may be taken on a group of resolutions having the same recommendation of the committee.

III. PAGES AND MARSHALS

Rule [53]39. Pages and Marshals. The pages and marshals shall be elected by the General Arrangements Committee upon recommendation by the General Secretary.

Up to three nominees for page or marshal may be made to the General Secretary by each regional director by October 1 of the year before the General Assembly is held. Their selection shall be made by March 1, and each page or marshal shall be notified of his or her appointment with instruction given him or her concerning time and place to report for duty.

If a page is unable to serve, the General Secretary may select an alternate from among the other nominees.

The pages shall help to expedite the orderly transaction of business by carrying messages and assisting in other matters as directed by the General Secretary.

The marshals shall keep the aisles clear for their proper use and admit only authorized personnel within the enclosure reserved for members of the General Assembly.

IV. MISCELLANEOUS

Rule [54]40. Breach of Order. Demonstrations of approval or disapproval during debate shall be deemed a breach of order.

Rule [55]41. Delegate Sections. Only members, officers of the Assembly and their assistants, pages and marshals shall be allowed in the area reserved for members of the General Assembly.

[55]41.1. Co-Superintendents. In the case of co-superintendents, one shall be designated as a member and the other shall not be a member, but seat[ing]ed with privileges only with their respective delegation.

[Rule 56. Parliamentary Authority. The rules contained in *Robert's Rules of Order Newly Revised* (latest revised edition) shall govern this Assembly in all cases to which they are applicable and in which they are not inconsistent with these Rules of Order.]

Rule [57]42. Amendment. These rules may be amended or suspended by a vote of two-thirds of the members present and voting.

2017 GENERAL ASSEMBLY PARLIAMENTARY INFORMATION

"G. RULES OF ORDER

35. Subject to the applicable law, the Articles of Incorporation and the Bylaws of government in the *Manual*, the meetings and proceedings of the members of the Church of the Nazarene, local, district, and general, and the committees of the corporation shall be regulated and controlled according to *Robert's Rules of Order Newly Revised* (latest edition) for parliamentary procedure. (113, 203, 300.3)" {2013-2017 *Manual of the Church of the Nazarene*}

Supplement to the General Assembly Rules of Order

Quorum. When the General Assembly is in session, a majority of the whole number of delegates elected thereto shall constitute a quorum for the transaction of business. (*Manual* paragraph 25.4) In the absence of a quorum, the only business to be properly transacted and in order shall be the approval of minutes and the matter of adjournment.

Preserve Order. The Chairperson shall be responsible for seeing that the business of the General Assembly proceeds in accordance with the Order of Business and in accordance with the General Assembly Rules of Order and such other rules and regulations as may be adopted by the Assembly.

Questions and Points of Order. The Chairperson shall rule on Questions and Points of Order, subject to appeal. In case of an appeal, the question shall be taken without debate if it

relates to indecorum, to priority of business, or if the previous question is pending at the time the point of order is raised. On a debatable question, the Chairperson shall state the reasons for his or her decision and the member appealing may state the reasons for the appeal.

Questions of Privilege. The Chairperson shall decide on Questions of Privilege. After the Question of Privilege is stated by the member, the Chairperson rules on the admissibility of the question.

Questions which may Interrupt the Speaker. The following motions have the high privilege of interrupting a speaker:

- a. Questions of Privilege
- b. Call for the Orders of the Day
- c. Point of Order
- d. Such incidental motions as are permitted in the most current revision of *Robert's Rules of Order Newly Revised*.

Rising to a Question of Privilege. A member desiring to rise to a Question of Privilege shall briefly state the question after being assigned the floor by the Chairperson but shall not proceed until the Chairperson rules its admissibility. Questions of Privilege are limited to matters relating to the rights of the entire Assembly or of the individual member, and must be of an imperative character to justify the interruption of the regular order or a speaker who has the floor.

Withdrawal of a Motion. A member may withdraw a motion or modify it without permission if it had not been stated by the Chairperson. If modified, the seconder may withdraw the second. After a motion has been stated by the Chairperson it may be withdrawn or modified only with the consent of the Assembly, either by general consent or by a majority vote on the motion to withdraw.

Undebatable Motions. The vote on the following motions shall be taken without debate:

- a. Adjourn
- b. Suspend the Rules
- c. Lay on the Table
- d. Take from the Table
- e. Previous Question
- f. Reconsider an Undebatable Motion.

Amendments. Only two amendments, one of the first degree and one of the second degree (an amendment to an amendment), may be pending at the same time. An amendment must be germane to the motion it proposes to amend. When a member desires to change an entire motion, paragraph, or section, the proper amendment is the amendment to substitute. This is an amendment of the first degree and the original motion, paragraph, or section, and the substitute may be further amended by amendments of the second degree. When both propositions have been perfected by amending, the Assembly shall vote on the question to substitute. If the substitute is adopted, it becomes the pending question and must be adopted or rejected. If the substitute is rejected, the original question is before the Assembly for adoption or rejection.

Previous Question. The previous question may be called for on one or a series of pending questions. If not qualified, it applies only to the immediately pending questions. If

adopted by a two-thirds vote, future debate and amending shall cease and the question or questions put to vote immediately. After the previous question has been adopted, it is in order to divide a question or lay it on the table; however, a member may not move the previous question or move to lay on the table a question under discussion at the close of his or her debate on the question.

Division of a Question. When a question is divisible into distinct propositions, any member shall have a right to call for a division of the question.

Motion to Adjourn. A motion to adjourn is undebatable and is in order, except when:

- a. A member has the floor.
- b. A vote is being taken.
- c. The motion to adjourn has been rejected and there has been no intervening business.
- d. A motion to set the time to adjourn is pending.

Reconsideration. A motion or resolution which has been decided by the Assembly may be brought back for further consideration by the motion to reconsider the vote. Only a member who voted on the prevailing side may make the motion to reconsider and it must be made on the same day or the succeeding day that the action was adopted. It must be approved by a majority vote. If it is voted on and lost, the motion to reconsider cannot be renewed except by unanimous consent. By the same principle, no question can be reconsidered twice unless it was materially amended during its first reconsideration.

Interrupted Vote. Once the chairperson has called for a vote, the vote cannot be interrupted for any reason.

Division of the Assembly. When a member doubts the results of a vote as announced by the Chairperson he or she may call for a Division of the Assembly. A count shall then be taken electronically or by having all members rise and remain standing until counted. The Chairperson, on his or her own initiative, may ask that this be done if he or she is in doubt.

Parliamentary Authority. The rules contained in *Robert's Rules of Order Newly Revised* (latest revised edition) shall govern this Assembly in all cases to which they are applicable and in which they are not inconsistent with the General Assembly Rules of Order.



“JESUS IS LORD”

Quadrennial Address

David A. Busic, Chair
on behalf of the
Board of General Superintendents

29th General Assembly
Church of the Nazarene

Indianapolis, Indiana, USA 26
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Introduction

The Church of the Nazarene was born from a series of mergers among holiness-minded churches and associations between 1907 and 1908. The first merger took place in the U.S.A. when the Church of the Nazarene, from the West Coast, merged with the Association of Pentecostal Churches of America, primarily from the East Coast. One year later the Holiness Church of Christ, from the South, joined them for the unifying General Assembly at Pilot Point, Texas. The spirit of that union was palpable.

At a critical moment, Bud Robinson, fondly referred to as simply “Uncle Buddy,” turned to the chairman of the assembly and said: “Dr. Bresee, we have been one all the time but we just didn’t know it. Now that we have found it out, it is still time to say so. I would like to make a speech, but that would delay the vote and I want to vote. I want to shout ‘Aye.’ I want to raise both hands; I want to march around and celebrate. I want to make it known in three worlds that the Nazarenes from east, west, north, and south are one. Can’t you hurry us along, Doctor, and let us celebrate?”

And so they did. They voted unanimously and enthusiastically: “Yes!” And then they marched around the tents as a sign of their unity and confidence that God was with them.

These diverse groups were able to unite because they steadfastly agreed on the possibility and necessity of personal and corporate holiness, a shared passion for evangelism, and many other theological beliefs. They greatly differed, however, in many other ways: governance structures, leadership styles, sacramental practices, and even particular ethical convictions.

These regional differences threatened to undermine the initial harmony that birthed the Church of the Nazarene. Recognizing this impending threat to unity, general superintendents Phineas F. Bresee and Hiram F. Reynolds prayerfully sought to integrate the varied groups around a common cause that would supersede the differences. Their unifying purpose, their “watchword and song” became, “We will be a holiness and a Great Commission church.”

We would not HAVE a mission; we would BE a mission.

This holiness mission to the whole world gave the Church of the Nazarene a unified trajectory. This guiding principle is what led the delegates of the Twentieth General Assembly in 1980 to embrace internationalization, an ecclesiology that envisions the church as a globally connected and interdependent group “of districts and congregations rather than a fellowship of autonomous national churches” (Ingersol, *Past and Prospect*, 86).

National boundaries would neither shape nor restrict our global connections, but every local church, regardless of proximity or geography, would be joined together in a tightly knit communion committed to the same mission and message. Early Nazarene pioneers would often refer to it as “the connection.

It was an “audacious undertaking” (Culbertson). When the predominant denominational pattern was for mission areas in various parts of the world to become independent national churches, we questioned whether or not national boundaries should shape ecclesiological boundaries. We decided the answer was “no.” We chose to pioneer a new path among Protestant churches. We chose to fashion a church that would maintain its democratic ethos of consultation and collaboration, while simultaneously becoming truly international. And it means that the General Assembly of the Church of the Nazarene is likely, according to Nazarene archivist, Stan Ingersol, “the most racially [and culturally] diverse general meeting of any

denomination . . .” (Ingersol, *Past and Prospect*, 86).

As a result, delegates from Africa, Asia-Pacific, Eurasia, Mesoamerica, South America, and USA/Canada, representing 162 nations, 165 primary languages, and 2.5 million members have gathered as ONE in Christ to affirm once again the sacredness of a great global ecclesia.

From this hallowed vision the Board of General Superintendents has chosen as the General Assembly theme: “One Body, One Spirit, One Hope, One Faith, and One Lord.” We are an international holiness communion, made ONE in Christ Jesus!

Welcome and Appreciation

On behalf of my colleagues on the Board of General Superintendents (BGS) I greet you in the strong name of our risen Lord and coming King. We welcome to this 29th General Assembly of the Church of the Nazarene our delegates, distinguished guests, and Nazarenes from around the world who are watching via live stream online. “The grace of the Lord Jesus Christ, and the love of God, and the fellowship of the Holy Spirit, be with you all. Amen.” (2 Corinthians 13:14 NIV)

We first want to express our appreciation to the people of Indianapolis, Indiana, USA, for the gracious hospitality shown to us, especially those from the Indianapolis District for hosting our General Assembly for a sixth time! Our Board also wants to affirm the work of General Secretary David Wilson and his outstanding team for their extensive preparation for an event of this magnitude. We are very grateful.

Many of you made great sacrifices to be here today. You represent a group many times larger than yourselves. We think of the multiplied thousands around the world who would be here if they could. Some of you have come from war-torn, famine-stricken, pandemic-suffering lands where life is difficult and to be a Christ-follower requires great faithfulness and patient endurance. We honor you today and we thank you for the commitments you have made to our “connection.” You have made us a better people. Because of you we are more aware of the moving of God that crosses cultural boundaries and the great communion of the saints we enjoy as the Body of Christ.

The foundation of our work at this general assembly is prayer. The elder statesman of the Board of General Superintendents is General Superintendent Emeritus Dr. Eugene Stowe. He served with distinction for 25 years until his retirement in 1993. He is 95 years young! We have asked him to pray this invocation.

Prayer for the Church and General Assembly from Dr. Eugene L. Stowe

O God our Heavenly Father,

We come humbly and hopefully into your Holy Presence as we stand on the opening eve of the 29th General Assembly. We beseech you to clothe Dr. David Busic, the Chairman of the Board of General Superintendents, with the presence and power of the Holy Spirit as he presents the quadrennial message from his board. May his sound the keynote of this General Assembly with clarity and unction.

In the strong name of Jesus we pray, Amen.

Theme

The theme of our General Assembly is taken from the Book of Ephesians. Ephesians was not written as a corrective letter to a specific context such as Corinth or Galatia. It was written to be a guide for all churches everywhere and for all time. It constitutes the foundation of the Church as the Body of Christ.

Ephesians 4, specifically, is Christologically based and missionally infused. It speaks of the unity of the Church because there is one God and Father of all; it speaks of the gifts Christ distributes to the Church to fulfill its mission and build up the Body; and it speaks of the *ultimate* goal of unity and gifting, which is fullness in Christ. Maturity, or Christian perfection, in the Church is found in no other way.

ONE LORD is the foundation for all oneness.

Christianity is not another religious system. It is not another way to be saved. It is not a different way of being human or of self-actualization. Christianity is about Jesus Christ from beginning to end and everything in between. Jesus is not a way ... Jesus is THE way! Jesus is not a truth ... Jesus is THE truth! Jesus is not a life ... Jesus is THE life!

He is the visible image of the invisible God. He reveals the character and nature of God. He clarifies and focuses the purposes of God.

Jesus is the firstborn of all creation. He is the glue that holds everything together. He is the Author and Perfecter of our faith. He is the Head of the Church. He is first in everything!

He is central and supreme. He is primary ... everything else is commentary.

Jesus is Lord!

Who is Lord really matters. If we say "Caesar is Lord," it means something. If we say "Government is Lord," it means something. But we proclaim "Jesus is Lord," and no other.

There are only two rightful responses to that declaration: worship and discipleship. We bow to Him and want to be like Him. We want to do what Jesus does. We want to live as Jesus lives. Jesus must live in and live through His people.

Fundamentally, the great problem of the Church today is that many Christ-followers are not disciples. Discipleship has become "optional" for the more radical among us and this has been disastrous for our witness and for our "life together."

Sometimes our Christology gets co-opted by our ecclesiology. We interpret Jesus by our view of the Church, and if we are not careful, Jesus starts to look like us. He confirms all our biases and substantiates all our fears. But WE are not Lord ... JESUS is Lord. We are extensions of Him, not the other way around. We must repent of any forms of holiness that are contrary to Jesus.

Everything we do as a church must be Christ-centered, Christ-empowered, and Christ-exalting. He is, and forever will be, the best Nazarene who ever lived. That is why we have chosen the carefully worded statement of mission: "To make CHRISTLIKE disciples in the nations." And that is why we are defined by three core-values: "We Are Christian; We Are Holiness; We Are Missional."

We strongly reaffirm that mission and commend these values to you again.

Jesus is Lord!

State of the Church

Irenaeus, an early Church father from the second century, said “The glory of God is a person fully alive.” Surely, then, the glory of God is also a church fully alive.

It is a joy to tell you that in our 109th year as a church, it is the consensus of the Board of General Superintendents that the Church of the Nazarene is strong and alive to the glory of God.

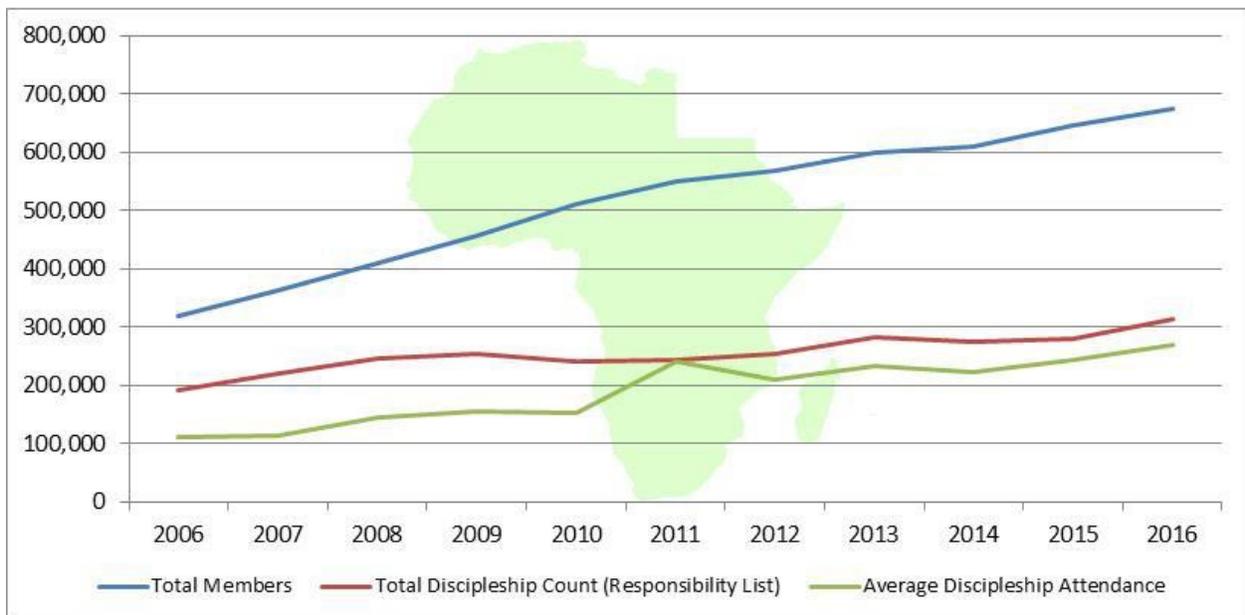
The Church of the Nazarene began in 1908 with 10,034 members, 228 churches, 11 districts, and 32 missionaries commissioned and sent to 4 countries (Cape Verde, India, Mexico, and Japan). The total amount raised that year was \$140,000 (USD), with \$12,000 (USD) being raised to support what was then called “foreign missions.”

Today, the church reports 2.5 million members, over 22,000 organized churches, nearly 500 districts, and more than 700 deployed missionaries serving in 80 nations of the world. We say with John the Revelator: “Praise and glory and wisdom and thanks and honor and power and strength be to our God for ever and ever. Amen!” (Revelation 7:12, NIV).

Each region of our connection has experienced the blessing of the Lord in the past four years. Numbers alone can never tell the full story of the good that was accomplished and the extent to which the kingdom of God was advanced. And we are glad that is true. But holiness people believe that “growth in grace” cannot exist without accountability. So we measure to pay attention to fruitfulness.

Quadrennial Reports from Global Mission Regions:

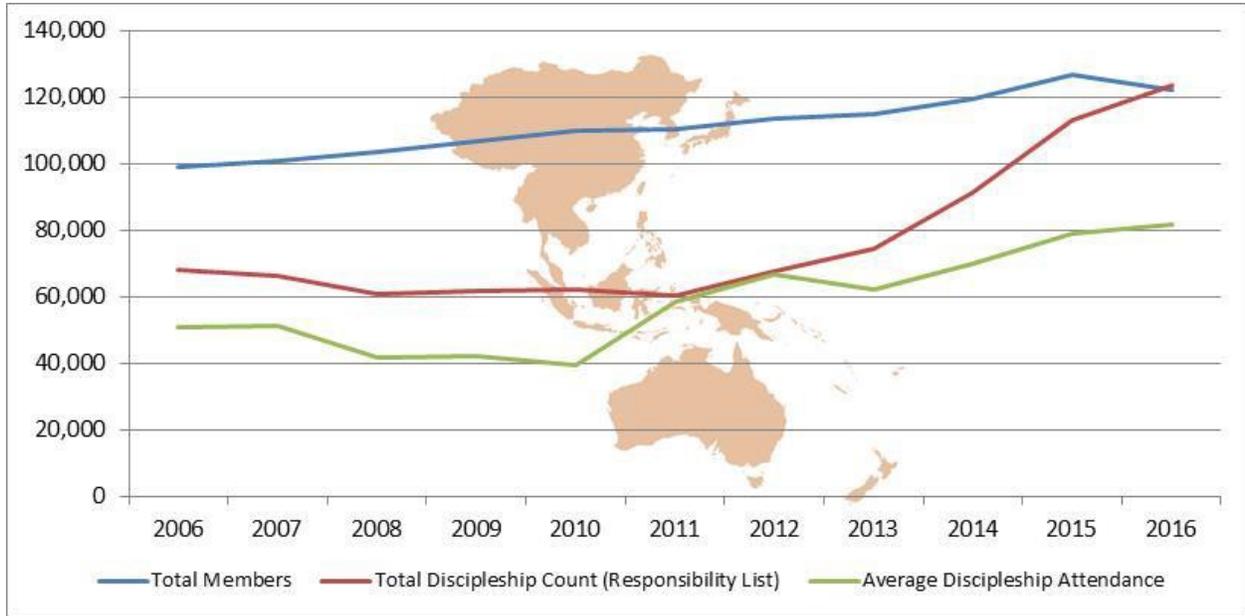
Africa Region



The Africa Region reports 82 different languages are used in its primary worship services. Analysis: Nazarene membership growth is widespread in Africa, including new areas

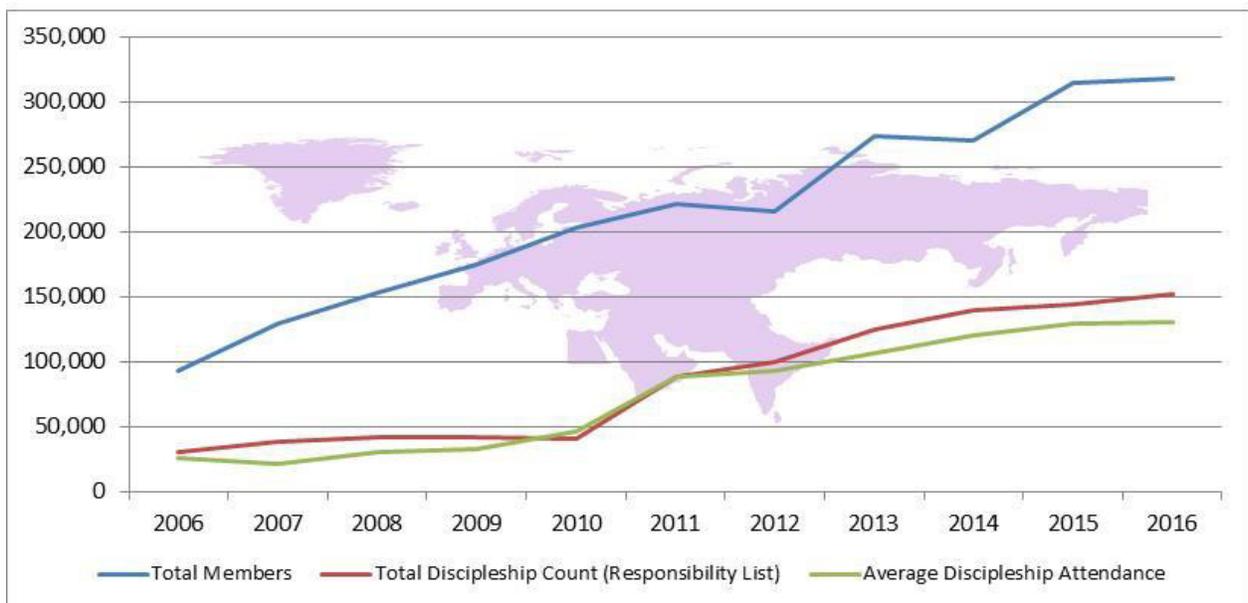
such as Benin and Togo, as well as established areas like Mozambique and South Africa.

Asia-Pacific Region



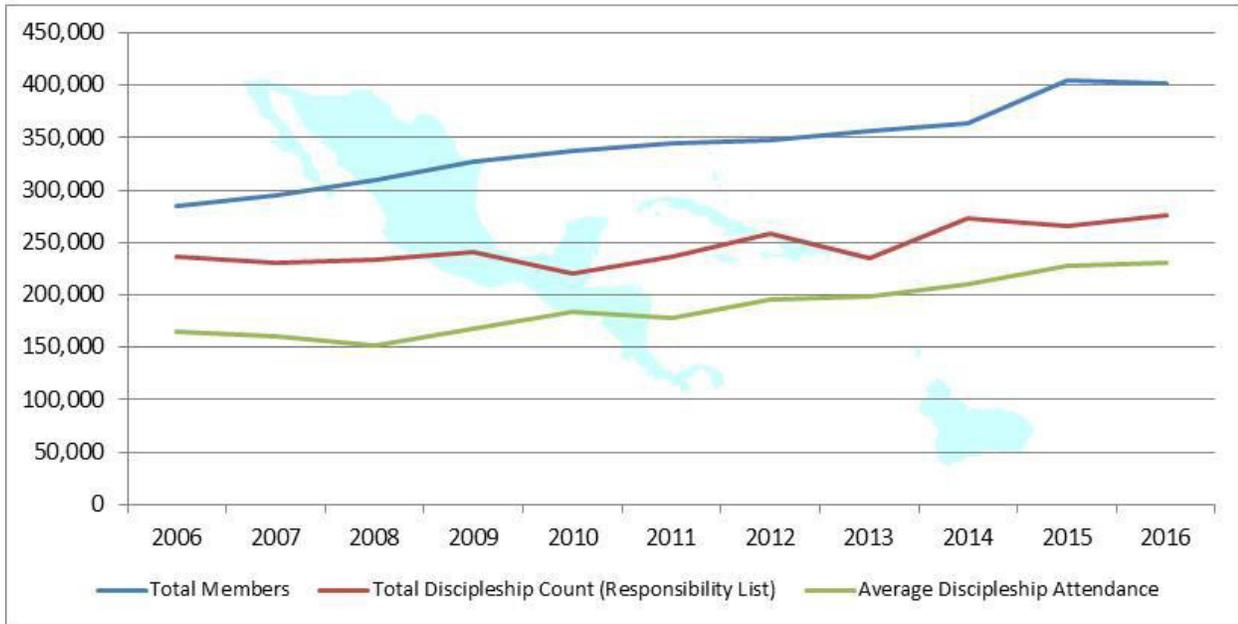
Asia-Pacific Region reports 28 different languages are used in its primary worship services. Analysis: Asia-Pacific’s largest increases are concentrated in Papua New Guinea and the Philippines, though several smaller areas are also doing well. As discipleship enrollment has been emphasized, attendance has also increased.

Eurasia Region



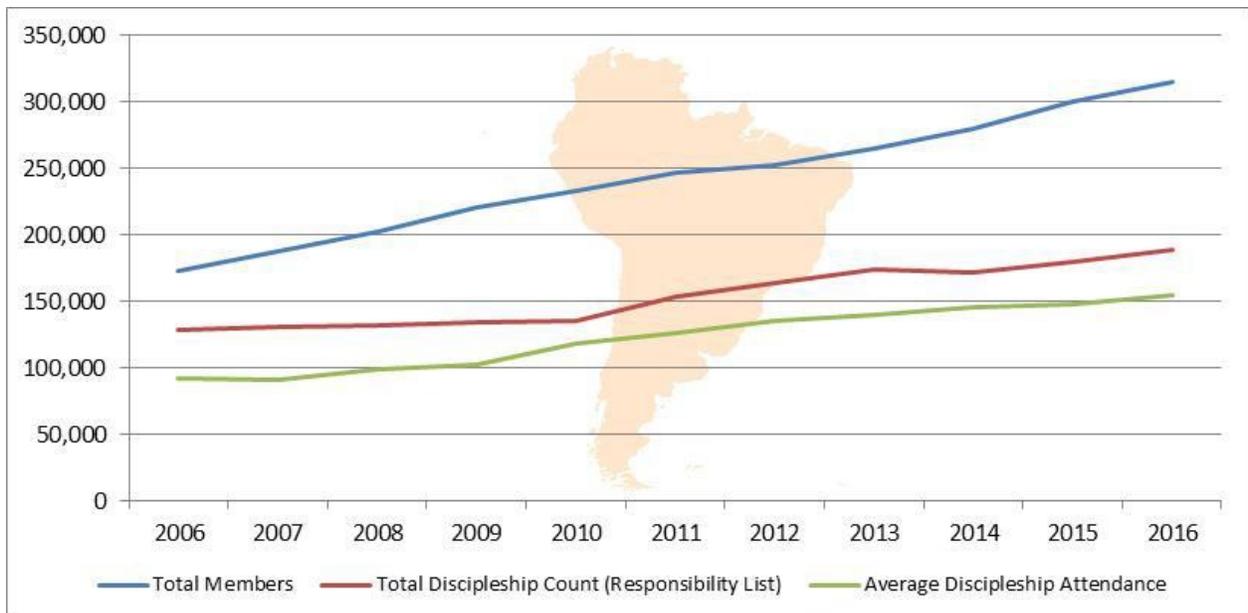
Eurasia Region reports 46 different languages are used in its primary worship services. Analysis: Eurasia’s membership growth has been concentrated in Bangladesh, India, and the rest of the Indian subcontinent. Discipleship is growing, thus membership gains are being consolidated.

Mesoamerica Region



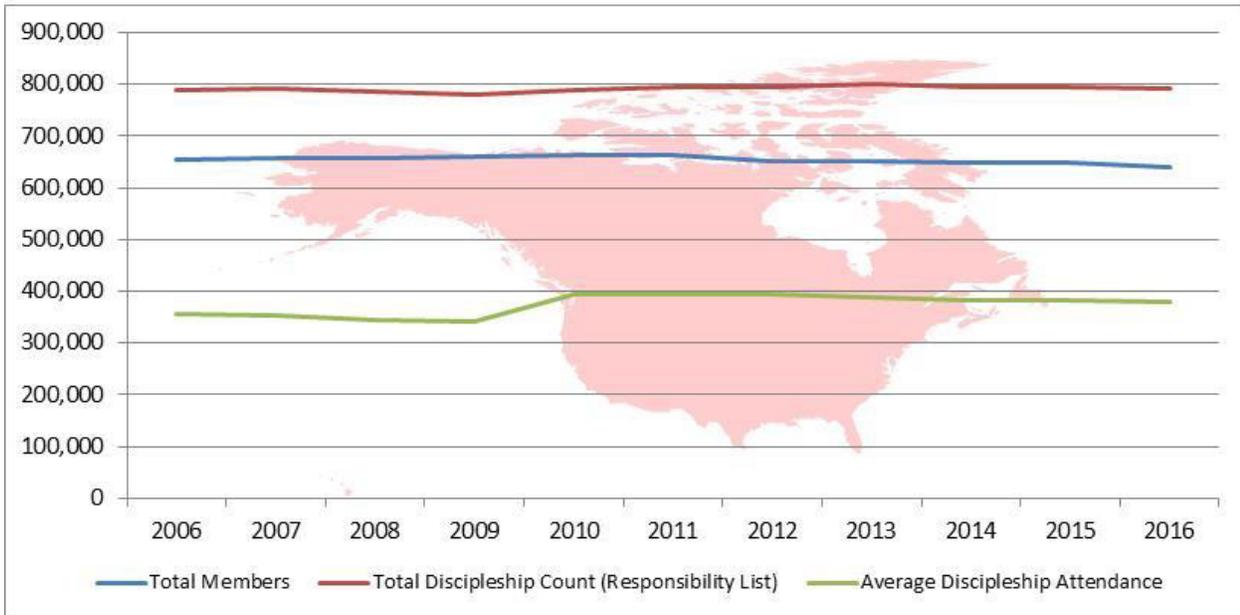
Mesoamerica Region reports 13 different languages are used in its primary worship services. Analysis: Mesoamerica membership growth is largest in the established areas of Haiti, Guatemala, and Mexico, with good percentage gains in the newer areas like Suriname and Aruba. Discipleship attendance is growing.

South America Region



South America Region reports 6 different languages are used in its primary worship services. Analysis: South America has seen decadal membership growth in every country, doubling in Brazil, Colombia, and Ecuador. Discipleship participation continues to grow, though not keeping pace with membership growth.

USA/Canada Region



USA/Canada Region reports 33 different languages are used in its primary worship services. Analysis: The USA/Canada membership growth has been most pronounced in cross-cultural efforts. Hispanic, Haitian, and multicultural groups have all grown by thousands of members this decade. Discipleship efforts mirror the declining membership numbers.

Summary

The combined total of all regions indicates a global membership of 2.5 million (2,471,553).

There were nearly 600 thousand (559,615) new Nazarenes received into our fellowship in the past four years.

Additionally, there were 840 thousand (840,402) conversions and just under 362 thousand (361,619) baptisms administered.

It is important to note that 74.1 percent of our total membership is now located in global mission areas outside of the USA/Canada. There are currently 66 countries in the 10/40 window, considered to be the most Gospel-resistant and least-Christianized areas in the world. The Church of the Nazarene has work in 40 of those countries.

We have officially entered three new nations during this quadrennium: Curacao, Mongolia, and Singapore. We hope to announce more countries entered in the near future.

Jesus is Lord!

Churches and Districts

The Apostle Paul did not plant the big “C” Church in Asia Minor. He planted local churches in specific contexts.

We believe in the power of the local church. The *Manual* of the Church of the Nazarene states: “The local church, the Body of Christ, is the representation of our faith and mission” (*Manual* Preamble to Church Government). That is to say, we recognize that the Holy Spirit works from the bottom up, more than from the top down. Bishop Will Willimon aptly notes, “Jesus reserves his best work for the arena of the local church” (Willimon, *Bishop*, 143).

Some religious organizations focus on pre-evangelistic efforts; they plow the ground for Gospel seed to be sown. Other religious organizations focus primarily on evangelism, others on compassion, others on discipleship, and still others on church planting. These are all important aspects of the *missio Dei*, and the Church of the Nazarene strongly affirms and participates in all of these realms. However, the primary purpose of our global efforts, the end goal of our God called mission is HOLINESS CHURCH DEVELOPMENT – to plant and strengthen healthy, indigenous holiness churches everywhere.

The BGS has designated the definition of a church: “Any group that meets regularly for spiritual nurture, worship, or instruction at an announced time and place, with an identified leader, and aligned with the message and mission of the Church of the Nazarene may be recognized as a church and reported as such for district and general church statistics.”

To that end (and as of the writing of this report) in the past four years 2,964 new churches were organized, and 23 new districts were established, giving us a global grand total of 22,392 organized churches and 471 districts around the world. Additionally, we currently have 8,182 churches not yet organized in the pipeline – nearly 37 percent more churches moving toward organization! We celebrate these gains as evidence of the blessing of God and mission fulfillment.

The USA/Canada Region is seeing the beginning of a church multiplication movement. Regional Director Robert Broadbooks reports that during the period of 2012–2016 the region saw 653 newly registered churches, more than any other five year period since 1955–1959. These new churches totaled nearly 16,000 in morning worship, realized 7,104 conversions, and accounted for \$28.5 million total income. A New Church Prayer Force, 2,000 strong, is praying for 10,000 new churches by 2030.

Ministers

Our pastors are some of the finest to be found anywhere. We continue to be amazed by the quality of Nazarenes that God is calling into the work. The Board of General Superintendents had the privilege of ordaining 3,060 women and men during the quadrennium, bringing the total to 17,848 elders and 820 deacons (18,668 total), with an additional 10,006 district licensed ministers. We also report 127 registered evangelists and 436 commissioned chaplains. We give thanks for these prophets, priests, and shepherds of the flock.

Global Mission

British missiologist Lesslie Newbigin famously distinguished between the “missionary dimension” and the “missionary intention” of the Church. The whole church is involved in the missionary DIMENSION (mission); but some are specifically called to oversee the missionary

INTENTION of the church (missions). The missions task of the church is to take the gospel to places where it is not yet known. This “missionary spirit” has been vital to our connection from the very beginning.

In the last four years the General Board commissioned 41 new missionaries. This brings our total to 700 missionaries from 50 different nations including 253 Global Serve long-term volunteers. Additionally, there are 309 missionary children and 285 short-term volunteers. When we add 9,208 Work and Witness volunteers in 2016, there are currently 10,502 Nazarene missionaries and volunteers serving somewhere in the world. We are a “sent” and a “sending” church.

This is a different model of missions for some. New doors of opportunity require us to ask again: “What is a missionary?” The Board of General Superintendents has determined that “A Nazarene missionary is a disciple of Christ set apart by the Holy Spirit, prayerfully sent out by the church, and affirmed by Global Mission to cross geographic, cultural, and/or linguistic barriers for the purpose of incarnational engagement in God’s holistic transformation of all people.”

This definition stretches traditional understandings of a Nazarene missionary to include a growing number who feel called to missions work but, due to limited resources, may not be able to follow a conventional path. However, let us be very clear – ALL Nazarene missionaries, regardless of their status, receive support from the World Evangelism Fund and Global Mission. There is no such thing as a Nazarene missionary that does not benefit from our giving and our structure.

Recently I had the opportunity to sit with an apostolic leader in a Creative Access Area. He pastors the largest evangelical church in a city of millions. Drawn to the message of holiness he affiliated his congregation years ago with the Church of the Nazarene, teaching our Articles of Faith and using our *Manual* to organize their ministry structure. He said to me, “I have attended two general assemblies and was moved by the March of the Nations, when flags from the countries where the Church of the Nazarene has work are brought in. But I have also been sad, because my country was not represented. I dream of the day when my country will be counted in that march.”

This past February, in an historic moment of great celebration, prayer, and some tears, the BGS had the privilege of commissioning a new specialized district in that nation. With it came a flag ... and that flag was carried in our March of the Nations this past Thursday night.

Jesus is Lord!

The missionary program of the church has evolved over 109 years, and undoubtedly will continue to do so. Adaptations must be made to changing opportunities, but be assured that any restructuring will hold fast to the core ideals of mission engagement and our commitment to being a holiness and Great Commission church. We cling to the promise of the risen Christ who says, “I have placed before you an open door which no one can shut!” (Revelation 3:7)

Finance

The World Evangelism Fund continues to be the lifeline of our global mission.

In an effort to strengthen our “lifeline,” the Board of General Superintendents sponsored a “Funding the Mission” study over the course of this past quadrennium. Portions of the 2015 and 2016 General Board sessions were spent in breakout sessions and discussion

analyzing our funding model. The findings of this study were many, with several significant conclusions:

1. Funding is not about raising more money; it is about fulfilling the mission.
2. Personal connections are important. People give to more than causes; they give to people.
3. There is a lack of clarity about the current “missionary paradigm” and who is responsible for raising the World Evangelism Fund within the general church.
4. Nazarene beliefs about giving vary along generational lines.

As a result of that funding study, Global Mission Director Verne Ward and the Global Mission team (including a strong partnership with Nazarene Missions International) are working closely with the general superintendents to initiate and implement the Nazarene Missions Project. The goal is to reframe our missionary enterprise with special consideration given to the increasing interest in short-term missionary volunteers, the limitations of financial resources, and the need for greater unified communication to the entire church.

Our churches continue to be sacrificial with their giving. Nazarenes are a generous people. Total giving for the quadrennium amounted to \$3.5 billion (\$3,464,813,283). We say thank you for “excelling in this grace of giving” (2 Corinthians 8:7).

We need every church from every nation to be faithful in giving. Currently the USA contributes 95 percent of the WEF funding and 96 percent of mission specials. While we fully understand that global economies of scale can never be equal, sacrificial generosity must be. We call on Nazarenes everywhere to rededicate themselves to our shared commitment of global evangelization.

Ministries

All the ministries that follow are supported by and benefit greatly from your prayers and World Evangelism Fund giving. This is your report:

Nazarene Missions International

If the World Evangelism Fund is the lifeline of our mission, Nazarene Missions International is the mobilizing catalyst in the local church through praying, communicating, giving, and educating for missions support. We are thankful that as Nazarene missions continue to adapt for maximum impact, so is NMI at every level of leadership.

Nazarene Youth International

Nazarene Youth International (NYI) is a dynamic and vital aspect of our global family. There has been a great deal of research and discussion about the impact of millennials (those reaching young adulthood in the early 21st century) on the church and the impact of the church on millennials. Much of the data tends to focus on the negative aspects of their demographic. But in our frequent interaction with young Nazarene leaders, both pastors and laity, we are greatly encouraged by their love for the church and their commitment to the holy life.

Recent studies indicate that 94 percent of Christians came to faith in Christ between the ages of 4–30 (85 percent between the ages of 4–14). And yet, in 2016, 24 percent of organized Churches of the Nazarene reported having no “youth” in their congregation. Let that sink in ... 5,353 Nazarene churches did not have one single person ages 12–29. It is possible that this is

only a matter of “counting,” but this should be of great concern to all of us.

Many lament the fact that some young adults are leaving the church, but many are also staying. Just as the church must ask why some are leaving, it is essential to discover why others choose to stay and then find ways to replicate those reasons in our local contexts.

Sunday School and Discipleship Ministries International

Becoming like Christ is our prayerful aim for every Nazarene. Our desire is to develop holy practices that will help our people grow in grace and shape the life of Christ in them. We have heard a cry from around the world for a strong, cross-cultural discipleship curriculum to assist in the spiritual development of the thousands who are coming to Christ. The BGS has responded to that cry by creating *One Lord, One Faith, One Baptism: Essential Teachings for Faith Formation in the Church of the Nazarene*. This Nazarene catechism is a global initiative involving scholars and language committees from every region of the world. It is being released at this General Assembly in four languages, with plans for more to come. We believe this will be key to the faith formation of our people and we encourage every church to avail itself of this excellent discipleship resource.

International Board of Education

Nazarenes have stressed the importance of Christian education from the beginning. We have invested, often sacrificially, because we considered schools of higher learning to be an integral part of the faith formation of our children. In 1923, General Superintendent H.F. Reynolds said: “The sacrifice by faculty and students [in our schools] will go down in history as one of the great assets of our movement.” That prophecy has been fulfilled. Today the International Board of Education for the Church of the Nazarene has 52 colleges, universities, and seminaries in 35 countries with a total student population of approximately 52,000. We give God praise!

Nazarene Compassionate Ministries

The Church of the Nazarene is engaged around the world in compassionate, transformational ministry through Nazarene Compassionate Ministries (NCM). NCM exists to mobilize local churches everywhere to live out Christ’s call to care for “the least of these” in their communities. Over the past four years, NCM has supported the efforts of local churches and districts in responding to 40 natural disasters and emergency situations including the Ebola crisis in West Africa. More than 195 church-led development projects provided food security, clean water, sanitation, and hygiene. Additionally, efforts were made in economic development, health care, HIV and AIDS ministries, and work to lift up women and girls and to fight against human trafficking.

Over the past four years, more than 19,000 children have gained education, health care, life skills, and spiritual formation through 164 Nazarene child development centers in 37 different countries. Nearly 12,000 of those children are also receiving support through NCM’s child sponsorship program. Through support of Nazarenes around the world, these children are now connected to local Nazarene congregations.

Six years of war in Syria have destroyed communities and torn families apart. In that time, more than 11 million people have been displaced from their homes due to violence and

persecution. Five million people have gone to other countries where they are now living as refugees.

While many only started paying attention to this refugee crisis in the past few years, the Church of the Nazarene has been engaged in caring for refugees since the crisis began. Since the war in Syria began, local churches in Jordan and Lebanon have regularly provided food and household supplies for more than 3,000 families living as refugees. Four Nazarene schools in Jordan and Lebanon have been providing education for more than 400 children displaced by the war in Syria. This was possible because Nazarenes around the world gave toward scholarship funds to embrace these children.

Many stories could be told, but Tarek's story is emblematic. A young boy named Tarek fled from Syria to Jordan with his family. When he arrived he was extremely traumatized. One manifestation was severe speech problems and mumbling. He received a scholarship from a Nazarene school, where he found love, hope, and healing. Now he no longer mumbles, is healing from his trauma, has friends, and is doing well in fourth grade. In a recent letter he wrote these words: "I was destroyed from the inside out ... Thanks for the Nazarene school for helping me to feel that I'm still a human being."

JESUS Film Harvest Partners

This year JESUS Film Harvest Partners (JFHP) is celebrating 20 years of transforming hearts and lives around the world. Since this initiative began, JESUS film has reached a milestone of 14 million decisions for Christ. Of those 14 million, 22 percent were in the last four years – 3 million conversions! Since 2013 JESUS film teams have done 118,895 presentations, allowing nearly 13 million to view the film. Over 2 million people have received discipleship follow-up.

Nazarene Publishing House

Nazarene Publishing House (NPH) has served our church for 105 years and continues to be the world's largest publisher of Wesleyan-Holiness literature. After facing some operational and fiscal challenges, NPH has made great strides toward regaining financial stability. Actions to stabilize the company and the launch of new products have resulted in operating income in the black over the last two years. The BGS expresses deep appreciation to the NPH staff and board for their extraordinary contribution in helping reposition Nazarene Publishing House toward a new day.

With a primary focus to serve the Church of the Nazarene, NPH will, in February 2018, rebrand itself to the wider Wesleyan-Holiness community as The Foundry Publishing — a place where faith is forged.

Recommendations from Board of General Superintendents

I count it a personal privilege to work alongside five highly motivated, uniquely gifted, Spirit-led servant leaders. They have become more than colleagues — they are friends.

Our board will miss the strong, perceptive, and creative leadership of Dr. Jerry Porter and Dr. J. K. Warrick. Their combined 32 years of service in the general superintendency has been a gift to the entire church. We owe them a debt of gratitude for their enduring legacy of a compassionate missionary spirit and courageous pastoral wisdom.

It has been our joy to work with an outstanding Global Mission Team, regional directors, field strategy coordinators, district superintendents, educational leaders, pastors, and Spirit-filled laypersons who love the message and mission of the Church of the Nazarene.

The request of the 2013 General Assembly to study the Future of the General Superintendency has been fulfilled in this quadrennium. We express our deep appreciation to General Superintendents Emeriti, Drs. Jim L. Bond and Jesse C. Middendorf, for leading a task force to consider this important issue. Our full report, with conclusions and recommendations, was presented this past Saturday in the delegate orientation.

We strongly affirm the need for the general superintendency to remain as one of the three visible reflections of unity in the International Church of the Nazarene, along with the General Assembly and General Board; that ordination and global itineracy are integral to the role of a present and future general superintendency; and that the projected growth of the denomination only increases the need for an incarnational jurisdictional presence of the general superintendents.

And so we prayerfully and humbly submit the following in service to the church:

Recommendation No. 1: Nazarene Essentials

In his quadrennial address to the 1923 General Assembly, H. F. Reynolds stated: “We represent many shades of belief along the line of non-essentials ... There are many differences of opinion among us, but thank God, we are united to essentials.” At that time the membership of the church was 53,000. Much has changed since then. Fully one-third (approximately 800,000) of our membership has come in the last 10 years. Every region requested basics of our church’s teaching, history, theology, mission, funding, and interdependent connections to be provided in a brief and easily understood and accessible publication. The BGS introduced Nazarene Essentials in 2014 in order to help the church understand “who we are” (identity) and “what we do” (mission). The response has been overwhelmingly positive from pastors, educators, and laypersons alike. We are pleased to hear that *Nazarene Essentials* is being used in a variety of ways to strengthen our churches. Thanks to the diligence of our translation teams, it is now available in 33 languages with others on the way.

Recommendation No. 2: Articles of Faith

With the great cultural diversity of the Church of the Nazarene, we must have a theological center. To be decentralized in our mission requires that we be centered in our beliefs. Some have described the varied theological expressions of our Wesleyan-Holiness tradition as being a “big tent.” While we understand this phrase to mean that we focus on the essentials of our faith, while allowing greater freedom regarding non-essentials, the image begs the question: “Who decides the size of the tent?” One person’s version of a “big tent” may be significantly larger than another person’s version.

The Church of the Nazarene has determined that our Articles of Faith are the centering point, anchoring the church in the midst of ever-changing philosophies and beliefs. Therefore, any changes to the Articles of Faith must be done with prayerful and prudent discernment.

The 2013 General Assembly voted that the BGS appoint a group to study various Articles of Faith over the quadrennium. Composed of some of our finest theologians and pastors, the study group met on several occasions to thoroughly review and recommend revisions. We have

received their work; and after careful examination, we believe that the revisions strengthen the Articles, and we are recommending them to the General Assembly for adoption. We want to be clear that these resolutions are not a redefinition of our doctrine, but a restating of it for greater clarity. The Articles of Faith have been translated into 44 languages, with two more in the final process.

Recommendation No. 3: Human Sexuality and Marriage

The BGS appointed a global group of Nazarene theologians, ethicists, pastors, psychologists, and counselors to study our *Manual* statements, prepare a position paper, and propose legislation on human sexuality from a Wesleyan-Holiness perspective. The Covenant of Christian Conduct Study Committee was composed of thirteen people with representation from every region of the church. They met face-to-face numerous times and corresponded frequently by video conference and email. Their work was thorough, diligent, and at times difficult. Conversations about human sexuality are some of the most important and challenging the church faces in this generation. And yet, these conversations were “full of grace and truth.” The BGS has received their work with gratitude and wholeheartedly commend it to this General Assembly with our full support.

Because every word of the legislation has been carefully vetted, and to change any part can nuance the meaning of the whole, we request the General Assembly to consider adopting the legislation as a whole, or to reject it, without editing from the assembly floor.

When it comes to ethical issues such as these, cultural norms are not our guide. Scripture, orthodoxy, and the Spirit of Jesus must lead. If Scripture does not challenge us at places where the culture is doing its best to squeeze us into a different pattern, what good is it? If Scripture is not authoritative in our lives in ways that make us feel uncomfortable and occasionally out of step with accepted cultural practices, is it really God’s Word? Is Jesus really Lord?

Whatever we decide to say about these important issues as a denomination, let us say it with the tone of perfect love and let our actions be extended with a generous hospitality befitting the people called Nazarenes.

Recommendation No. 4: Urban Ministry

Historian Rodney Stark states “All ambitious missionary movements are, or soon become, urban” (Rodney Stark, *Cities of God*). The Board of General Superintendents has a growing sense of urgency for the work of the church in the urban context. The World Health Organization projects that by 2030, six out of every ten people will live in a city; and by 2050 this proportion will increase to seven out of ten people. These projections will double the global urban population to 6.4 billion people. The Asia-Pacific Region of the Church of the Nazarene reports 153 cities over one million with a Christian witness of 5 percent or less.

The most common urban ministry strategies for the Church of the Nazarene have concentrated on compassionate ministry centers and ethnic congregations. While these continue to be valid models, they cannot be the only approaches to address the intricacies of an “urban world.”

For urban strategies to be successful we must learn to lead with mission rather than

structure. With the help of Global Mission, we have already convened several urban consultations and forums to begin this important discussion. More are being planned. Every region has identified ten megacities to begin or extend missional focus. We will continue to make this an area of concentrated prayer and strategic emphasis. This does not mean we should, or will, ignore rural areas or suburbs. The whole world is our parish, but as Timothy Keller aptly says, “As cities go, so goes the world.”

Phineas Bresee famously wrote in his journal, “It had been my long cherished desire to have a place in the heart of the city, which could be made a center of holy fire, and where the gospel could be preached to the poor.” Join us in praying for centers of holy fire in every city of your region.

Recommendation No. 5: Vision 2020

While we continue to grow, the last quadrennium has not seen the same pace of growth as recent years. What should we do? Should we reset the vision? Should we step back and recalculate? Or can we ask our Lord of the “immeasurably more than we can ask or think” to help us see what He sees? Can we see expanding fields ready to be harvested, only lacking for more workers?

The first step is to plan for Vision 2020 faith projections that the church may reach 3.5 million total members, with 2.5 million in worship attendance, 2.5 million in discipleship attendance, in 50,000 churches. Every region has embraced this vision, and many hundreds of churches and dozens of districts have asked God to do something in our generation that we have never seen before.

This will require a renewed emphasis of intentional holiness evangelism. Sound doctrine will not be enough. Well planned worship services will not be enough. Sacramentalism will not be enough. Compassion will not be enough. Social justice will not be enough. We will need a new heart that integrates both Word and deed – Gospel and action.

Habakkuk reminds us to “Write down the vision and make it plain on tablets so that a herald may run with it. For the vision awaits an appointed time ...” (Habakkuk 2:2 NIV)

A Movement of God

Can we become a movement again?

We are living in unprecedented times. There are seismic cultural shifts affecting every continent on earth. In just two decades we have seen the shift from industrial to information – from Gutenberg to Google; from rural to urban; from modern thinking to post-modern thinking. It is a hinge of history that our grandparents and those before them could never have imagined. We will not return to what once was.

Whether we are comfortable with it or not, we find ourselves in a pivotal time for Christianity. We are in mostly uncharted waters. We appreciate the legacy of John Wesley, but Wesley alone will not do. We are grateful for the vision of Phineas Bresee, but Bresee alone will not do. We have to go back to the first Nazarene. We have to go back to Jesus. He is our calibration point. We correspond to Him. We realign to Him. We must re-Jesus the church. Too much is at stake for anything less.

The seed of the future is in the womb of the present (Hirsch). Not every seed will become a forest, but it can be. Not every spark will become a forest fire, but it can be. The potential is in

the seed and the spark. And so it is for the Church of the Nazarene. The seeds of our future are in the womb of the present. The spark of a raging fire is in the soul of the church.

The year was 1944. World War II was raging. In one of the most precarious and uncertain times of the twentieth century, General Superintendent J. B. Chapman spoke these words to the General Assembly: "As a people, we love fire and cannot be content with smoke ... Our church is a mechanism that can stand only while it moves forward. To stop is to fall... More self- preservation will mean stagnation for us. Our hope is in aggression. Our church is a force for which the whole world is a field."

This kind of movement thinking will require a radical discipleship at every level of the church. It will require us to make mission our organizing principle. It will require us to change whatever keeps us from being fully surrendered to the will and purposes of God. It will require us to believe that Jesus really is Lord and to have the strength and courage to act on it.

Nazarene Essentials are helpful but not enough. Thankfully we have THE Nazarene essential – Jesus is Lord! And we are not afraid. We are radical optimists of the grace of God and "prisoners of hope" (Zechariah 9:12 NIV).

Hope has a Name.
He is Emmanuel – God with us.
He is the Lamb of God who takes away the sin of the world.
He is our Great High Priest.
He is our Deliverer.
He is the Light of the World.
He is the Chief Cornerstone.
He is the Head of the Church.
He is faithful and true.
He is the Alpha and the Omega.
He is the Resurrection and the Life.
Jesus is the King of Kings and Lord of Lords.

"To Him who sits on the throne and to the Lamb be praise and honor and glory and power
foever and ever!" (Revelation 5:13, NIV).

Prayerfully and Respectfully Submitted,
Board of General Superintendents Church of the Nazarene

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GENERAL SECRETARY

To the Board of General Superintendents and delegates of the 29th General Assembly:

The General Secretary's Office lives and conducts business by three principles.

The first is, *we serve the church; the church does not serve us*. That impacts how we go about our business and how we relate to the local churches, districts, and regions. We work to find ways to help them fulfill their mission.

The second principle is, *how we do our work is just as important as the work itself*. We give attention to how we treat people and how we communicate with them through phone, letters, and emails. We recognize that we not only represent the Church of the Nazarene but also our Lord Jesus Christ.

The third principle is, *it is amazing what can be accomplished when it doesn't matter who gets the credit*. Everyone in the office plays a significant role in the work we do and everyone shares the credit.

Susan Metcalf serves as our administrative director for the General Secretary's entity. She and our staff respond well to these principles and strive to put them into practice. They are hard-working, dedicated people who take their work seriously because of their belief in the mission of the Church of the Nazarene.

The staff of the General Secretary's Office cares for ministerial credentials, maintains a ministers' data base, gathers statistics through the annual pastor's report (APR), oversees interpretation and translation efforts, provides 501c3 letters for local churches, and gives logistical and legislative assistance for General Assembly and General Board.

The 2013-2017 quadrennium has been a season of transition and change in the General Secretary's Office. The Nazarene Future Study Committee and professional evaluation from outside the church both concluded the Global Ministry Center needed centralized administrative leadership because of growing regional responsibilities of the Board of General Superintendents. After an exhaustive search, William Sawyer was hired as Chief Administrative Officer. He assumed the day-to-day operational duties that had been carried out by the general secretary and general treasurer. This has freed both officers to focus on *Manual* designated responsibilities.

One of the goals of the General Secretary's Office is to serve the global church. In the 2013-2017 quadrennium, the general secretary visited all six regions, some more than once, to conduct workshops for district superintendents and other district personnel, answer questions in formal settings and "hallway conversations," preach, and build bridges of friendship and goodwill with Nazarenes around the world.

During the quadrennium, the general secretary facilitated the cooperative activities of the Global Ministry Center (GMC) and Best Christian Workplace Institute (BCWI) to help "improve the serve" of our staff. Part of the work included establishing a mission statement for the GMC: *Resourcing Nazarenes Everywhere*. A growing spirit of cooperation and collegiality has resulted from these efforts.

The retirement of Marilyn McCool created a vacancy in the all-important position of general treasurer. The general secretary helped provide the framework for the election process of new general treasurer, Keith Cox, in 2016.

The General Board expanded its Executive Committee, giving careful attention to the balance between clergy and laity and including non-North American members. In the initial General Board meeting of the quadrennium, the first board development program was held with Dr. E. LeBron Fairbanks as the resource person.

A significant move was made to change the corporate structure of the church from a *pro forma decree* corporation to a non-profit corporation. The legal name was changed from "General Board, Church of the Nazarene" to "Church of the Nazarene, Inc." Michael Thompson, general counsel for the denomination, facilitated this change.

The District Personnel Workshop, initiated in the fall of 2009, for district secretary and office assistants, was expanded to include representatives from regional offices. New information, best practices, and networking are all facets of this important training time. Regional personnel benefit by spending an extra day with the general secretary staff for more training.

The General Secretary's staff is involved in countless responsibilities that serves the denomination at the local, district, region, and general levels. They provide leadership in planning and implementing General Assemblies and Conventions and General Board meetings, and assist the Board of General Superintendents and the staff at the Global Ministry Center. They also gather and disseminate statistical information and maintain ministerial records for pastors throughout the denomination. A key role played by the General Secretary is resourcing districts and regions with legal updates and *Manual* interpretation.

Statistics

The Church of the Nazarene has shown significant growth in many areas in the last four years. There are now 22,392 organized churches (+2,351) and 8,182 churches not yet organized with a membership of 2,471,553 (+320,670). The number of new Nazarenes is 559,615 with 468,949 by profession of faith. Each week 1,245,818 people are involved in discipleship ministries (+150,843) and 1,503,872 (+64,611) participate in worship. These congregations are led by 17,848 ordained elders (1,288) and 10,006 licensed ministers(+1420). There are 820 deacons (+50). Total church income is \$860,949,037 USD (+\$2,948,680).

Archives

Stan Ingersol has been the denomination's archivist for thirty-two years.

During the quadrennium, Archives has received hundreds of additions to the inventory of the denomination's history. These accretions have come from pastors, missionaries, general superintendents, and other general officers.

Under the direction of Archives assistant, Meri Jansen-Bond, a process of digitizing photographs has begun for the purpose of preservation.

Archives maintains a list of historical sites for the denomination. On an annual basis, they provide assistance for the Board of General Superintendents and GMC departments. They also support researchers who are writing articles, books, and dissertations.

Stan Ingersol contributed written and edited pieces to four different church publications and wrote the chapter on “The American Holiness Movement” for the book The Holy River of God: Currents and Contributions of the Wesleyan Holiness Stream of Christianity.

Arrangements

Diane Miller, Certified Meeting Professional (CMP), serves the Office of the General Secretary by managing various corporate meetings. Her duties include:

- Overseeing corporate meetings from development through execution including location, suppliers, housing, food and beverage, production, and budget.
- Assisting other GMC ministries with meeting planning as requested.
- Maintaining a professional credential to stay abreast of industry standards.

The largest responsibility is the coordination of General Assembly logistics. The planning for the 2017 event is making steady progress. Diane is supported in this work by General Assembly assistant Sarah Loganbill.

The Arrangements staff does all of the logistical work for the annual General Board meetings. A massive amount of planning, beyond the norm, went into this year’s preparations for the first General Board meeting outside of the USA.

Legal

Michael Thompson, J.D., serves as General Counsel. As a licensed attorney, he provides legal services for the Global Ministry Center, such as contract preparation and review, and legal advice for all entities of the GMC upon request; he also advises about changes and developments in the law.

Michael works with local and district leaders, helping them with issues related to church law and governance. He also coordinates the NazareneSafe child protection program and works closely with national experts on child protection to make sure we offer the best resources possible to our congregations.

Throughout the quadrennium, the General Secretary's Office offered Michael's services as a tax attorney for income tax preparation for all active missionaries. The value of the services offered was over \$30,000 — all done at no cost to the missionaries. This service includes not only the preparation and filing of the tax returns for federal and state, but also any follow up that is required through the year.

Research

Research Services helps to make Christlike disciples in the nation by providing data analysis for GMC entities, regions, districts, local churches, pastors, and even media outlets. Since Research is funded by WEF dollars, these services are provided without cost to any Nazarene person or organization. Research also assists, as time allows, sister holiness organizations. Because the research team is well respected by other religious scholars, they are occasionally asked to assist in interdenominational projects as well.

The Research Services team is led by Dale Jones. Rich Houseal focuses on survey work, and Laura Lance takes the lead in geo-statistical projects. Dr. Kenneth Crow, retired from Research Services, continues to serve as a consultant.

The staff of Research Services endeavors to give quick response to any calls for data. They also attempt to look ahead and foresee future needs, preparing data and reports proactively for the Board of General Superintendents, various GMC ministries, and for the denomination.

Research Services provides the latest statistical and analytical data to the Church of the Nazarene worldwide. Some of their projects include:

- Adapting an existing report document for the South America region, incorporating additional items such as active and organized churches. This includes rapid translation capabilities between Spanish, Portuguese, and English.
- Creating a database linking Nazarene congregations to urban areas of 100,000 or more people globally. This information has been shared with regional directors. The Mesoamerica Region and West Africa field have already used this extensively.

Research upgraded its survey software to create more flexible survey options for Nazarene constituents. The Nazarene Missional Church Survey continues to provide insight to local churches as they conduct their self-evaluations. In 2016, this office collected the information for the Faith Communities Today inter-faith survey.

Conclusion

The general secretary and staff continue to serve the church with hope and confidence, believing in the message of holiness that we have been called to proclaim, and in the God who leads us. We find the greatest joy in hearing the stories of sinners coming to believe in the Christ who died for them and going on to entire sanctification. We rejoice in being part of the Church of the Nazarene.

Respectfully Submitted,
DAVID P. WILSON
General Secretary

QUADRENNIAL SUMMARY STATISTICS

Table I - Churches

	2013	2014	2015	2016
<i>Fully Organized</i>				
Africa	4,430	4,490	4,504	4,523
Asia-Pacific	1,386	1,400	1,418	1,377
Eurasia	5,186	5,692	6,038	6,467
Mesoamerica	2,850	2,877	2,983	3,029
South America	2,242	2,275	2,309	2,346
USA/Canada	4,722	4,691	4,660	4,650
Grand Total	20,816	21,425	21,912	22,392
 <i>Not Yet Organized</i>				
Africa	4,157	4,196	4,264	4,364
Asia-Pacific	484	494	490	498
Eurasia	2,441	2,140	2,062	2,049
Mesoamerica	257	256	268	291
South America	332	328	346	350
USA/Canada	520	556	603	630
Grand Total	8,191	7,970	8,033	8,182

Table II - Church Members (Full and Fellowship)

	2013	2014	2015	2016
Africa	600,285	611,398	647,044	674,414
Asia-Pacific	115,181	119,349	126,700	122,045
Eurasia	273,736	270,585	314,773	318,190
Mesoamerica	356,766	364,368	404,071	402,429
South America	264,526	279,408	300,488	315,065
USA/Canada	652,755	649,998	648,296	639,410
Grand Total	2,263,249	2,295,106	2,441,372	2,471,553

Table III - Analysis of Church Membership

Full Members at Beginning of Quadrennium (2012) Received by	1,962,257	
Profession of Faith		468,949
Received from Other Denominations		90,666
Received by Transfer from Other Nazarene Churches		140,028
Total Gains	699,643	
Lost by Death		52,593
Lost by Removal, Commendation, or Release		257,750
Lost by Transfer to Other Nazarene Churches		147,722
Total Losses	458,065	
Full Members at End of Quadrennium (2016)	2,203,835	
Fellowship Members	267,718	
Grand Total Global Membership	2,471,553	
Percent of Quadrennial Growth (2012 compared to 2016)*		14.91%

*Based on 2012 Full & Fellowship Membership of 2,150,883

Table IV - Number and Membership, Auxiliary Organizations

	Discipleship			
<i>Number of churches reporting</i>	2013	2014	2015	2016
Africa	4,371	3,869	3,997	4,509
Asia-Pacific	1,222	1,278	1,383	1,324
Eurasia	4,353	4,645	4,864	5,256
Mesoamerica	2,541	2,534	2,383	2,518
South America	1,792	1,829	1,885	1,948
USA/Canada	4,777	4,753	4,738	4,745
Grand Total	19,056	18,908	19,250	20,300
 <i>Responsibility List (Enrollment)</i>				
Africa	283,403	273,915	280,116	313,163
Asia-Pacific	74,486	91,144	112,982	123,793
Eurasia	124,984	139,215	144,210	151,894
Mesoamerica	234,477	272,721	265,641	275,546
South America	173,993	171,913	179,807	189,046
USA/Canada	799,523	793,845	794,601	792,344
Grand Total	1,690,866	1,742,753	1,777,357	1,845,786
 <i>Attendance</i>				
Africa	232,326	223,278	244,939	268,667
Asia-Pacific	62,323	70,159	78,894	81,845
Eurasia	106,219	120,432	129,467	130,482
Mesoamerica	199,328	210,349	227,520	230,079
South America	139,814	144,864	148,105	154,801
USA/Canada	389,052	381,538	381,946	379,944
Grand Total	1,129,062	1,150,620	1,210,871	1,245,818
 Vacation Bible Schools				
<i>Number of churches reporting</i>	2013	2014	2015	2016
Africa	530	531	401	517
Asia-Pacific	317	297	341	346
Eurasia	918	926	961	956
Mesoamerica	1,212	1,140	1,171	1,154
South America	738	684	737	775
USA/Canada	2,500	2,434	2,385	2,388
Grand Total	6,215	6,012	5,996	6,136
 <i>Membership</i>				
Africa	32,712	32,418	34,540	31,501
Asia-Pacific	18,924	18,782	17,250	20,859
Eurasia	35,768	22,976	35,137	32,421
Mesoamerica	94,196	88,717	89,855	86,302
South America	62,329	63,049	66,225	69,356
USA/Canada	165,093	157,983	149,550	147,944
Grand Total	409,022	383,925	392,557	388,383

Nazarene Youth International

<i>Number of churches reporting</i>	2013	2014	2015	2016
Africa	4,023	3,617	3,415	3,471
Asia-Pacific	888	898	887	918
Eurasia	3,983	4,424	4,661	5,244
Mesoamerica	2,450	2,260	2,114	2,196
South America	1,633	1,666	1,682	1,685
USA/Canada	3,823	3,732	3,704	3,671
Grand Total	<u>16,800</u>	<u>16,597</u>	<u>16,463</u>	<u>17,185</u>

Membership

Africa	105,400	98,049	92,329	98,666
Asia-Pacific	17,831	17,388	17,828	18,172
Eurasia	42,438	45,923	52,202	51,516
Mesoamerica	85,791	86,372	79,830	82,253
South America	62,068	60,917	61,509	93,286
USA/Canada	117,355	113,363	107,098	104,432
Grand Total	<u>430,883</u>	<u>422,012</u>	<u>410,796</u>	<u>448,325</u>

Nazarene Missions International

<i>Number of churches reporting</i>	2013	2014	2015	2016
Africa	3,805	3,497	3,058	3,048
Asia-Pacific	795	805	820	843
Eurasia	3,979	4,392	4,685	5,070
Mesoamerica	2,467	2,296	2,199	2,241
South America	1,634	1,577	1,660	1,687
USA/Canada	4,179	4,141	4,061	4,011
Grand Total	<u>16,859</u>	<u>16,708</u>	<u>16,483</u>	<u>16,900</u>

Membership

Africa	187,550	200,941	169,592	252,130
Asia-Pacific	36,946	32,695	35,010	36,721
Eurasia	56,191	61,779	72,484	66,250
Mesoamerica	153,712	145,427	147,805	141,522
South America	122,309	119,705	129,332	138,432
USA/Canada	473,080	466,457	458,926	453,643
Grand Total	<u>1,029,788</u>	<u>1,027,004</u>	<u>1,013,149</u>	<u>1,088,698</u>

Table V - Worship and Evangelism

<i>Worship Attendance</i>	<i>2013</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>
Africa	346,730	313,805	355,640	349,206
Asia-Pacific	86,445	83,437	88,200	90,391
Eurasia	152,065	153,574	159,733	170,634
Mesoamerica	232,307	219,847	243,183	239,769
South America	171,602	165,450	176,473	183,577
USA/Canada	490,328	481,284	475,253	470,295
Grand Total	<u>1,479,477</u>	<u>1,417,397</u>	<u>1,498,482</u>	<u>1,503,872</u>
 <i>Conversions</i>				
Africa	43,680	40,296	43,618	43,174
Asia-Pacific	9,313	8,230	8,525	11,289
Eurasia	44,181	48,102	44,495	42,497
Mesoamerica	23,070	27,557	29,625	30,117
South America	33,648	34,631	33,562	37,413
USA/Canada	53,738	51,383	49,417	48,841
Grand Total	<u>207,630</u>	<u>210,199</u>	<u>209,242</u>	<u>213,331</u>
 <i>Baptisms</i>				
Africa	20,778	19,144	18,954	17,966
Asia-Pacific	2,398	2,881	3,448	3,312
Eurasia	26,761	25,638	23,219	21,143
Mesoamerica	11,581	13,038	13,728	13,785
South America	11,270	11,521	10,857	11,944
USA/Canada	20,079	19,955	18,985	19,234
Grand Total	<u>92,867</u>	<u>92,177</u>	<u>89,191</u>	<u>87,384</u>

Table VI - Church Property

<i>Valuation</i>	2013	2014	2015	2016
Local Churches	\$ 5,660,542,593	\$ 5,669,639,433	\$ 5,710,824,077	\$ 5,856,271,067
Districts	500,373,014	378,694,763	432,158,716	427,696,334
Global Ministry Center	30,936,241	31,067,947	30,117,243	28,944,827
Nazarene Publishing House	8,050,718	7,488,686	6,099,880	3,466,851
Educational Institutions	986,176,373	1,049,504,661	1,101,712,824	1,097,435,719
Grand Total	<u>\$ 7,186,078,939</u>	<u>\$ 7,136,395,490</u>	<u>\$ 7,280,912,740</u>	<u>\$ 7,413,814,798</u>
 <i>Indebtedness</i>				
Local Churches	\$ 718,114,092	\$ 722,178,482	\$ 675,054,784	\$ 654,223,437
Districts	39,596,343	21,700,761	21,100,530	31,466,167
Educational Institutions	387,183,688	396,788,700	423,664,787	445,998,266
Grand Total	<u>\$ 1,144,894,123</u>	<u>\$ 1,140,667,943</u>	<u>\$ 1,119,820,101</u>	<u>\$ 1,131,687,870</u>

Table VII - Financial

	2013	2014	2015	2016
Total Church Income	\$ 873,807,515	\$ 868,166,358	\$ 861,890,373	\$ 860,949,037
 <i>Given to Global Mission</i>				
World Evangelism Fund	\$ 38,974,849	\$ 37,912,655	\$ 38,073,310	\$ 38,227,899
Approved Mission Specials	37,686,754	35,320,532	30,077,810	31,210,492
Other Global Interests	4,200,011	6,070,015	5,569,651	4,256,196
Total	\$ 80,861,614	\$ 79,303,202	\$ 73,720,771	\$ 73,694,587
 <i>Given to Pension Fund</i>				
Pension Fund	\$ 14,638,293	\$ 14,364,377	\$ 14,656,112	\$ 14,712,808
 <i>Given to District Mission</i>				
District Ministry Funds	\$ 37,199,892	\$ 36,595,516	\$ 36,946,216	\$ 36,050,654
Other District Interests	2,248,088	2,484,038	3,252,648	2,482,068
Total	\$ 39,447,980	\$ 39,079,554	\$ 40,198,864	\$ 38,532,722

Given to Educational Institutions

Educational Institution Fund	\$ 14,604,899	\$ 14,048,707	\$ 14,019,444	\$ 14,322,100
Other Contributions to Nazarene Institutions	979,550	922,447	1,008,677	939,525
Total	\$ 15,584,449	\$ 14,971,154	\$ 15,028,121	\$ 15,261,625

Local Ministry

Buildings, Properties, and Capital Improvements	\$ 125,368,596	\$ 120,184,408	\$ 118,800,354	\$ 121,584,835
Debt Service	87,486,177	80,774,518	71,068,395	72,329,897
Pastor, Associate, and Support Staff Salaries	226,161,721	231,540,656	233,832,886	236,593,203
Pastor, Associate, and Support Staff Benefits	118,444,850	114,895,557	111,763,317	107,033,583
Local Compassionate Ministries	<u>18,626,988</u>	<u>18,096,912</u>	<u>18,612,784</u>	<u>18,938,787</u>
Other Church Ministries	<u>181,559,877</u>	<u>183,480,593</u>	<u>175,304,707</u>	<u>173,878,391</u>
Total	<u>\$ 757,648,209</u>	<u>\$ 748,972,644</u>	<u>\$ 729,382,443</u>	<u>\$ 730,358,696</u>

Total Missional Disbursements	\$ 908,180,545	\$ 896,690,931	\$ 872,986,311	\$ 872,560,438
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Table VIII - Per Capita Giving (Expended)

	2013	2014	2015	2016
Africa	\$ 13.60	\$ 11.70	\$ 11.84	\$ 9.11
Asia-Pacific	280.80	259.13	252.34	260.13
Eurasia	34.90	47.20	33.18	31.20
Mesoamerica	60.20	50.64	56.51	43.93
South America	182.12	176.52	155.76	125.77
USA/Canada	1,186.75	1,182.00	1,155.28	1,194.72
Total	<u>\$ 401.27</u>	<u>\$ 390.70</u>	<u>\$ 357.58</u>	<u>\$ 353.04</u>

Table IX - Quadrennial Growth by End Years

	<i>2012</i>	<i>2016</i>	<i>Increase/Decrease</i>
Organized Churches	20,041	22,392	2,351
Church Members	2,150,883	2,471,553	320,670
Discipleship Responsibility List	1,638,872	1,845,786	206,914
Discipleship Attendance	1,094,975	1,245,818	150,843
VBS Members	406,326	388,383	(17,943)
NYI Members	423,924	448,325	24,401
NMI Members	1,024,206	1,088,698	64,492
Worship Attendance	1,439,261	1,503,872	64,611
Value Church Property	\$5,596,699,514	\$5,856,271,067	\$259,571,553
Indebtedness (Local)	\$896,520,788	\$654,223,437	\$(242,297,351)
Ordained Elders	16,560	17,848	1,288
Ordained Deacons	770	820	50
Licensed Ministers	8,586	10,006	1,420
Missionaries	712	700	(12)

Table X - Membership of Churches and Auxiliaries

<i>Year</i>	<i>Churches***</i>	<i>Discipleship</i>	<i>NYI</i>	<i>NMI</i>	<i>VBS</i>
1907	6,198	5,469			
1908	10,414	7,780	523		
1911	20,501	20,179	1,491		
1912	21,501	26,237	1,848		
1913	22,910	29,176	2,218		
1914	27,526	34,687	2,923		
1915	31,600	35,971	3,162		
1916	33,267	45,163	4,226		
1917	33,090	45,702	5,137		
1918	34,306	47,617	5,025		
1919	34,928	50,397	5,371		
1920	37,478	56,876	6,762		
1921	43,708	72,753	8,661	3,637	
1922	48,118	83,801	10,864	5,329	
1923	52,741	88,946	12,768	6,601	
1924	57,285	103,314	15,189	10,052	
1925	62,818	120,259	17,898	11,285	
1926	67,070	134,761	21,846	11,810	
1927	72,719	144,229	25,821	15,899	
1928	78,044	154,994	27,279	17,379	
1929	81,649	160,085	26,289	18,817	
1930	88,762	178,029	28,839	22,182	
1931	99,127	202,908	34,138	24,880	1,235
1932	109,841	225,707	40,647	27,555	
1933	119,473	239,341	48,533	31,784	8,027
1934	130,848	259,985	53,654	38,126	11,111
1935	139,025	270,351	56,964	41,604	12,787
1936	146,108	271,779	57,535	44,282	13,228
1937	153,090	277,250	56,326	45,938	12,575
1938	162,160	307,083	60,338	49,236	14,680
1939	172,144	329,121	64,108	51,797	18,983
1940	180,014	343,146	66,891	53,923	20,971
1941	185,502	342,755	66,347	55,809	24,114
1942	192,489	340,440	67,125	57,530	27,699
1943	197,892	332,753	65,760	60,214	27,200
1944	202,706	337,619	67,616	64,018	32,085
1945	206,837	350,279	59,569	66,145	41,183
1946	213,007	369,726	63,727	69,287	56,000
1947	221,033	398,940	65,726	74,518	71,000
1948	228,862	422,832	69,036	77,422	85,475
1949	248,535	453,413	71,978	80,990	107,469
1950	258,340	479,232	75,249	85,341	128,550
1951	275,964	499,698	78,450	90,095	135,000
1952	283,732	521,030	80,594	96,247	137,697
1953	295,104	537,065	81,327	101,359	143,300
1954	307,587	573,774	84,539	110,111	172,527
1955	318,173	605,684	88,523	120,470	189,016
1956	331,005	611,319	89,249	125,891	178,686
1957	335,464	632,125	90,294	137,441	217,259
1958	348,168	678,830	93,069	155,778	237,921
1959	361,644	700,493	97,080	173,825	253,902
1960	372,178	701,216	139,525	188,174	242,311
1961	383,770	702,265	132,787	205,966	266,868
1962	394,002	706,133	138,805	216,093	279,563
1963	404,847	719,026	148,587	227,532	276,554

<i>Year</i>	<i>Churches***</i>	<i>Discipleship</i>	<i>NYI</i>	<i>NMI</i>	<i>VBS</i>
1964	415,495	730,611	150,155	235,465	270,030
1965	424,505	776,951	155,577	249,508	292,745
1966	438,771	805,652	158,269	259,981	299,095
1967	453,808	835,200	163,390	272,219	301,536
1968	464,962	883,722	168,422	281,255	290,462
1969	471,846	864,724	167,698	282,443	308,550
1970	490,573	871,782	165,944	288,602	315,334
1971	505,310	901,475	179,266	299,488	315,537
1972*	517,274	1,108,185	220,806	359,528	390,463
1973	538,081	1,131,151	221,375	364,065	407,256
1974	566,904	1,175,212	230,000	377,564	420,387
1975	586,532	1,213,878	244,547	385,900	413,935
1976	605,185	1,227,800	241,173	400,162	400,473
1977	625,152	1,206,511	138,261	412,905	356,456
1978	641,160	1,201,000	126,376	420,568	354,652
1979	661,114	1,200,139	150,669	430,056	351,659
1980**	674,329	1,125,192	145,921	433,072	344,780
1981	686,484	1,118,230	205,100	432,712	339,593
1982	706,811	1,084,258	213,402	451,379	326,718
1983	729,989	1,128,456	225,284	467,510	363,187
1984	749,797	1,134,413	228,534	489,987	353,089
1985	779,221	1,193,667	235,141	498,825	359,121
1986	809,666	1,231,288	224,690	516,298	361,514
1987	838,136	1,264,876	243,736	531,384	375,387
1988	873,978	1,299,280	247,857	552,769	369,915
1989	919,262	1,297,407	250,785	568,198	371,425
1990	947,880	1,319,501	246,502	580,854	377,269
1991	1,002,150	1,323,343	257,127	590,207	388,255
1992	1,072,823	1,334,680	276,036	610,263	408,168
1993	1,104,694	1,345,048	287,420	630,812	392,441
1994	1,138,504	1,352,558	283,734	649,215	375,226
1995	1,171,290	1,338,417	289,986	662,683	378,936
1996	1,216,657	1,330,301	299,469	677,999	378,583
1997	1,254,315	1,344,397	307,563	698,145	379,834
1998	1,304,009	1,348,689	312,674	712,355	388,719
1999	1,342,252	1,340,129	305,527	728,793	387,075
2000	1,390,306	1,372,030	319,152	767,417	404,354
2001	1,417,664	1,374,033	318,672	779,340	400,871
2002	1,466,920	1,404,755	330,755	819,383	398,796
2003	1,435,780	1,410,693	330,701	808,233	415,363
2004	1,496,296	1,409,946	336,950	827,200	417,362
2005	1,566,305	1,431,347	341,307	846,982	418,193
2006	1,622,669	1,444,675	381,343	865,770	408,279
2007	1,733,772	1,475,604	396,723	916,470	419,534
2008	1,837,393	1,499,335	415,041	961,278	424,599
2009	1,945,542	1,511,220	425,571	968,545	423,216
2010	2,059,261	1,487,327	394,600	1,000,649	393,032
2011	2,136,122	1,578,623	449,671	1,014,999	398,002
2012	2,150,883	1,638,872	423,924	1,024,206	406,326
2013	2,263,249	1,690,866	430,883	1,029,788	409,022
2014	2,295,106	1,742,753	422,012	1,027,004	383,925
2015	2,441,372	1,777,357	410,796	1,013,149	392,557
2016	2,471,553	1,845,786	448,325	1,088,698	388,383

*Global totals included for all columns beginning in 1972.

**From 1980 to 2009, Discipleship Enrollment excludes Outreach Classes.

***Journals prior to 2009 listed membership for just the Home Mission areas prior to 1972.

This listing includes world area membership figures from their first report in 1923.

Table XI - Numerical - Churches, Auxiliaries, and Personnel

<i>Organized</i>								
<i>Year</i>	<i>Churches</i>	<i>Disc.</i>	<i>NYI</i>	<i>NMI</i>	<i>VBS</i>	<i>Elder</i>	<i>Deacon</i>	<i>L.M.</i>
1907	99					175		96
1908	288					434		172
1911	470					545		570
1912	576	381				608		675
1913	625	492				606		750
1914	703	593				687		988
1915	792	587				638		885
1916	923	775				774		889
1917	942	795				739		809
1918	967	824				811		822
1919	978	879				852		781
1920	1,044	918				893		776
1921	1,145	1,040	335			945		866
1922	1,208	1,112	445			1,028		1,004
1923	1,304	1,149	454			1,085		1,054
1924	1,386	1,255	589			1,150		1,139
1925	1,486	1,343	700			1,262		1,006
1926	1,548	1,402	772			1,526		975
1927	1,583	1,309	805			1,902		953
1928	1,700	1,408	858	806		2,032		1,022
1929	1,774	1,417	932	871		2,104		990
1930	1,845	1,662	1,079	1,023		2,166		1,018
1931	1,861	1,736	1,122	1,158		2,304		1,031
1932	1,963	1,863	1,233	1,219		2,362		1,047
1933	2,030	1,954	1,378	1,388	113	2,486		1,085
1934	2,146	2,092	1,464	1,563	162	2,559		1,190
1935	2,255	2,170	1,623	1,923	169	2,638		1,276
1936	2,335	2,268	1,705	2,041	160	2,758		1,321
1937	2,428	2,313	1,686	2,164		2,885		1,272
1938	2,527	2,425	1,811	2,333	246	2,971		1,335
1939	2,617	2,532	1,918	2,437		3,087		1,336
1940	2,728	2,641	2,053	2,573		3,218		1,427
1941	2,819	2,692	2,097	2,719	412	3,360		1,371
1942	2,923	2,817	2,150	2,789	472	3,434		1,403
1943	3,048	2,912	2,160	2,900		3,576		1,424
1944	3,095	2,951	2,202	2,990	559	3,669		1,472
1945	3,153	3,020	2,315	3,080	586	3,952		1,470
1946	3,258	3,120	2,799	3,244	904	4,051		1,492
1947	3,316	3,199	2,443	3,407	1,102	4,182		1,558
1948	3,390	3,290	2,553	2,737	1,325	4,160		1,674
1949	3,496	3,395	2,595	2,969	1,572	4,415		1,846
1950	3,638	3,541	2,755	3,113	1,801	4,555		1,910
1951	3,790	3,640	2,960	3,245	1,875	4,673		1,930
1952	3,888	3,813	3,053	3,429	1,889	4,958		1,968
1953	4,040	3,979	3,154	3,449	1,961	5,104		1,976
1954	4,200	4,162	3,331	3,644	2,249	5,227		1,954
1955	4,326	4,306	3,442	3,814	2,399	5,404		1,957
1956	4,435	4,413	3,512	3,895	2,294	5,508		1,952
1957	4,497	4,446	3,559	4,007	2,377	5,580		1,875
1958	4,587	4,509	3,593	4,109	2,512	5,767		1,859
1959	4,696	4,631	3,614	4,260	2,642	5,578		1,830
1960	4,740	4,753	3,671	4,302	2,533	6,013		1,759
1961	4,775	4,784	3,793	4,341	2,732	6,086		1,761
1962	4,803	4,836	3,892	4,415	2,831	6,242		1,821
1963	4,849	4,851	4,024	4,456	2,848	6,308		1,792

<i>Organized</i>								
<i>Year</i>	<i>Churches</i>	<i>Disc.</i>	<i>NYI</i>	<i>NMI</i>	<i>VBS</i>	<i>Elder</i>	<i>Deacon</i>	<i>L.M.</i>
1964	4,877	4,897	4,038	4,531	2,757	6,326		1,795
1965	4,889	4,906	4,053	4,567	2,947	6,486		1,804
1966	4,929	4,942	4,028	4,587	2,939	6,558		1,837
1967	4,958	4,954	4,067	4,599	2,963	6,658		1,950
1968	4,982	4,870	4,073	4,621	2,772	6,681		2,060
1969	4,969	4,851	4,118	4,619	2,953	6,754		2,077
1970	4,939	4,847	4,056	4,641	3,012	6,931		2,237
1971	4,956	4,872	4,080	5,652	3,020	7,113		2,316
1972*	6,427	7,312	4,942	6,038	3,859	7,195		2,374
1973	6,532	7,365	5,108	6,104	3,907	7,394		2,411
1974	6,602	7,543	5,021	6,257	4,129	8,178		2,432
1975	6,736	7,486	5,089	6,292	4,297	8,287		2,583
1976	6,789	8,541	5,149	6,311	3,569	8,371		3,976
1977	6,900	8,833	4,514	6,353	3,808	8,693		3,847
1978	7,051	8,544	4,380	6,280	3,783	8,881		3,531
1979	7,090	8,686	4,679	6,321	3,919	8,965		3,638
1980	7,273	7,290	4,974	6,311	3,962	9,107		3,611
1981	7,445	7,397	5,606	6,257	3,773	9,348		3,632
1982	7,547	7,117	5,707	6,379	3,736	9,385		3,667
1983	7,795	7,339	5,974	6,613	3,850	9,626		3,923
1984	8,067	7,621	6,234	6,850	3,932	10,000		3,939
1985	8,242	8,163	6,563	7,108	4,078	10,092		3,962
1986	8,417	8,068	7,003	7,291	4,338	10,347	17	3,991
1987	8,615	8,215	6,956	7,445	4,388	10,579	29	4,086
1988	8,931	8,925	7,118	7,747	4,370	10,857	57	4,215
1989	9,294	9,084	7,191	7,911	4,391	11,080	104	4,390
1990	9,708	9,264	7,311	8,096	4,353	11,207	129	4,419
1991	10,164	9,497	7,745	8,405	4,669	11,430	168	4,567
1992	10,599	9,919	8,363	8,656	4,854	11,618	181	4,676
1993	10,882	9,992	8,687	8,902	4,751	11,765	232	4,691
1994	11,118	10,377	9,139	9,221	4,676	11,951	296	5,061
1995	11,482	10,348	9,246	9,200	4,721	12,206	310	5,128
1996	11,857	10,680	9,569	8,532	4,843	12,354	305	5,341
1997	12,134	10,940	9,819	9,704	4,856	12,547	350	5,482
1998	12,165	10,853	9,741	9,589	5,002	12,810	367	5,488
1999	12,375	11,120	9,476	9,795	4,946	12,922	392	5,566
2000	12,578	11,582	9,744	10,226	5,104	13,203	436	5,888
2001	12,799	12,166	10,058	10,426	4,983	13,484	428	6,174
2002	12,977	12,626	10,508	10,812	5,078	13,490	504	6,276
2003	13,259	12,874	10,792	11,073	5,240	13,541	674	6,362
2004	13,672	13,119	10,979	11,313	5,224	14,069	593	6,889
2005	14,043	13,555	11,144	11,516	5,353	14,364	623	7,168
2006	14,567	13,822	12,359	11,923	5,313	14,314	654	7,133
2007	15,359	14,517	13,035	12,688	5,459	14,869	684	7,435
2008	16,209	15,368	13,706	13,446	5,619	15,149	676	8,240
2009	17,280	15,973	14,223	13,921	5,839	15,084	693	8,341
2010	18,527	15,853	13,760	14,252	5,702	15,151	721	8,632
2011	19,254	17,441	15,846	15,726	6,136	15,962	742	8,925
2012	20,041	18,172	16,156	16,233	6,132	16,560	770	8,586
2013	20,816	19,056	16,800	16,859	6,215	16,846	779	9,444
2014	21,425	18,908	16,597	16,708	6,012	17,017	838	9,847
2015	21,912	19,250	16,463	16,483	5,996	17,395	836	9,663
2016	22,392	20,300	17,185	16,900	6,136	17,848	820	10,006

*Global totals beginning in 1972 when available.

Table XII - Total Missional Disbursements

<i>Year</i>	<i>Amount</i>	<i>Increase</i>	<i>Per Capita</i>
1907	\$106,087	\$ -	\$17.12
1908	144,556	38,469	13.88
1911	301,953	157,397	14.73
1912	392,584	90,631	18.26
1913	464,140	71,556	20.26
1914	560,437	96,297	20.36
1915	553,894	(6,543)	17.53
1916	691,599	137,705	20.79
1917	860,003	168,404	25.99
1918	1,010,892	150,889	29.47
1919	1,321,196	310,304	37.83
1920	1,836,636	515,440	49.01
1921	2,121,554	284,918	48.54
1922	2,148,057	26,503	44.64
1923	2,293,641	145,584	45.30
1924	2,697,533	403,892	48.92
1925	2,931,155	233,622	49.04
1926	3,233,172	302,017	50.66
1927	3,447,325	214,153	50.24
1928	3,530,044	82,719	47.67
1929	3,414,295	(115,749)	43.96
1930	3,481,318	67,023	41.65
1931	3,121,696	(359,622)	33.54
1932	2,931,826	(189,870)	28.74
1933	2,635,576	(296,250)	23.55
1934	2,995,572	359,996	24.47
1935	3,330,926	335,354	25.55
1936	3,820,613	489,687	28.02
1937	4,428,102	607,489	30.89
1938	4,737,385	309,283	31.03
1939	4,944,266	206,881	30.62
1940	5,480,932	536,666	32.35
1941	6,277,076	796,144	35.97
1942	7,664,562	1,387,486	42.29
1943	10,056,764	2,392,202	54.00
1944	12,409,597	2,352,833	64.74
1945	14,770,307	2,360,710	75.54
1946	16,559,748	1,789,441	82.19
1947	18,805,555	2,245,807	89.86
1948	22,096,555	3,291,000	101.78
1949	23,490,798	1,394,243	104.64
1950	24,355,469	864,671	104.56
1951	27,082,889	2,727,420	111.69
1952	29,519,714	2,436,825	117.97
1953	30,544,278	1,024,564	118.33
1954	33,611,046	3,066,768	124.71
1955	35,144,678	1,533,632	125.59
1956	37,404,741	2,260,063	129.94
1957	39,085,450	1,680,709	133.77
1958	40,140,220	1,054,770	133.06
1959	42,183,554	2,043,334	135.51
1960	45,346,965	3,163,411	142.33
1961	47,122,078	1,775,113	144.16
1962	49,443,521	2,321,443	147.59
1963	52,433,908	2,990,387	153.30
1964	56,016,446	3,582,538	160.38
1965	59,893,452	3,877,006	168.33
1966	65,334,650	5,441,198	179.70
1967	70,562,108	5,227,458	190.13
1968	76,681,899	6,119,791	203.02
1969	82,109,006	5,427,107	212.74
1970	87,737,626	5,628,620	221.35
1971	95,788,676	8,051,050	235.08
1972	106,369,614	10,580,938	254.41

1973	117,942,483	11,572,869	273.75
1974	134,519,804	16,577,321	302.88
1975	148,726,145	14,206,341	326.41
1976	169,902,267	21,176,122	309.78
1977	186,345,087	16,442,820	331.25
1978	204,668,633	18,323,546	355.52
1979	227,381,446	22,712,813	384.42
1980*	251,684,421	24,302,975	373.24
1981	269,391,600	17,707,179	392.42
1982	295,541,903	26,150,303	418.13
1983	313,827,152	18,285,249	429.91
1984	335,461,876	21,634,724	447.40
1985	354,499,528	19,037,652	454.94
1986	377,523,036	23,023,508	466.27
1987	391,974,308	14,451,272	467.67
1988	411,698,075	19,723,767	471.06
1989	431,393,869	19,695,794	469.28
1990	446,330,129	14,936,260	470.87
1991	468,476,452	22,146,323	467.47
1992	486,313,949	17,837,497	453.30
1993	498,212,194	11,898,245	450.99
1994	526,135,285	27,923,091	462.13
1995	542,933,951	16,798,666	463.54
1996	571,671,129	28,737,178	469.86
1997	586,908,906	15,237,777	467.91
1998	615,386,347	28,477,441	471.93
1999	653,780,719	38,394,372	487.08
2000	698,636,065	44,855,346	502.51
2001	741,913,707	43,277,642	523.34
2002	778,264,949	36,351,242	530.54
2003	791,833,577	13,568,628	551.50
2004	817,847,424	26,013,847	546.58
2005	849,409,451	31,562,027	542.30
2006	895,396,913	45,987,462	551.81
2007	923,412,148	28,015,235	532.60
2008	946,777,409	23,365,261	515.28
2009	938,972,999	(7,804,410)	482.63
2010	898,312,902	(40,660,097)	436.23
2011	877,403,222	(20,909,680)	410.75
2012	859,234,105	(18,169,117)	399.48
2013	908,180,545	48,946,440	401.27
2014	896,690,931	(11,489,614)	390.70
2015	872,986,311	(23,704,620)	357.58
2016	872,560,438	(425,873)	353.04

*Prior to 1980 does not include all world areas.

Table XIII - Property (2013 thru 2016)

<i>Year</i>	<i>Value of Church Bldgs, Parsonages</i>	<i>Indebtedness</i>	<i>Paid for Bldg. and Improvements</i>	<i>Paid on Indebtedness</i>
2013	\$5,660,542,593	\$718,114,092	\$125,368,596	\$ 87,486,177
2014	5,669,639,433	722,178,482	120,184,408	80,774,518
2015	5,710,824,077	675,054,784	118,800,354	71,068,395
2016	5,856,271,067	654,223,437	121,584,835	72,329,897

GENERAL TREASURER/FINANCIAL OFFICER

To the Board of General Superintendents and Delegates of the 29th General Assembly:

I am very pleased to present my first report to the General Assembly as the new General Treasurer/Financial Officer of The Church of the Nazarene, Inc. I greatly appreciate the warm welcome I've received from the General Board and from colleagues at the Global Ministry Center over these first few months.

I also want to express my deep gratitude to our former General Treasurer, Dr. Marilyn McCool. During her tenure, Dr. McCool guided our denomination through unprecedented economic and financial turbulence. By the grace and power of the Lord, we will uphold the standards she established for transparency, accountability and excellence.

We are very thankful for the continuing generosity of our congregations that faithfully provide funding for our denomination to carry out the mission of making Christlike Disciples in the nations. In fiscal year 2016, World Evangelism Fund (WEF) receipts were \$38.1 million with another \$26.4 million provided for mission specials, aggregating to \$64.5 million; however, the WEF portion is 0.8% less than the WEF receipts of fiscal 2011, the first full year of the new denominational funding plan, and 13.5% less than fiscal 2010, the last year under the old funding formula. Nonetheless, the Lord has accomplished great things, as millions have heard the Gospel, have been discipled or have received compassionate disaster relief through the faithfulness and stewardship of Nazarenes over this past quadrennium. We continually seek efficiencies to maximize the impact of ministry.

Financial accountability and transparency continue to be our highest priorities and the Church of the Nazarene, Inc. is proud to be a fully accredited member of the Evangelical Council for Financial Accountability. Financial information for The Church of the Nazarene, Inc. is available on the EFCA's website at www.ecfa.org.

Beginning with the 2014 fiscal year, the financial records of the six Regions have been consolidated with the audited statements for The Church of the Nazarene, Inc. Grant Thornton LLP audits our books and provides independent audit reports that conform to Generally Accepted Auditing Standards. These audits are available to members of the General Board and an "Annual Review and Financial Summary" is available to the public online and in print.

Many will recall that, in 2011, we sold the receivables of a USA Church Loan Fund to the Wesleyan Investment Foundation and used part of the proceeds to fully retire the tax-exempt bonds that were used to finance the GMC building in Lenexa, Kansas. The rest of the sale proceeds were retained for investment as a long-term capital General Board asset. I'm pleased to report that, since that time, the denomination has remained debt-free.

I am especially thankful for our dedicated Financial Services leaders – from Pensions & Benefits, Stewardship Ministries, Global Treasury Services and the Church of the Nazarene Foundation – all of whom have excelled during this period of transition and have made me feel very welcomed. It is with great appreciation that I submit the following compilation of their reports.

Pensions and Benefits USA, Don Walter, Director

An Upward Trend

The period of 2013 to 2017 saw slow but steady improvement in the U.S. economy as the country continued its recovery from the Great Recession of 2008-'09. This progress seemed to be mirrored in the support of the Pensions and Benefits Fund by our districts and churches. Giving to the P&B Fund for the four years totaled \$55.2 million. That compares to almost \$48 million received during the previous quadrennium. We praise God and are grateful to His people for this robust display of provision for the ministers of our church.

The Stewardship of Your Gifts

Such generosity enabled us to provide a record amount of \$176 million in support of the 17,000 ministers, church-employed laypersons, spouses, and widows we served during this period. This compares to \$156.5 million during the previous quadrennium. For a program that, from its meager beginnings almost a century ago, has depended on the voluntary support of districts and churches, this is significant. Let's look at how we used these funds.

Retirement

The number of retired ministers and widowed spouses served by the Basic Pension Plan during this period grew to more than 5,300, receiving almost \$60 million in benefits. Additionally, we were able to place more than \$46 million in the pension trust to assure support for these deserving servants of the church in the coming years. This level of contribution was a result of increased income to the P&B Fund and investment income from supplemental reserves.

The 403(b) Retirement Savings Plan provides a tax-advantaged means for eligible pastors, full-time associates, and district superintendents to invest for retirement. Through the Annual Pension Supplement (APS) program, we deposited about \$8.8 million into more than 3,600 accounts. This compares to \$16.5 million in the previous quadrennium. Distributions from 403(b) accounts totaled \$77.3 million, compared to \$56.7 million from 2009 to 2013, reflecting an aging trend and improved earnings during this time period. Individual salary reductions by participants continues to be the major source for contributions to these accounts—representing more than twice the amount paid by employers. Of the more than 5,500 persons eligible to participate in the plan, only 2,100 (37.5%) contributed to their accounts. These contributions totaled \$55.6 million.

Slightly more than \$2 million was distributed to participants from the Nazarene Individual Retirement Annuity (IRA). This compares to \$2.3 million from 2009 to 2013.

Insurance and Benevolence

Basic life and disability insurance are significant benefits available to constituents because of giving to the P&B Fund. We used more than \$3.5 million to provide this no-cost coverage to almost 7,000 individuals. To assist those who needed a helping hand, we distributed almost \$660,000 in benevolence assistance to 450 persons.

We are pleased to offer reasonably priced life and disability coverage for those who desire more than just basic insurance. We held two periods of open enrollment for

Supplemental Group Term Life Insurance for ministers and spouses age 49 or under who met certain conditions. Almost 70 chose to purchase new insurance; another 50 added to existing coverage. About 900 ministers and spouses chose to purchase this additional coverage during the four-year period.

Other Highlights

The Affordable Care Act (ACA) got into full swing during this quadrennium, prompting compliance concerns among churches. We partnered with the Evangelical Council for Financial Accountability (ECFA) to offer a webinar on the topic. Interest was strong, as almost 300 Nazarenes participated in the event or subsequently watched the session video. With the changes to the political landscape that occurred in the national elections of 2016, the ACA is likely to be affected. Though we do not sponsor health insurance, we did work closely with our friends at GuideStone Financial Resources, who offered ACA-compliant options to our churches. We are monitoring this situation and will work to provide information about changes that could affect ministers and churches.

While we have a wealth of church and clergy finance information at pbusa.org, we have learned there is significant value in personal presence. With that in mind, we made a concerted effort to participate in training and informational events across the country. These included General Assembly, PALCONS, M15, district workshops and retreats, and conferences. Participants ranged from children's workers to retired missionaries and involved various ethnic groups, including African American, Chinese, Korean, Native American, and Samoan.

In the interest of expanding our assistance to non-English speaking USA pastors, we began offering Certified Language Interpretation (CLI) in 2016. CLI allows USA constituents to communicate with our phone reps in almost any language in real time. Interpreters are certified for confidentiality to assure financial information remains private.

Partnerships are vital in our work. With responsibility for providing benefits and services to thousands of ministers, and custody for almost one-half billion dollars in assets, we rely on the expertise of many specialists. We value the strategic partnerships with groups like Aetna Insurance Company, the Church Benefits Association, ECFA, Fidelity Investments, Lockton Benefits Company, Willis Towers Watson, and others.

A 2015 study by Willis Towers Watson on retirement readiness confirmed some things we had suspected—notably, that many Nazarene ministers are inadequately prepared for retirement. It was of concern to find that 74 percent of our ministers are at-risk of needing to delay retirement past the age of 72. This factor, along with other concerns—like the high cost of education and student loan debt which are making it difficult for younger people to commit to service in some churches—prompted us to devote the total content of the 2016 May-June issue of *P&B eNews* and the July-August-September edition of *P&B Quarterly* to the topic of ministerial finance. We also partnered with the USA/Canada Region, Nazarene Theological Seminary, and Stewardship Ministries to sponsor an economic summit in the fall of 2016. Keynote speakers were author J. Clif Christopher and educator Molly Marshall. The event drew almost 100 Nazarene leaders and was recorded and posted for internet access.

Communication with districts, churches, and ministers is an important part of what we do. We produced 24 editions of electronic newsletters and 16 printed quarterlies. This was augmented with additional stories which were provided to NCN News for broader

dissemination. The face of our website was updated and information was frequently posted to keep clergy and churches informed of the latest financial news that affects them. Willis Towers Watson also provided assistance by conducting an audit of our communications. This study served as the foundation for the creation of a strategic communication plan for the new quadrennium.

Almost every pastor has someone in the church who serves as a close confidant or “advocate”—an encourager who looks out for his or her best interests. Many ministers are reluctant to talk with their boards about financial matters, such as compensation, benefits and retirement, so we began asking ministers to consider sharing with us the name and contact information of their advocates. If he or she agrees to participate, we subscribe them to our newsletters, and occasionally provide other information on clergy finance. The purpose is to help advocates serve as a source of sound information and support for their pastors when clergy financial matters are considered in the church.

Looking Ahead

This past quadrennium saw much activity in the financial areas that affect those we serve. The coming four years bode no less, and we will be paying close attention. Beside the political changes already mentioned, there are other matters such as current litigation that could eliminate the minister’s housing allowance. Such action would have a significant impact on clergy across all denominations. We have joined with other denominations in formal expressions of concern.

We continue to explore ways by which we can enhance the value of the benefits and services we provide. In 2017, we will launch an online portal that will allow churches to make electronic contributions to Nazarene 403(b) Retirement Savings Plan accounts. It is expected to make the process more efficient for church treasurers, as well as help in compliance with IRS requirements for timely contributions.

Other projects are in the works, such as the development of a new constituent database and a system that can allow convenient online access to those served by our plans. In cooperation with the Church Benefits Association, we are researching payroll systems. We are hopeful that this study might result in the development of an affordable, standardized payroll program that could be used by church employers.

We desire to make resources we develop as informative and accessible as possible. With this in mind, we are working to improve our website and its offerings. One aspect of this is the development of what we are calling “P&B Academy” with information specifically structured for church treasurers, church board secretaries, advocates and others. We envision it as a one-stop shop to help lay leaders to more effectively care for their ministers using benefits available to them through Pensions and Benefits USA.

John F. Kennedy observed, “Change is the law of life. And those who look only to the past or present are certain to miss the future.” The work we do, the services we provide and the lives of the constituents we serve are constantly in flux. As we look to the future, this makes our work challenging, but never boring. It has been a privilege to work with the Board of Pensions. Their guidance, support, and dedication to our clergy have been a source of strength. Also, I am thankful to be part of a staff of men and women who clearly view their responsibilities in this office as an extension of ministry.

A recent note I received read:

“Thank you—and other staff members—for all your support and assistance during my husband’s illness. You have been a life saver for this family.”

Heartfelt expressions like this help me to start every day with gratitude for being allowed to serve Christ and His Church in this assignment. Thank you for your support.

Pensions and Benefits--International, Don Walter, Director

The Mission

Pensions and Benefits – International operates as a resource partner for pension and benefit services for those who serve the Church of the Nazarene within the greater global community; particularly those who are members of non-U.S. districts and who are working in international areas. To accomplish this, Pensions and Benefits – International works alongside the Global Mission office and the regional offices. The following represent the focus of the past quadrennium.

The International Contributory Retirement Program

The International Contributory Retirement Program (ICRP) is offered to the Nazarene ministers in the Africa, Asia-Pacific, Eurasia, Mesoamerica, and South America regions. At the end of the quadrennium, total enrollment was more than 600, contributions totaled nearly \$900,000, distributions totaled about \$540,000, and the cash value of the plan grew to \$3 million. Securian (formerly the Minnesota Life Insurance Company) manages the record keeping and investments for this program. Effective January 1, 2013, no new accounts were accepted, although current account holders remain unaffected.

Other International Pension Plans

Global Treasury Services manages nearly \$400,000 of pooled assets on behalf of international plans. Pensions and Benefits – International continued to request, receive, review, and retain annual reports from 45 international pension plans in the Church of the Nazarene. Email and the P&B – International web site have facilitated this work and its communications. Pensions and Benefits – International remains available to provide consultation services to representatives of any of these plans and makes resources available via the web.

Key Concepts

Two key concepts continue to be promoted as opportunity allows: every local church must accept the stewardship issue of providing sufficient pastoral compensation and; every church employer and church employee must be engaged with the stewardship issue of personal participation in preparing for the future.

Stewardship Ministries, Mark Lail, Director

Biblical stewardship is a pillar of discipleship. The role of Stewardship Ministries (SM) is **to make generous disciples that accomplish the mission of the Church of the Nazarene.** Local

churches have proven to be faithful, generous and willing to sacrifice for the purpose of making Christlike disciples in the nations. The Lord has blessed the Church with an ability to utilize resources effectively and accomplish the mission efficiently.

Church Relations and Resource Share

Helping pastors and church leaders carry out the mission of the Church of the Nazarene requires us to respond accordingly to current trends. SM has utilized effective and cost efficient tools over the past four years, including the **(dot) Stewardship e-newsletter**, the **Funding the Mission e-newsletter**, **Facebook**, **Twitter**, **Instagram**, **webinars**, and on-site presentations through the **School of Stewardship**. In addition to these communication methods, SM also develops the **Easter Offering**, **Thank Offering** and **Stewardship Resource Kits**. As we create new resources, our commitment is to provide them free to everyone through print and online at: www.fundingthemission.org and www.nazarene.org/stewardship. Along with providing resources to current pastors, SM resources future pastors via the **Stewardship Sermon Scholarship**. This scholarship is funded by a legacy gift to SM and was designed to affect the minds of young ministerial students towards stewardship- centric preaching.

School of Stewardship

Even with the growth of electronic media, there is still the need for face-to-face training. Over the past four years, Stewardship Ministries has consistently expanded the **School of Stewardship** on-site training program. This seminar includes a variety of workshops covering topics of interest to pastors and church treasurers and is available to all districts. In addition to the practical themes, there is also a special emphasis on developing generous givers in the modern church.

World Evangelism Fund Promotion & Support

Giving to the World Evangelism Fund remains central to carrying out the Great Commission by the Church of the Nazarene. Historically, Stewardship Ministries, in partnership with Nazarene Missions International (NMI), has been responsible for promoting giving to this “lifeline” of the church. SM created resources for **Easter and Thank offerings** and created numerous printed materials to educate the Church about the importance of WEF. SM continues to produce three annual WEF and Mission Specials reports: the **Annual Financial Summary**, the **Global Giving Report**, and the **Use of Mission Gifts** report.

Funding the Mission Plan & Application

The Funding the Mission (FTM) plan, mandated by the 2005 General Assembly, was the most dramatic change in denominational funding in over 50 years. SM developed and administrates the **FTM application**, www.fundingthemission.org. The FTM application is a financial resource for church and district leaders. It was originally designed to help churches transition to the new funding plan, but it has since become a financial hub for district offices too. Once logged in, churches can track their progress toward giving goals, view their transaction history, and make online donations. In January 2016, SM partnered with Stewardship Technology to revamp the website, which extended reporting features and simplified the process for churches to give online. SM hopes to have as many churches as

possible using the application to report income, make contributions and track giving online.

The COMPASS Initiative

In 2016, the Church of the Nazarene was awarded a grant by the Lilly Endowment. As a result, the COMPASS Initiative was formed to help pastors in all areas of financial stewardship. COMPASS stands for “Creating Opportunities for Ministers to Practice and Advocate Skilled Stewardship.” Through the project, pastors will have access to resources related to student debt relief, personal debt reduction and retirement readiness. Reducing the financial strain experienced by a significant number of ministers will empower them to lead effectively as they model and teach Biblical financial stewardship.

Conclusion

On a regular basis, I thank the Lord for the opportunity to serve the Church of the Nazarene as the director of Stewardship Ministries, for the capable leadership of Keith Cox and the general superintendents, and for the dedication and expertise of the Stewardship Ministries team. I consider my job to be a genuine blessing that flows from the generosity of my Lord. Thank you for the opportunity to serve.

General Treasurer’s Office, Kathleen Kruse, Controller and Administrative Director

Mission

The Mission of Global Treasury Services is to “Serve our customers with Efficiency and Respect. Value our customers with Integrity and Concern for their needs. Exceed customer expectations.”

Goals

Our goals are to process funds as designated; serve as liaison between donors and ministry; record financial transactions accurately; protect and account for resources; provide financial information and analysis for decision-making; collect revenue and control costs; and fulfill financial obligations through missionary payroll and accounts payable.

Changes

Several systems changes were made during the quadrennium. Our missionary payroll was converted to a web application, our accounting system was upgraded to the most recent version and we instituted a paperless workflow product for the majority of our accounts payable process. Electronic giving from churches and individuals continues to increase and ACH disbursements continue to expand. We are happy to report that our first consolidated audit was accomplished in this quadrennium. Our consolidated audit includes all regions, Nazarene Publishing House, Nazarene Compassionate Ministries, Inc., Harvest Partners, Inc. and Church of the Nazarene Foundation. We appreciate the hard work of staff from all these entities who have made this possible.

Challenges

We are constantly challenged to be more efficient in our processes as we work to reduce our overall costs to match the changing economy. There are always opportunities for improvement and we hope you will pray with us that we wisely choose the resources needed to meet these challenges. We want to be good stewards of our time, talent and finances.

Giving

Nazarenes and friends continue to be faithful in supporting the ministries of the general church. Their dedication to our Lord continues to be an exciting bright spot in our work. Changes in the Funding the Mission formulas through the years always has an impact, but people are faithful. The receipts for World Evangelism Fund and Mission Specials for the last two quadrenniums are presented in the following table:

Fiscal Year	World Evangelism Fund	Mission Specials	Total
2016	\$ 38,155,347	26,358,390	64,513,737
2015	38,705,012	27,651,430	66,356,442
2014	37,745,715	26,707,916	64,453,631
2013	<u>37,965,171</u>	<u>26,516,965</u>	<u>64,482,136</u>
	\$ <u>152,571,245</u>	\$ <u>107,234,701</u>	\$ <u>259,805,946</u>
2012	\$ 38,211,339	\$ 24,322,809	\$ 62,534,148
2011	38,464,179	24,825,716	63,289,895
2010	44,123,911	25,105,002	69,228,913
2009	<u>45,906,503</u>	<u>22,005,165</u>	<u>67,911,668</u>
	\$ <u>166,705,932</u>	\$ <u>96,258,692</u>	\$ <u>262,964,624</u>

Conclusion

We thank you for the privilege of serving our Lord is this way. It is always exciting to recognize God's faithfulness as we perform the day to day work of supporting our general church ministries. We thank you for your ideas and comments throughout the quadrennium, as they help provide direction to our service. May *your* place of service be blessed by God.

***The certified public accounting firm of Grant Thornton, LLP has audited the financial records of the General Board annually during this quadrennium. Official copies of the audit reports have been filed with the general secretary.*

Church of the Nazarene Foundation, Kenneth R. Roney, President

It has been said that many people measure their success by wealth, recognition, power, and status. While there is nothing wrong with those things, God calls us to greater goals. If we focus on significance—using our time and talent to serve others—that's when truly meaningful success can come our way. I know this to be true because I have experienced it through the

ministry of the Church of the Nazarene Foundation. I am pleased to take this opportunity to report the successes of the Foundation this past year and hope you each will recognize their significance within the Kingdom.

It is not news that statistics show that only 9% of our peoples' assets are held in their pocket or their checkbook, from which 96% of our giving comes. Most of our faithful members place an offering in the plate every week and, with the help of the Foundation, are now able to expand their generosity by making gifts from the other 91% of their assets such as real estate, stocks and bonds, life insurance, and business interests. Over the past year, we have received gifts of land, grain, stocks, and other securities that we have been able to use for the benefit of ministries around the world. These resources, which could never come into the life of the church through ordinary giving, are able to flow into Nazarene ministries because of the continued work of the Foundation.

With changing times and increased demands for financial support, the Church of the Nazarene Foundation is blessed to funnel needed dollars into the ministry of the Church. **Just this past year, we distributed nearly \$3.7 million to ministries of the church (local, district, and general) and accumulated an additional \$7 million in planned and deferred gifts that will be used to support ministries in the days ahead.** To God be the glory!

In simple terms, **our church family utilizes planned giving to bless others as they have been blessed by the Lord.** With that purpose in mind, I am pleased to report that the Foundation has experienced a quadrennium marked by exponential growth. **The Foundation is now the steward of funds totaling \$73.3 million.** This represents a gain of 10.5% within the last year. These cumulative assets include:

- **Endowments**, which now total **\$8.3 million**. These funds have grown by 13.1% just in the last year. Endowments provide secure, sustainable income for the future of God's kingdom, helping to support countless local churches, districts, and a vast variety of other ministries.
- **Charitable Gift Annuities**, which enable donors to receive a generous income and tax benefit while leaving a gift to ministry after their death, now total **\$5.2 million**. CGAs offer the benefit of steady, guaranteed income that bypasses uncertain interest rates and the fluctuations of the market.
- **Charitable Trusts**, which may permit a donor to set aside property or other assets for ministry while retaining income benefits and tax deductions, total **\$5 million**.
- **Donor-Advised Funds**, which now total **\$4.8 million**. This giving tool has become a popular option for many of our donors, because it allows them to take advantage of immediate tax deductions while setting aside funds for future needs of ministry.
- **Investment Management Accounts** total **\$48.2 million**. Districts, local churches, campgrounds, educational institutions, and the general church have placed reserve funds with the Foundation for investment purposes. While these monies still belong to the various ministries, they are pooled to achieve returns that would often be impossible to achieve on an individual basis.

Cause for Celebration

In this last quadrennium the Foundation has distributed **\$20.6 million** in planned and deferred gifts to dozens of ministries. While most of these distributions have been to ministries

of the Church of the Nazarene, some of the distributions have been to other like-minded organizations as we work to carry the gospel around the world.

Teamwork Enhances Planned Giving

The effectiveness of the Church is dependent on every member utilizing their blessings and resources to spread the love of Christ. We are pleased to help link vision with ministry through planned giving to meet the future needs of the Church of the Nazarene.

The work of the Foundation is highly dependent upon a wonderful staff. We are grateful that God continues to provide a wonderful staff based in our home office. We are represented across the country with four dedicated representatives that bring the mission of the Foundation solidly into the four corners of the United States. I am blessed to serve as the leader of this group of godly servants. In addition, we are served by a Board of Directors who understand and promote the mission of the Foundation and who understand its vital role in the life of the Church of the Nazarene. This year we have once again experienced God's faithfulness in meeting our staffing and leadership needs.

With the help of our pastors and leaders, we continue to provide legacy ministry services to our local churches. We have been able to go into local churches and provide seminars and workshops that promote planned and deferred giving. Some of God's generous saints are leaving this life, but through the Foundation we are able to capture some of their resources to be propelled into the future to help support tomorrow's church.

What Legacy Will We Leave?

Over the years, we have often reflected on the legacy that was left by those who marched around the now-famous tent in the dusty Texas soil in a small railhead town of Pilot Point, Texas. As we complete each and every year in ministry, we can't help but ask what impact our legacy will have on our children and those who follow. First and foremost, we must leave the legacy of a holy, Christlike life, core values based on God's Word, and an unconditional love that reminds our family and friends of Jesus. Additionally, we believe that godly stewardship of our resources often calls us to also leave a tangible financial legacy to our church or other ministries.

A central question we should all ask ourselves is: does God care about our estate plan? Does He care if we leave a legacy? The simple answer is yes. Having a plan for the future is part of what God desires when it comes to the faithful stewardship of all that He has given us. God wants us to provide for both our families and our churches. In 1 Timothy 5:8 we read, "If anyone does not provide for his relatives, and especially for his immediate family, he has denied the faith and is worse than an unbeliever." Then, in 2 Corinthians 8:7 we read, "But just as you excel in everything – in faith, in speech, in knowledge, in complete earnestness and in love for us – see that you also excel in this grace of giving."

To facilitate gifts to the church, the Foundation provides some of the most effective ways God's generous saints can leave a legacy for future generations. We offer many resources on our website, www.nazarenefoundation.org, to partner with those who want to give back to the ministries that have made a difference in their lives.

As we turn our focus to the future, I am grateful that the Church of the Nazarene

established the Foundation to help propel resources into the various ministries of the church, now and in the days ahead.

General Treasurer's Summary

Thank you for allowing me this privilege of serving our church as General Treasurer. Please pray for us to know the Lord's wisdom and discernment as we serve Him in this new quadrennium.

Respectfully Submitted,
KEITH B. COX
General Treasurer/Financial Officer

Special Purpose Financial Statements and Report of Independent Certified Public Accountants
The Global Ministry Center of the General Board of the Church of the Nazarene
September 30, 2013 and 2012

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

General Board of the Church of the Nazarene

We have audited the accompanying special purpose financial statements of The Global Ministry Center of the General Board of the Church of the Nazarene, which comprise the special purpose statements of assets, liabilities and net assets as of September 30, 2013 and 2012, and the related special purpose statements of revenues, expenses and changes in net assets and cash flows for the years then ended, and the related notes to the special purpose financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as described in Note B; this includes determining that the basis of accounting as described in Note B is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of The Global Ministry Center of the General Board of the Church of the Nazarene as of September 30, 2013 and 2012, and its revenues, expenses, changes in net assets and cash flows for the years then ended in accordance with the basis of accounting as described in Note B.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared by The Global Ministry Center of the General Board of the Church of the Nazarene on an other basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statements of assets, liabilities and net assets, revenues, expenses and changes in net assets and cash flows, on pages 45 through 47, are presented for purposes of additional analysis and are not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Grant Thornton LLP

Kansas City, Missouri
April 22, 2014

The Global Ministry Center of the General Board of the Church of the Nazarene
SPECIAL PURPOSE STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS
September 30,

	2013	2012
ASSETS		
Cash and cash equivalents	\$ 8,825,540	\$ 7,051,492
Investments, at fair value	152,713,812	135,913,765
Investments - other	7,785,433	7,821,943
Receivables - other	1,941,239	1,907,860
Property and equipment, net	30,810,394	31,807,167
Beneficial interest in charitable remainder trusts	1,828,928	1,998,091
Notes receivable	865,004	995,693
Other assets	997,352	912,802
	\$ 205,767,702	\$ 188,408,813
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 3,350,924	\$ 4,183,289
Deferred gift agreements	14,375,620	16,038,747
Funds held in trust	58,262,571	46,381,968
Pension obligation	1,297,208	2,601,408
Postretirement benefit obligation	24,568,198	26,002,639
	101,854,521	95,208,051
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted - undesignated	90,426,097	80,884,548
Unrestricted - unamortized pension liability	(2,008,319)	(3,287,762)
Temporarily restricted	9,811,934	10,414,200
Permanently restricted	5,683,469	5,189,776
	103,913,181	93,200,762
	\$ 205,767,702	\$ 188,408,813

The accompanying notes are an integral part of these statements.

The Global Ministry Center of the General Board of the Church of the Nazarene
SPECIAL PURPOSE STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
Year ended September 30, 2013

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues and gains				
World Evangelism Fund	\$ 37,965,171	\$ -	\$ -	\$ 37,965,171
Mission specials	26,491,590	25,375	-	26,516,965
Legacy, gifts, and charitable remainders	2,489,192	92,584	493,474	3,075,250
Other	2,555,275	-	-	2,555,275
Total revenues and gains	<u>69,501,228</u>	<u>117,959</u>	<u>493,474</u>	<u>70,112,661</u>
Net assets released from restrictions	1,946,112	(1,946,112)	-	-
Total revenues and gains	<u>71,447,340</u>	<u>(1,828,153)</u>	<u>493,474</u>	<u>70,112,661</u>
Expenses				
Program services				
Global Mission	45,237,264	-	-	45,237,264
International Board of Education	3,036,453	-	-	3,036,453
Sunday School and Discipleship Ministries	1,063,078	-	-	1,063,078
Nazarene Youth International	814,370	-	-	814,370
Board of General Superintendents	2,317,142	-	-	2,317,142
Nazarene communication services	885,083	-	-	885,083
Church of the Nazarene Foundation	927,428	-	-	927,428
Other program services, net	4,399,954	-	-	4,399,954
Total program services	<u>58,680,772</u>	<u>-</u>	<u>-</u>	<u>58,680,772</u>
Support services				
Global Ministry Center Financial Office	3,040,263	-	-	3,040,263
Global Ministry Center Operations Office	3,257,153	-	-	3,257,153
Church of the Nazarene Foundation	1,072,479	-	-	1,072,479
Other support services	2,884,518	-	-	2,884,518
Total support services	<u>10,254,413</u>	<u>-</u>	<u>-</u>	<u>10,254,413</u>
Total expenses	<u>68,935,185</u>	<u>-</u>	<u>-</u>	<u>68,935,185</u>
Changes in net assets from operations	<u>2,512,155</u>	<u>(1,828,153)</u>	<u>493,474</u>	<u>1,177,476</u>
Changes in non-operating income (expense)				
Net investment income	7,025,815	985,936	219	8,011,970
Gain on disposal of property and equipment	3,579	-	-	3,579
Actuarial adjustment of deferred gift agreements	-	319,656	-	319,656
Expenses and administrative fees	-	(79,705)	-	(79,705)
	<u>7,029,394</u>	<u>1,225,887</u>	<u>219</u>	<u>8,255,500</u>
Changes in net assets before unamortized pension liability adjustment	<u>9,541,549</u>	<u>(602,266)</u>	<u>493,693</u>	<u>9,432,976</u>
Changes in unamortized pension liability not included in pension expense	<u>1,279,443</u>	<u>-</u>	<u>-</u>	<u>1,279,443</u>
Increase in net assets	<u>10,820,992</u>	<u>(602,266)</u>	<u>493,693</u>	<u>10,712,419</u>
Net assets, beginning of year	77,596,786	10,414,200	5,189,776	93,200,762
Net assets, end of year	<u>\$ 88,417,778</u>	<u>\$ 9,811,934</u>	<u>\$ 5,683,469</u>	<u>\$ 103,913,181</u>

The accompanying notes are an integral part of this statement.

The Global Ministry Center of the General Board of the Church of the Nazarene
SPECIAL PURPOSE STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
Year ended September 30, 2012

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and gains				
World Evangelism Fund	\$ 38,211,339	\$ -	\$ -	\$ 38,211,339
Mission specials	23,769,906	153,658	-	23,923,564
Legacy, gifts, and charitable remainders, net	1,777,508	402,358	408,675	2,588,541
Other	2,161,286	-	-	2,161,286
Total revenues and gains	<u>65,920,039</u>	<u>556,016</u>	<u>408,675</u>	<u>66,884,730</u>
Net assets released from restrictions	1,004,219	(1,004,219)	-	-
Net assets reclassified	-	(59,809)	50,744	(9,065)
Total revenues and gains	<u>66,924,258</u>	<u>(508,012)</u>	<u>459,419</u>	<u>66,875,665</u>
Expenses				
Program services				
Global Mission	45,974,663			45,974,663
International Board of Education	2,914,565	-	-	2,914,565
Sunday School and Discipleship Ministries	1,192,991	-	-	1,192,991
Nazarene Youth International	779,413	-	-	779,413
Board of General Superintendents	2,239,317	-	-	2,239,317
Nazarene communication services	939,728	-	-	939,728
Church of the Nazarene Foundation	567,435	-	-	567,435
Other program services, net	572,981	-	-	572,981
Total program services	<u>55,181,093</u>	<u>-</u>	<u>-</u>	<u>55,181,093</u>
Support services				
Global Ministry Center Financial Office	2,803,452	-	-	2,803,452
Global Ministry Center Operations Office	3,814,970	-	-	3,814,970
Church of the Nazarene Foundation	1,100,871	-	-	1,100,871
Other support services	2,010,519	-	-	2,010,519
Total support services	<u>9,729,812</u>	<u>-</u>	<u>-</u>	<u>9,729,812</u>
Total expenses	<u>64,910,905</u>	<u>-</u>	<u>-</u>	<u>64,910,905</u>
Changes in net assets from operations	2,013,353	(508,012)	459,419	1,964,760
Changes in non-operating income (expense)				
Net investment income	7,959,785	1,823,982	487	9,784,254
Gain on disposal of property and equipment	7,102	-	-	7,102
Actuarial adjustment of deferred gift agreements	-	(198,493)	-	(198,493)
Expenses and administrative fees	-	(80,276)	(15)	(80,291)
	<u>7,966,887</u>	<u>1,545,213</u>	<u>472</u>	<u>9,512,572</u>
Changes in net assets before unamortized pension liability adjustment	9,980,240	1,037,201	459,891	11,477,332
Changes in unamortized pension liability not included in pension expense	3,023	-	-	3,023
Increase in net assets	9,983,263	1,037,201	459,891	11,480,355
Net assets, beginning of year	67,613,523	9,376,999	4,729,885	81,720,407
Net assets, end of year	<u>\$ 77,596,786</u>	<u>\$ 10,414,200</u>	<u>\$ 5,189,776</u>	<u>\$ 93,200,762</u>

The accompanying notes are an integral part of this statement.

The Global Ministry Center of the General Board of the Church of the Nazarene
SPECIAL PURPOSE STATEMENTS OF CASH FLOWS
Year ended September 30,

	2013	2012
Cash flows from operating activities		
Increase in net assets	\$ 10,712,419	\$ 11,480,355
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	1,268,380	1,426,096
Net realized and unrealized gains on investments	(6,361,721)	(8,131,816)
Contributions restricted for long-term investment	(493,491)	(33,988)
Discount amortization on notes receivable	(68,486)	(50,540)
Beneficial interest in charitable trusts	169,163	80,915
Gain on disposal of property and equipment	(3,579)	(7,102)
Pension obligation	(1,304,200)	(1,788,221)
Postretirement benefit obligation	(1,434,441)	(667,400)
Changes in		
Other receivables	(33,379)	(209,208)
Other assets	(84,550)	16,907
Accounts payable and accrued expenses	(832,365)	312,550
Net cash provided by operating activities	1,533,750	2,428,548
Cash flows from investing activities		
Acquisition of property and equipment	(429,975)	(201,786)
Proceeds from disposal of property and equipment	161,947	38,511
Proceeds from sales and maturities of investments and investments - other	77,260,981	95,700,801
Purchases of investments and investments - other	(82,489,923)	(95,538,470)
Net cash used in investing activities	(5,496,970)	(944)
Cash flows from financing activities		
Change in deferred gift agreements and funds held in trust	5,190,602	(3,373,820)
Proceeds on contributions restricted for long-term investment	347,491	33,988
Payments on notes receivable	199,175	201,228
Net cash provided by (used in) financing activities	5,737,268	(3,138,604)
Net increase (decrease) in cash and cash equivalents	1,774,048	(711,000)
Cash and cash equivalents, beginning of year	7,051,492	7,762,492
Cash and cash equivalents, end of year	\$ 8,825,540	\$ 7,051,492
Supplemental schedule of cash flow information		
Noncash investment activities that increased liabilities for deferred gift agreements and funds held in trust		
Investments received	\$ 42,404	\$ 52,987
Net realized and unrealized gains on investments	4,653,853	7,764,563
In-kind contributions for long-term investments	146,000	.

The accompanying notes are an integral part of these statements.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
September 30, 2013 and 2012

NOTE A - NATURE OF ORGANIZATION

The Church of the Nazarene exists to serve as an instrument for advancing the kingdom of God through the preaching and teaching of the Gospel throughout the world. The Global Ministry Center of the General Board of the Church of the Nazarene (the General Board) shall encourage and expect all national, regional, district, and local boards to fulfill the mission of the Church of the Nazarene (the Church). The General Board shall promote the financial and material affairs of all the departments of the Church, subject to such instructions as may be given by the General Assembly. It shall coordinate, correlate, and unify the plans and activities of the several constituent departments so that a unified policy may be established by and in all the activities of the Church.

The objectives of the General Board are to advance the cause of Christian holiness:

- by fostering growth in the Church
- by the production and distribution of print and non-print media for the various services; to awaken and strengthen interest throughout the Church in the value and proper use of contemporary media resources
- by articulating the philosophy of Christian education, enhancing the role of Sunday School, strengthening other training in the Church, and emphasizing the importance of ministry to home and family as a task of the Church throughout the world in accordance with the Great Commission
- by strengthening the bonds between the educational institutions and the Church at large (and to provide information and services as appropriate); to serve Nazarene educational institutions worldwide; and to encourage them to be all they can be in quality, achievement, and service to Christ

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying special purpose financial statements follows.

1. *Basis of Accounting*

The accompanying financial statements of the General Board are prepared on a special purpose financial reporting framework that is a basis of accounting other than accounting principles generally accepted in the United States of America (US GAAP). The General Board believes this special purpose framework is appropriate because it provides financial information for entities and activities for which the General Board has direct control and oversight. This basis of accounting differs from US GAAP in that the assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows presented in these special purpose financial statements exclude the results of operations and financial position of Nazarene Publishing House (NPH), Nazarene Compassionate Ministries, Inc. (NCM, Inc.), and Global Mission regions (with the exception of USA / Canada regional office). These excluded entities generally have management and governing boards that are separate from the General Board, have differing fiscal year-ends, and the excluded Global Mission regions are located in foreign jurisdictions.

1. *Basis of Presentation*

The accompanying special purpose financial statements present the activities and operations of the General Board, including amounts transferred to the Global Mission regions which are reported as program expenses. Also included in the special purpose financial statements are transactions for Church of the Nazarene Foundation and Harvest Partners, Inc. Each of these entities is a 501(c)(3) corporation organized as a 509(a) supporting organization. Individual congregations and related service corporations are not included herein. Also, the USA/Canada regional office is not separately incorporated and has been consolidated in the accompanying special purpose financial statements. These special purpose financial statements have been prepared on the accrual basis of accounting. All significant inter-entity balances and transactions have been eliminated.

To ensure observance of limitations and restrictions placed on the use of resources available to the General Board, resources are classified for accounting and financial reporting purposes into categories established according to their nature and purposes. The assets, liabilities and net assets of the General Board are reported in three categories as follows:

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

1. *Basis of Presentation - Continued*

Unrestricted Net Assets - Unrestricted net assets are resources that are neither permanently nor temporarily restricted by donor-imposed stipulations. The only limits on unrestricted net assets are those resulting from the nature of the General Board and its purposes.

Temporarily Restricted Net Assets - Temporarily restricted net assets are resources whose use by the General Board is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled by actions of the General Board. Donor-restricted investments which are temporarily restricted consist primarily of the General Board's interest in endowments, charitable gift annuities, and beneficial interest in charitable remainder trusts.

Permanently Restricted Net Assets - Permanently restricted net assets are those whose use by the General Board is limited by donor-imposed stipulations requiring that the corpus be maintained in perpetuity. Generally, income earned on related investments, if any, may be restricted by donors or used for unrestricted purposes in the absence of donor restrictions. Interest and dividends from permanently restricted investments are credited to temporarily restricted net assets until they are released for expenditure.

2. *Cash and Cash Equivalents*

Cash and cash equivalents include only funds and overnight investments held in banks for operating purposes. Bank rating services are regularly monitored for the ongoing safety ratings of the financial institutions in which deposits are maintained. Beginning December 31, 2010 and through December 31, 2012, section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act provided for unlimited insurance coverage of noninterest-bearing transaction accounts. Effective January 1, 2013, FDIC coverage has been limited for both interest bearing and non-interest bearing accounts to \$250,000 per bank. At September 30, 2013, there was approximately \$8,796,000 held in banks in excess of federally insured limits. There were no uninsured balances at September 30, 2012. Foreign bank balances amounted to \$1,329,724 and \$1,651,645 as of September 30, 2013 and 2012, respectively.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. *Contributions*

Contributions received, including unconditional promises to give, are recognized as revenues when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless restricted by the donor for specific purposes outside the general nature of the organization. Amounts received that are designated for future periods or restricted by the donor for specific purposes outside the general nature of the organization are reported as temporarily restricted or permanently restricted support which increases those net asset classes. However, if a restriction is fulfilled in the same year in which the contribution is received, the General Board reports the support as unrestricted.

The General Board reports gifts of land, buildings, and equipment at the fair value of the gift on the date received as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the General Board reports expirations of donor restrictions when the donated or acquired long-lived assets are placed into service.

4. *Investments*

Investments consist primarily of marketable debt, equity securities and alternative investments that are carried at fair value with realized and unrealized gains and losses included in the special purpose statements of revenues, expenses and changes in net assets. Fair values are based on quoted market prices or dealer quotes, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Special purpose financial statements.

5. *Investments - Other*

The General Board's investments in certificates of deposit and money market accounts restricted for long-term purposes and are not available for day to day operations, and thus do not qualify as cash and cash equivalents.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. *Property and Equipment*

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the depreciable assets. Estimated useful lives of property and equipment are as follows:

Buildings	10-50 years
Equipment	4-8 years

The General Board periodically reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Assets to be disposed of are reported at the lower of carrying amount or fair value, less costs to sell. Expenditures for repairs and maintenance, which do not improve or extend the expected useful lives of the assets, are expensed as incurred while major replacements and improvements are capitalized.

7. *Deferred Gift/Planned Giving Agreements*

The General Board is a party to various deferred gift and planned giving agreements, including gift annuities, unitrusts, and revocable and irrevocable trusts, whereby the General Board receives funds or assets for which it has fiduciary responsibility for the safekeeping, investment management, and distribution of funds to donor-designated beneficiaries.

The General Board recognizes an asset and a liability for funds or assets received pursuant to revocable and irrevocable deferred gift agreements for which the General Board is not the donor-designated beneficiary. In certain cases, the General Board is the donor-designated beneficiary and recognizes the receipt of funds or assets as temporarily restricted revenues for irrevocable deferred gift agreements.

Certain of the agreements contain an annuity feature, whereby the General Board will pay a fixed annuity to the donor or donor's beneficiary over specified periods of time. At the inception of the agreement, the General Board recognizes a liability equal to the present value of the expected annuity obligation, at the current discount rate of 5%, over the remaining expected life of the annuitant based on established mortality tables. The excess of the value of the funds or assets received over the present value of the annuity obligation is recognized as temporarily restricted net assets of the General Board if the General Board is the designated recipient of the corpus remaining upon the death of the annuitant. The annuity obligation is recalculated on an annual basis to take into consideration changes in the discount period (due to the passage of time) and mortality rates.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Deferred Gift/Planned Giving Agreements - Continued

Adjustments to the liability to reflect amortization of the discount, re-evaluations of the present value of the estimated future payments to the donor or beneficiary, and changes in actuarial assumptions are recognized in the special purpose statements of revenues, expenses and changes in net assets as actuarial adjustment of deferred gift agreements in temporarily restricted net assets based on the donor's restrictions.

From time to time the assets in a gift annuity contract are exhausted and the General Board uses unrestricted funds to pay the annuity until termination of the contract. Following an evaluation of the General Board gift annuity contracts over the life of the gift annuity pool by Kaspick & Company, the General Board has set aside a reserve of \$1 million to fund potential underwater gift annuity payments for these contracts. Any amounts not needed from this reserve will be transferred to the General Board Operating Reserve.

8. Income Taxes

The General Board is exempt from federal and state income taxes on its principal operations, although the General Board would be subject to federal income taxes on the net income from certain operations if such operations generated unrelated business income. No such unrelated business income was earned during 2013 or 2012.

The General Board applies the provision of Accounting Standards Codification Topic 740, *Income Taxes*, (ASC 740) with respect to uncertain tax positions. ASC 740 requires that all tax positions be evaluated using a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return. Differences between positions taken in a tax return and amounts recognized in the Special purpose financial statements are recorded as adjustments to income taxes payable or receivable, or adjustments to deferred income taxes, or both. ASC 740 also requires expanded disclosures at the end of each annual reporting period. Management believes there are no such positions as of September 30, 2013 or 2012 and, accordingly, no liability has been accrued with respect to uncertain tax positions.

The General Board is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The General Board believes it is no longer subject to income tax examinations for years prior to 2010.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. *Fair Value Measurements*

The General Board applies the provisions of ASC Topic 820, *Fair Value Measurements and Disclosures* (ASC 820) with respect to financial and non-financial assets and liabilities. This standard defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of ASC 820 apply to all financial instruments that are being measured and reported on a fair-value basis and items disclosed at fair value in the notes to the Special purpose financial statements.

ASC 820 defines fair value as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The exit price is based on the amount that the holder of the asset or liability would receive or pay in an actual transaction (or in a hypothetical transaction if an actual transaction does not exist) at the measurement date.

The carrying amounts of cash and cash equivalents are a reasonable estimate of their fair value because of the highly liquid status and short maturities. The carrying amounts of investments - other and accounts payable are a reasonable estimate of their fair value because of their short-term nature.

Fair value is generally determined based on quoted market prices in active markets for identical assets or liabilities. If quoted market prices are not available, the General Board uses valuation techniques that place greater reliance on observable inputs and less reliance on unobservable inputs (see Note D). In measuring fair value, the General Board may make adjustments for risks and uncertainties if a market participant would include such an adjustment in its pricing.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. *Endowment Fund*

Interpretation of Relevant Law

The State of Missouri applies the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Based on its interpretation of the provisions of UPMIFA, the General Board is required to act prudently when making decisions to spend or accumulate donor-restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor-restricted endowment funds. As a result of this interpretation, the General Board classified as permanently restricted net assets the original value of the gifts donated to the permanent endowment. The remaining portion of the endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, unless otherwise directed by the applicable donor, until those amounts are appropriated for expenditure by the General Board in a manner consistent with the standard prudence prescribed by UPMIFA. The General Board's endowments are invested in institutional funds that incurred an average gain of 5% and 12% for the years ended September 30, 2013 and 2012, respectively.

In accordance with UPMIFA, the General Board considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration of the fund
- The purposes of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the General Board
- The investment policies of the General Board

Return Objectives and Risk Parameters

The General Board has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested with the following objectives in priority order: (1) longer-term capital appreciation; and (2) prudent investment risk.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. *Endowment Fund - Continued*

Strategies Employed for Achieving Objectives

The General Board's goal for the investment of non-pension assets is to provide the highest level of appreciation in market value consistent with a prudent level of risk, and taking into consideration the planned duration of the investment. The Investment Committee of the General Board develops and maintains asset mix guidelines for each of the categories of assets taking into consideration the planned duration of the investments. The asset mix guidelines are reviewed by the Investment Committee at least once a year with a formal review every three years. The Investment Committee may change the asset mix at any time.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The General Board has a policy which permits annual spending of an approved percentage of 5%, multiplied by the fiscal year end fair market value of endowment, with a six month proration for contributions received during the year. Endowment contributions must be received by March 31 of a given year in order to be included in that year's distribution calculation. In the event that the rate of return does not meet expected benchmarks in any given year, endowments which must maintain a minimum historic dollar value will not distribute the full amount if that distribution would cause the endowment's value to drop below its minimum required level. This is consistent with the General Board's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

11. *Long-Lived Assets*

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset with estimated future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. For purposes of determining impairment, the General Board groups assets by category. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. During the years ended September 30, 2013 and 2012, the General Board recognized no such impairment expense.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. *Notes Receivable*

From time to time, Church of the Nazarene Foundation receives gifts of property and stock from donors. Church of the Nazarene Foundation will sell these assets and enter into a promissory note with the buyer for all or a portion of the proceeds of the assets. Such promissory notes receivable are recorded at the estimated collectible amounts, and a portion of these notes is secured by real property. Interest income on notes is recognized using the interest method. Interest income on impaired notes is recognized on the accrual basis until the account becomes severely delinquent, at which time the notes are placed on non-accrual status. Interest income is subsequently recognized to the extent cash payments are received. The accrual of interest resumes when the notes are brought current and removed from non-accrual status.

13. *Use of Estimates*

In preparing special purpose financial statements in conformity with special purpose financial reporting framework, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the special purpose financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates included in the special purpose financial statements are the valuations of pension and postretirement benefit obligations, deferred gift agreements, fair value of investments and useful lives of property plant and equipment. Actual results could differ from those estimates.

14. *Reclassifications*

Certain immaterial items in the 2012 special purpose financial statements have been reclassified to conform to the 2013 presentation. The reclassifications were primarily to conform to changes in the 2012 Church of the Nazarene Foundation presentation.

15. *Subsequent Events*

The General Board has evaluated subsequent events through April 22, 2014, which is the date these special purpose financial statements were available to be issued. The General Board is not aware of any subsequent events which would require recognition in the special purpose financial statements.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE C - INVESTMENTS, AT FAIR VALUE

Investments consisted of the following at September 30,

	2013		2012	
	Cost	Fair value	Cost	Fair value
Money market funds	\$ 1,581,192	\$ 1,581,192	\$ 736,603	\$ 736,603
Mutual funds				
Large blend	10,948,267	16,214,551	11,765,235	14,896,680
Medium blend	1,050,182	1,141,515	964,852	1,101,992
Foreign large blend	14,981,527	16,492,346	13,536,876	12,699,232
Foreign large value	-	-	423,487	442,108
Foreign mid/small value	473,464	579,479	655,262	635,184
Emerging markets	1,291,963	1,321,551	1,060,827	1,109,873
Domestic REITs	3,531,146	3,818,381	2,519,019	2,947,391
International REITs	1,925,691	2,353,722	1,620,073	1,900,870
Intermediate-term bond	30,590,712	30,557,401	32,174,331	34,303,902
Foreign bond	7,895,674	7,845,823	5,575,202	5,943,803
High quality bond	5,673,070	5,452,170	5,380,671	5,423,525
Investment grade bond	14,471,080	14,514,530	8,981,914	9,563,976
High yield bond	4,545,828	4,621,041	3,044,002	3,162,025
Common stocks				
Large cap core	16,685,633	19,662,375	15,177,613	17,224,186
Large cap growth	7,919,794	10,340,035	7,612,114	8,413,921
Small cap growth	3,496,015	4,450,165	3,069,021	3,338,176
Small cap value	2,934,615	3,824,870	2,925,701	3,212,143
U.S. government obligations	366,212	437,430	367,988	470,145
Corporate bonds	5,933,174	5,961,069	6,473,199	6,580,165
Alternative investments				
Real assets	548,326	1,066,014	1,006,056	1,318,967
Mineral rights	521,777	439,525	487,465	450,271
Mortgages	38,627	38,627	38,627	38,627
	<u>\$ 137,403,969</u>	<u>\$ 152,713,812</u>	<u>\$ 125,596,138</u>	<u>\$ 135,913,765</u>

Included in the investment totals above are investments held in trust for affiliated organizations and investments held pursuant to deferred gift and planned giving agreements. The fair value of those investments amounted to \$72,638,191 and \$62,420,715 as of September 30, 2013 and 2012, respectively.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE C - INVESTMENTS, AT FAIR VALUE - Continued

Net investment income consisted of the following for the year ended September 30,

	<u>2013</u>	<u>2012</u>
Realized gain on sale of investments	\$ 3,692,573	\$ 1,632,946
Unrealized gain on investments	2,669,148	6,498,870
Interest, dividends, and other income	1,736,359	1,592,101
Foreign currency (loss) gain	(86,110)	60,337
	<u>\$ 8,011,970</u>	<u>\$ 9,784,254</u>

The General Board paid \$586,186 and \$447,702 in investment fees for the years ended September 30, 2013 and 2012, respectively. These fees are netted against the proceeds from sale of investments in the special purpose statements of cash flows and included in net investment income on the special purpose statements of revenues, expenses and changes in net assets.

NOTE D - FAIR VALUE MEASUREMENTS

ASC 820 establishes a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and management's assumptions (unobservable inputs). Where an asset or a liability falls within that hierarchy depends on the lowest-level input which is significant to the fair value measurements as a whole. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy. The hierarchy consists of three broad levels as follows:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.
- Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The determination of where an asset or a liability falls in the hierarchy requires significant judgment. The General Board evaluates its hierarchy disclosures for each reporting period based on various factors. It is possible that an asset or a liability may be classified differently from one reporting period to another. However, the General Board expects that changes in classifications between different levels will be rare.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Money market funds, Common stocks and Mutual funds - Valued based on quoted market prices.

U.S. government obligations - Valued at the last traded price by obtaining feeds from a number of live data sources including active market makers and inter-dealer brokers.

Corporate bonds - Determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest rate curves and referenced credit spreads, and estimated prepayment rates, where applicable, are used for valuation purposes provided by third-party pricing services where quoted market values are not available.

Alternative investments - Consists of investments aggregated into real assets mineral rights and mortgages based upon their underlying investments. The fair values of real assets and mortgages are based on realtor estimates, comparable sales data, and tax assessments. The fair values of mineral rights are based upon the expected future cash flows of the mineral assets. These investments are classified within Level 3 of the fair value hierarchy. Additionally, these assets are not limited to when redeemed and do not have any lockup provisions.

Beneficial interest in charitable remainder trusts, net - Valued based on the fair value of the underlying trust assets less a payment liability. The payment liability is determined by calculating the present value of the expected future distributions, using published life expectancy tables and a 5% rate of return.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The General Board's financial assets and liabilities measured at fair value on a recurring basis were as follows at September 30, 2013:

	Fair value measurements at reporting date using			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,581,192	\$ -	\$ -	\$ 1,581,192
Mutual funds				
Large blend	16,214,551	-	-	16,214,551
Medium blend	1,141,515	-	-	1,141,515
Foreign large blend	16,492,346	-	-	16,492,346
Foreign mid/small value	579,479	-	-	579,479
Emerging markets	1,321,551	-	-	1,321,551
Domestic REITs	3,818,381	-	-	3,818,381
International REITs	2,353,722	-	-	2,353,722
Intermediate-term bond	30,557,401	-	-	30,557,401
Foreign bond	7,845,823	-	-	7,845,823
High quality bond	5,452,170	-	-	5,452,170
Investment grade bond	14,514,530	-	-	14,514,530
High yield bond	4,621,041	-	-	4,621,041
Common stocks				
Large cap core	19,662,375	-	-	19,662,375
Large cap growth	10,340,035	-	-	10,340,035
Small cap growth	4,450,165	-	-	4,450,165
Small cap value	3,824,870	-	-	3,824,870
U.S. government obligations	-	437,430	-	437,430
Corporate bonds	-	5,961,069	-	5,961,069
Alternative investments				
Real assets	-	-	1,066,014	1,066,014
Mineral rights	-	-	439,525	439,525
Mortgages	-	-	38,627	38,627
Total investments	<u>144,771,147</u>	<u>6,398,499</u>	<u>1,544,166</u>	<u>152,713,812</u>
Beneficial interest in charitable remainder trusts, net	-	-	1,828,928	1,828,928
	<u>\$ 144,771,147</u>	<u>\$ 6,398,499</u>	<u>\$ 3,373,094</u>	<u>\$ 154,542,740</u>

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The General Board's financial assets and liabilities measured at fair value on a recurring basis were as follows at September 30, 2012:

	Fair value measurements at reporting date using			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 736,603	\$ -	\$ -	\$ 736,603
Mutual funds				
Large blend	14,896,680	-	-	14,896,680
Medium blend	1,101,992	-	-	1,101,992
Foreign large blend	12,699,232	-	-	12,699,232
Foreign large value	442,108	-	-	442,108
Foreign mid/small value	635,184	-	-	635,184
Emerging markets	1,109,873	-	-	1,109,873
Domestic REITs	2,947,391	-	-	2,947,391
International REITs	1,900,870	-	-	1,900,870
Intermediate-term bond	34,303,902	-	-	34,303,902
Foreign bond	5,943,803	-	-	5,943,803
High quality bond	5,423,525	-	-	5,423,525
Investment grade bond	9,563,976	-	-	9,563,976
High yield bond	3,162,025	-	-	3,162,025
Common stocks				
Large cap core	17,224,186	-	-	17,224,186
Large cap growth	8,413,921	-	-	8,413,921
Small cap growth	3,338,176	-	-	3,338,176
Small cap value	3,212,143	-	-	3,212,143
U.S. government obligations	-	470,145	-	470,145
Corporate bonds	-	6,580,165	-	6,580,165
Alternative investments				
Real assets	-	-	1,318,967	1,318,967
Mineral rights	-	-	450,271	450,271
Mortgages	-	-	38,627	38,627
Total investments	127,055,590	7,050,310	1,807,865	135,913,765
Beneficial interest in charitable remainder trusts, net	-	-	1,998,091	1,998,091
	<u>\$ 127,055,590</u>	<u>\$ 7,050,310</u>	<u>\$ 3,805,956</u>	<u>\$ 137,911,856</u>

Included in the 2013 and 2012 investment balances noted above, are Funds Held for Others (See Note G).

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The following is a reconciliation of the beginning and ending balances of financial assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended September 30, 2013 and 2012.

	Real assets	Mineral rights	Mortgages	Beneficial interest in charitable remainder trusts	Total
Fair value, October 1, 2011	\$1,319,442	\$494,746	\$ 38,627	\$ 2,079,005	\$ 3,931,820
Gains (losses)					
Unrealized	(475)	(44,475)	.	97,521	52,571
Sales/transfers/payments	-	-	-	(178,435)	(178,435)
Fair value, September 30, 2012	1,318,967	450,271	38,627	1,998,091	3,805,956
Gains (losses)					
Realized	(20,819)	-	-	-	(20,819)
Unrealized	199,513	(44,744)	.	(22,009)	132,760
Contributions	371,083	33,998	.	-	405,081
Sales/transfers/payments	(802,730)	-	-	(147,154)	(949,884)
Fair value, September 30, 2013	<u>\$1,066,014</u>	<u>\$439,525</u>	<u>\$ 38,627</u>	<u>\$ 1,828,928</u>	<u>\$ 3,373,094</u>

NOTE E - PROPERTY AND EQUIPMENT

Major classifications of property and equipment consisted of the following at September 30,

	2013	2012
Buildings	\$ 29,341,245	\$ 29,469,568
Equipment	8,454,055	8,230,110
	<u>37,795,300</u>	<u>37,699,678</u>
Accumulated depreciation	(10,411,252)	(9,340,219)
	<u>27,384,048</u>	<u>28,359,459</u>
Land	3,422,096	3,447,708
Assets in progress	4,250	-
	<u>\$ 30,810,394</u>	<u>\$ 31,807,167</u>

Depreciation expense amounted to \$1,268,380 and \$1,426,096 for the years ended September 30, 2013 and 2012, respectively.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE F - DEFERRED GIFT AGREEMENTS OUTSTANDING

Deferred gift agreements outstanding represent the liability for various planned giving and revocable and irrevocable trust instruments for which the General Board has fiduciary responsibility for the safekeeping, investment management, and distribution of such funds to donor-designated Church ministries at the termination of such instruments.

NOTE G - FUNDS HELD IN TRUST

Funds held in trust consist of deposits made with the General Board by affiliated organizations for investment purposes and other miscellaneous deposits. Income earned from the investment of these deposits serves to increase the funds held in trust.

NOTE H - NET ASSETS

Temporarily restricted net assets were available for the following purposes or periods as of September 30,

	<u>2013</u>	<u>2012</u>
Scholarships	\$ 531,859	\$ 465,214
Deferred gift/planned giving agreements	3,633,824	4,363,102
Haiti disaster relief	1,348,252	1,563,436
Japan disaster relief	-	49,234
Other	4,297,999	3,973,214
	<u>\$ 9,811,934</u>	<u>\$ 10,414,200</u>

Net assets amounting to \$1,946,112 and \$1,004,219 for the years ended September 30, 2013 and 2012, respectively, were released from temporary restrictions due primarily to the termination of the related planned giving agreements.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE H - NET ASSETS - Continued

Permanently restricted net assets consisted of the following as of September 30,

	<u>2013</u>	<u>2012</u>
Investment in perpetuity, the income from which is expendable to support		
Global Mission	\$ 3,272,603	\$ 2,774,053
International Board of Education	1,070,050	1,052,389
Church growth	419,379	438,478
Undesignated	16,797	16,797
Certain local Nazarene churches	424,571	428,077
Church of the Nazarene Foundation	10,912	10,912
Nazarene Youth International	12,852	12,852
Other Nazarene ministries	121,160	121,073
Endowments requiring a portion of the income to be added to the principal, with the remaining income distributed to Global Mission	<u>335,145</u>	<u>335,145</u>
	<u>\$ 5,683,469</u>	<u>\$ 5,189,776</u>

NOTE I - PENSIONS AND BENEFITS FUND

The Pensions and Benefits Fund (the Fund) provides various retirement, insurance, and benevolence programs to ministers and their spouses or surviving family members. The Fund is funded by local churches participating in the programs. The Fund is administered by the Board of Pensions and Benefits USA (the Board of Pensions) on behalf of the General Board. The assets of the Fund are included in separate financial statements.

NOTE J - NAZARENE HEALTH AND HOSPITALIZATION PROGRAM

The Nazarene Health and Hospitalization Program (the NHHP) was established to provide health care benefits. The NHHP includes coverage under two separate plan documents identified as the Missionary Medical Plan (the Missionary Plan) and the General Church Medical Plan (the General Church Plan). The plans are administered by the Board of Pensions on behalf of the General Board.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE J - NAZARENE HEALTH AND HOSPITALIZATION PROGRAM - Continued

Not less than one-half of the contributions for participant coverage are paid by the respective employers. All medical and dental benefits of the two plans are self-funded through specific and aggregate reinsurance policies.

The General Board contributed \$1,811,200 and \$1,558,999 to the Missionary Plan and \$1,914,819 and \$1,842,986 to the General Church Plan for the years ended September 30, 2013 and 2012, respectively.

The assets of the NHHP are included in separate financial statements.

NOTE K - PENSION AND POSTRETIREMENT BENEFITS

1. *World Mission Pension Plans*

The General Board maintains the World Mission Pension Plans (the Plans) noncontributory defined benefit pension plans covering missionaries under contract with the General Board prior to December 31, 1997. New participation was frozen such that there were no new entrants after December 31, 1997. The benefits are based on years of service. The General Board's funding policy is to contribute annually the amount needed to provide not only for benefits for service to date, but also for those benefits expected to be earned in the future. For new missionaries under contract after December 31, 1997, retirement benefits are provided by the Nazarene 403(b) Retirement Savings Plan.

The General Board's projected benefit obligation under the Plans exceeded the fair value of Plan assets by \$1,297,208 and \$2,601,408 at September 30, 2013 and 2012, respectively; therefore, the Plans are underfunded.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans - Continued*

The amounts recognized for the Plans in the General Board's unamortized pension liability consisted of the following at September 30,

	2013	2012
Prior service cost	\$ 76,777	\$ 122,434
Net actuarial loss	1,931,542	3,165,328
	\$ 2,008,319	\$ 3,287,762

The amounts for the Plans included in the General Board's unamortized pension liability at September 30, 2013 and expected to be amortized in net periodic pension cost for fiscal 2014 were as follows:

Prior service cost	\$ 23,992
Net actuarial loss	112,412
	\$ 136,404

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans - Continued*

The following table presents the benefit obligation, the fair value of Plan assets, the funded status of the Plans, and the principal weighted-average assumptions used as of September 30,

	<u>2013</u>	<u>2012</u>
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 11,442,954	\$ 11,192,050
Service cost	10,015	30,369
Interest cost	422,669	477,196
Benefits paid	(898,124)	(898,758)
Actuarial (gain) loss	(520,552)	642,097
Benefit obligation, end of year	<u>10,456,962</u>	<u>11,442,954</u>
Change in Plan assets		
Fair value of Plan assets, beginning of year	8,841,546	6,802,421
Actual return (loss) on Plan assets	1,052,464	772,935
Employer contributions	163,868	2,164,948
Benefits paid	(898,124)	(898,758)
Fair value of Plan assets, end of year	<u>9,159,754</u>	<u>8,841,546</u>
Funded status, end of year	<u>\$ (1,297,208)</u>	<u>\$ (2,601,408)</u>
Measurement date and weighted-average assumptions		
Used to determine benefit obligation		
Measurement date	9/30/13	9/30/12
Discount rate	4.25%	3.85%
Used to determine net periodic benefit cost		
Measurement date	10/1/12	10/1/11
Discount rate	3.85%	4.45%
Expected return on Plan assets	7.00%	7.00%

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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans - Continued*

Net periodic pension cost included the following components as of September 30,

	<u>2013</u>	<u>2012</u>
Service cost	\$ 10,015	\$ 30,369
Interest cost	422,669	477,196
Expected return on Plan assets	(592,516)	(449,084)
Amortization of		
Prior service cost	45,657	81,670
Net actuarial loss	253,286	239,599
	<u>\$ 139,111</u>	<u>\$ 379,750</u>

The General Board's investment policy for the Plans is to maintain a target allocation of 62% of Plan assets in equity securities and 38% of Plan assets in bond or other fixed-income securities. Contributions and benefit payments are used to maintain the actual asset allocation as close as is practicable to the target allocation. Plan assets are broadly diversified to limit the impact of losses in individual investments on the total portfolio.

Actual allocation of Plan assets by percentage was as follows at September 30,

	<u>2013</u>	<u>2012</u>
Equity securities	62%	62%
Debt securities	38%	38%
	<u>100%</u>	<u>100%</u>

The fair value hierarchy for classifying fair value measurements of assets and liabilities, as set forth in ASC 820, is as follows:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.
- Level 3 - Unobservable inputs developed using the General Board's estimates and assumptions, which reflect those which market participants would use.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans - Continued*

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

A description of the valuation methodologies used for assets measured at fair value is disclosed in Note D.

The entirety of the Plans' investments is in the Pension Investment Trust (the Trust), which was established for the investment of assets of the Plans and the Single Defined Benefit Pension Plan. Each participating retirement plan has an undivided interest in the Trust. The assets of the Trust are held by Northern Trust Company (the Custodian).

The value of the Plans' interest in the Trust is based on the beginning-of-year value of the Plans' interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. At September 30, 2013 and 2012, the Plans' interest in the net assets of the Trust was approximately 8%. There are no restrictions on the redemption of the Plans' interest in the net assets of the Trust as of September 30, 2013 and 2012, respectively. Investment income and administrative expenses relating to the Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

The Trust's assets measured at fair value on a recurring basis, subject to the disclosure requirements of ASC 715, *Compensation Retirement Benefits*, (ASC 715) were as follows at September 30, 2013:

	Fair value measurements at reporting date			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,055,165	\$ -	\$ -	\$ 1,055,165
U.S. Common stocks	59,890,591	-	-	59,890,591
U.S. Government obligations and agency securities	1,917	-	-	1,917
Mutual funds				
Intermediate - term bond	40,386,406	-	-	40,386,406
International funds	14,143,203	-	-	14,143,203
Total assets at fair value	\$ 115,477,282	\$ -	\$ -	\$ 115,477,282

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans - Continued*

The Trust's assets measured at fair value on a recurring basis, subject to the disclosure requirements of ASC 715 were as follows at September 30, 2012:

	Fair value measurements at reporting date			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,464,474	\$ -	\$ -	\$ 1,464,474
U.S. Common stocks	53,249,680	-	-	53,249,680
U.S. Government obligations and agency securities	2,999	-	-	2,999
Mutual funds				
Intermediate - term bond	41,760,360	-	-	41,760,360
International funds	12,797,453	-	-	12,797,453
Total assets at fair value	\$ 109,274,966	\$ -	\$ -	\$ 109,274,966

During the year ending September 30, 2014, employer contributions to the Plans are expected to be approximately \$175,000.

Benefits reflecting future service are expected to be paid as follows for the year ending September 30,

Year ending September 30,	Amount
2014	\$ 926,075
2015	913,833
2016	889,912
2017	875,246
2018	852,819
2019-2023	3,810,247

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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

2. *Postretirement Benefits*

In conjunction with the NHHP, the General Board has plans that provide postretirement health care benefits for certain groups of retired employees. The General Board's postretirement benefit health care plans are not currently funded.

The following table sets forth the other postretirement benefit plans' status as of September 30,

	<u>2013</u>	<u>2012</u>
Benefit obligation as of September 30,	<u>\$ (14,164,820)</u>	<u>\$ (19,733,532)</u>
Fair value of Plan assets as of September 30,	<u>-</u>	<u>-</u>
Unfunded status	<u>(14,164,820)</u>	<u>(19,733,532)</u>
Unrecognized net actuarial gain (loss)	<u>(3,880,687)</u>	<u>(2,699,464)</u>
Unrecognized prior service cost	<u>(6,522,691)</u>	<u>(3,569,643)</u>
Benefit liability recognized in the statements of financial position	<u><u>\$ (24,568,198)</u></u>	<u><u>\$ (26,002,639)</u></u>
Benefit (income) cost recognized in the statements of activities	<u><u>\$ (383,847)</u></u>	<u><u>\$ 398,083</u></u>
	<u>2013</u>	<u>2012</u>
Weighted-average assumptions used to determine benefit obligation discount rate	<u>3.95%</u>	<u>3.35%</u>

During the year ending September 30, 2014, employer contributions to other postretirement benefit plans are expected to be approximately \$1,348,491.

Benefits, net of Medicare Part D subsidy, reflecting future service are expected to be paid as follows for the year ending September 30,

<u>Year ending</u>	<u>Amount</u>
2014	\$ 1,348,491
2015	1,325,508
2016	1,308,377
2017	1,286,072
2018	1,250,716
2019-2023	5,512,612

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

2. *Postretirement Benefits - Continued*

For measurement purposes, an annual rate of increase of 7.5% in the per capita cost of covered health care benefits was assumed for 2013 and 2012, respectively. The rate was assumed to decrease by 0.5% per year thereafter, to become 5% in 2018.

Selected components of net periodic benefit cost were as follows at September 30,

	2013	2012
Current service cost	\$ 142,500	\$ 412,029
Employer contributions	1,050,594	1,065,483
Benefits paid	(1,050,594)	(1,065,483)

3. *Single Defined Benefit Pension Plan*

The Basic Pension Plan and the General Church Pension Plan have been merged to form the Single Defined Benefit Pension Plan (the Single Defined Plan), and no new entrants were admitted into the Single Benefit Plan after December 31, 1995. Participants in the Single Defined Plan have been grandfathered in so that no one having years of service under the predecessor plans will receive less under the Single Defined Plan than what would have been paid under the predecessor plans had they continued unchanged. The Single Defined Plan is a multiemployer plan that provides retirement benefits at age 65 to qualified full-time employees, pastors, evangelists, and district-licensed laypersons serving organized churches. The Single Defined Plan is a defined benefit plan and is administered by the Board of Pensions on behalf of the General Board. The assets are held in trust by the Board of Pensions, and separate financial statements are prepared for the Single Defined Plan. Contributions of \$9,100,000 and \$7,500,000 were made by the employers to the Single Defined Plan for the years ended September 30, 2013 and 2012, respectively.

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NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

4. *Nazarene 403(b) Retirement Savings Plan*

The Nazarene 403(b) Retirement Savings Plan [the 403(b) Plan] was established for all U.S. ministers and laypersons serving local congregations and districts, as well as for general church employees. The annual pension supplement amount contributed from the Fund receipts or agency funds is determined annually by the Board of Pensions. Ministerial employees may receive a bonus if their local church or district pays 100% of their allocated Fund amounts. The bonus amount is determined annually by the Board of Pensions.

For each of the years ended September 30, 2013 and 2012, the annual pension supplement amount was \$500 per participant and the bonus amount was \$500. Employees may elect to participate in the 403(b) Plan through salary-reduction contributions. Employers make matching contributions to their respective participating employees' accounts. Local church and agency employers are encouraged to establish policies to match amounts of voluntary salary-reduction contributions up to at least 3% of salary. Contributions are made directly to Fidelity Investments.

The total cost of contributions made to the 403(b) Plan through the Fund was \$2,114,924 and \$2,764,083 for the years ended September 30, 2013 and 2012, respectively. The cash value of all participant accounts was \$335,607,068 and \$326,626,609 as of September 30, 2013 and 2012, respectively.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE L - NOTES RECEIVABLE

	2013	2012
Note receivable dated September 27, 2007, payable in annual interest-only installments through August 1, 2009; thereafter, annual principal payments of \$24,202 are due beginning August 1, 2010; final due date is August 1, 2014. Interest rate is 7.75% per annum through August 1, 2009; thereafter, the annual interest rate is 8.25%. Note is secured by real property.	\$ 22,358	\$ 43,011
Note receivable dated December 10, 2010, payable in 5 annual installments of \$21,954 beginning December 10, 2011 (discount is based on imputed interest of 3%)	62,099	77,848
Note receivable dated December 10, 2010, payable in 5 annual installments of \$150,323 beginning December 10, 2011 (discount is based on imputed interest of 3%)	425,204	533,036
Note receivable dated December 8, 2011, payable in 36 monthly installments of \$231 beginning February 1, 2012 (discount is based on imputed interest of 5%)	-	3,376
Note receivable of \$500,000 dated in 2005, payable in 2020 (discount is based on imputed interest of 5%)	355,343	338,422
	\$ 865,004	\$ 995,693

Remaining maturities of notes receivable are as follows:

Year ending September 30,	Amount
2014	\$ 180,014
2015	162,387
2016	167,260
2017	-
2018	-
Thereafter	355,343
	\$ 865,004

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE M - OTHER REVENUE

Other revenue consisted of the following during the year ended September 30,

	<u>2013</u>	<u>2012</u>
Nazarene Youth Conference	\$ -	\$ 8,480
Event registrations	265,237	471,330
General Assembly	730,138	-
Subscriptions and literature sales	280,593	366,570
W&W participant insurance funds	130,242	149,793
Casa Robles	176,761	178,290
Nazarene Publishing House funds	21,000	18,000
American Bible Society	441	50
Trustee fees	539,573	523,926
Miscellaneous	411,290	444,847
	<u>\$ 2,555,275</u>	<u>\$ 2,161,286</u>

NOTE N - ENDOWMENT FUNDS

1. *Endowment Composition*

The General Board applies the provisions of ASC Topic 958, *Not-for-Profit Entities* (ASC 958). A key component of ASC 958 is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure.

The General Board's endowment consists of approximately 140 individual funds, a majority of which were established for the benefit of the General Board and local church ministries. Its endowment consists of perpetual and term endowments. As required by generally accepted accounting principles, net assets associated with endowments funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE N - ENDOWMENT FUNDS - Continued

1. *Endowment Composition - Continued*

	September 30, 2013			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Endowment composition by net asset category				
Donor restricted endowment funds	\$ 2,381,245	\$ 2,217,270	\$ 5,538,469	\$10,136,984
Change in endowment net assets				
Endowment net assets, October 1, 2012	\$ 2,104,088	\$ 1,833,788	\$ 5,189,776	\$ 9,127,652
Investment return				
Investment income	111,791	307,913	217	419,921
Appreciation, net (realized and unrealized)	35,759	233,340	2	269,101
Total investment return	147,550	541,253	219	689,022
Contributions	201,667	184,846	348,491	735,004
General Board ministries expenses	(24,554)	-	-	(24,554)
Administrative fees	(8,237)	(25,251)	(17)	(33,505)
Appropriation of endowment net assets for expenditure	(39,269)	(317,366)	-	(356,635)
Transfers of net endowment losses	-	-	-	-
Net assets released from restriction	-	-	-	-
Endowment net assets, September 30, 2013	\$ 2,381,245	\$ 2,217,270	\$ 5,538,469	\$10,136,984

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE N - ENDOWMENT FUNDS - Continued

1. *Endowment Composition - Continued*

	September 30, 2012			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Endowment composition by net asset category				
Donor restricted endowment funds	\$ 2,104,088	\$ 1,833,788	\$ 5,189,776	\$ 9,127,652
Change in endowment net assets				
Endowment net assets, October 1, 2011	\$ 1,880,800	\$ 1,180,025	\$ 4,729,886	\$ 7,790,711
Investment return				
Investment income	81,033	244,361	203	325,597
Depreciation, net (realized and unrealized)	144,626	689,687	285	834,598
Total investment return	225,659	934,048	488	1,160,195
Contributions	-	9,082	408,673	417,755
Transfers from donor advised funds	-	-	50,744	50,744
Administrative fees	(6,896)	(24,288)	(15)	(31,199)
Appropriation of endowment net assets for expenditure	(45,046)	(215,508)	-	(260,554)
Transfers of net endowment losses	49,571	(49,571)	-	-
Net assets released from restriction	-	-	-	-
Endowment net assets, September 30, 2012	\$ 2,104,088	\$ 1,833,788	\$ 5,189,776	\$ 9,127,652

2. *Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the General Board to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles accepted in the United States of America, deficiencies of this nature are reported in unrestricted net assets and were \$56,414 and \$56,071 as of September 30, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE O - RELATED PARTY TRANSACTIONS

Included in revenues are amounts totaling \$21,000 and \$18,000 for the years ended September 30, 2013 and 2012, respectively, received from Nazarene Publishing House (NPH), an affiliated organization, for certain editorial services provided by the General Board. Included in expenses are amounts totaling \$764,497 and \$691,790 for the years ended September 30, 2013 and 2012, respectively, paid to NPH primarily for publishing and printing services and book purchases. Prior to the issuance of prior year financial statements, as noted in the subsequent events footnote in the notes to the Special purpose financial statements, it was noted that General Board had announced plans to transfer communications and information technology operations, and the related assets and personnel, to NPH. It was the intention of the General Board to enter into a service agreement with NPH for such services. During the year, it was decided that the Global Ministry Center would retain these services.

Certain affiliated organizations deposit excess funds with the General Board for investment purposes. As of September 30, 2013 and 2012, funds held in trust totaled \$58,262,571 and \$46,381,968, respectively. See Note G.

The General Board guarantees debt on real property related to the worldwide missionary and church growth programs. See Note P.

As of September 30, 2013 and 2012, the Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene World Mission Pension Plans owed \$15,220 and \$12,441, respectively, to the General Board. As of September 30, 2013 and 2012, the Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene Single Defined Benefit Pension Plan owed \$51,453 and \$46,824, respectively, to the General Board.

The General Board provided interest-free direct-financing leases to certain employees. During the year ended September 30, 2013, this program was terminated. The amounts outstanding on these leases are included in receivables - other on the special purpose statements of assets, liabilities and net assets and amounted to \$0 and \$13,132 as of September 30, 2013 and 2012, respectively.

Payables to various Global Mission regional offices of the Church of the Nazarene are included in accounts payable and accrued expenses on the special purpose statements of assets, liabilities and net assets and amounted to \$186,456 and \$904,582 as of September 30, 2013 and 2012, respectively. Receivables from various Global Mission regional offices of the Church of the Nazarene are included in receivables - other on the special purpose statements of assets, liabilities and net assets and amounted to \$662,289 and \$0 as of September 30, 2013 and 2012, respectively.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE O - RELATED PARTY TRANSACTIONS - Continued

Included in expenses are amounts totaling \$152,370 and \$110,562 for the years ended September 30, 2013 and 2012, respectively, paid to NCM, Inc., an affiliated organization, for support and expenses incurred by NCM, Inc. on the behalf of the General Board. Receivables from NCM, Inc. are included in receivables - other on the special purpose statements of assets, liabilities and net assets and amounted to \$616 and \$101,521 as of September 30, 2013 and 2012, respectively.

The General Board provides monthly allocations to certain affiliated organizations for support which are included in International Board of Education expense on the special purpose statements of revenues, expenses and changes in net assets. Allocations made to Nazarene Bible College for the years ended September 30, 2013 and 2012 totaled \$849,450. Allocations made to Nazarene Theological Seminary for the years ended September 30, 2013 and 2012 totaled \$1,124,574.

NOTE P - COMMITMENTS AND CONTINGENCIES

The General Board is a party to various legal actions arising in the ordinary course of its operations. In management's opinion, the General Board has adequate legal defenses and/or insurance coverage respecting each of these actions and does not believe that they will materially affect the General Board's financial position, changes in net assets, or cash flows.

Debt in the amount of \$828,688 and \$856,198 was outstanding on real property related to the worldwide missionary and Church growth programs as of September 30, 2013 and 2012, respectively. The General Board was the guarantor on \$828,688 and \$856,198 of this debt. The General Board believes it has a moral obligation to repay this contingent liability in the event of default to support the two programs, although it is not legally obligated to do so. All of the debt is collateralized by real property, for which management estimates the fair value to approximate \$12,995,118 as of September 30, 2013. The debt and related property are excluded from the General Board's special purpose financial statements.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE Q - FUNCTIONAL EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the special purpose statements of revenues, expenses and changes in net assets. Accordingly, certain costs have been allocated among the corresponding program and support services. Fundraising costs were \$1,981,990 and \$1,572,607 for the years ended September 30, 2013 and 2012, respectively.

NOTE R - OPERATING LEASES

The General Board leases office space under a noncancelable operating lease expiring in January 2015. The General Board also leases office equipment under noncancelable operating leases with maturity dates ranging from February 2014 to October 2017. Effective February 1, 2012, Church of the Nazarene Foundation entered into a sublease agreement for its former corporate office, which expires in 2015. The lease agreement and corresponding sublease agreements were terminated during March 2013.

Minimum lease commitments are as follows:

Year ending September 30,	Amount
2014	\$ 27,424
2015	18,261
2016	17,597
2017	13,338
2018	-
	<u>\$ 76,620</u>

Total lease expense was \$72,040 for 2013 and \$79,075 for 2012.

The Global Ministry Center of the General Board of the Church of the Nazarene
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS - CONTINUED
September 30, 2013 and 2012

NOTE S - TEMPORARILY RESTRICTED NET ASSETS HELD BY THIRD-PARTY TRUSTEES

The General Board was informed that certain assets in amounts totaling \$1,081,417 and \$1,036,101 were being held on its behalf by third-party trustees at September 30, 2013 and 2012, respectively. The donors of these assets have designated the General Board as the principal beneficiary of the charitable remainder. These assets are included in temporarily restricted net assets and are invested primarily in fixed money market accounts and land. Because the General Board does not know when conditions will be met for the collection of the charitable remainder, there were no plans as of September 30, 2013 for use of the assets.

The Global Ministry Center of the General Board of the Church of the Nazarene
CONSOLIDATING SPECIAL PURPOSE STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
September 30, 2013

	The Global Ministry Center of the General Board of the Church of the Nazarene	Church of the Nazarene Foundation	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 8,346,736	\$ 478,804	\$ -	\$ 8,825,540
Investments, at fair value	99,775,899	53,820,737	(882,824)	152,713,812
Investments - other	6,413,726	1,371,707	-	7,785,433
Receivables - other	1,671,494	324,791	(55,046)	1,941,239
Property and equipment, net	30,807,615	2,779	-	30,810,394
Beneficial interest in charitable remainder trusts	2,113,987	894,665	(1,179,724)	1,828,928
Notes receivable	-	865,004	-	865,004
Other assets	661,780	335,572	-	997,352
	<u>\$ 149,791,237</u>	<u>\$ 58,094,059</u>	<u>\$ (2,117,594)</u>	<u>\$ 205,767,702</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses	\$ 3,237,964	\$ 117,987	\$ (5,027)	\$ 3,350,924
Due to General Board	-	50,019	(50,019)	-
Deferred gift agreements	9,598,911	4,923,863	(147,154)	14,375,620
Funds held in trust	19,679,470	40,498,495	(1,915,394)	58,262,571
Pension obligation	1,297,208	-	-	1,297,208
Postretirement benefit obligation	24,568,198	-	-	24,568,198
	<u>58,381,751</u>	<u>45,590,364</u>	<u>(2,117,594)</u>	<u>101,854,521</u>
COMMITMENTS AND CONTINGENCIES				
NET ASSETS				
Unrestricted - undesignated	84,022,918	6,403,179	-	90,426,097
Unrestricted - unamortized pension liability	(2,008,319)	-	-	(2,008,319)
Temporarily restricted	6,335,982	3,475,952	-	9,811,934
Permanently restricted	3,058,905	2,624,564	-	5,683,469
	<u>91,409,486</u>	<u>12,503,695</u>	<u>-</u>	<u>103,913,181</u>
	<u>\$ 149,791,237</u>	<u>\$ 58,094,059</u>	<u>\$ (2,117,594)</u>	<u>\$ 205,767,702</u>

The Global Ministry Center of the General Board of the Church of the Nazarene
CONSOLIDATING SPECIAL PURPOSE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year ended September 30, 2013

	The Global Ministry Center of the General Board of the Church of the Nazarene				Church of the Nazarene Foundation				Eliminations	Total
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total		
Changes in net assets										
Revenues and gains										
World Evangelism Fund	\$ 37,965,171	\$ -	\$ -	\$ 37,965,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,965,171
Mission specials	26,491,590	25,375	-	26,516,965	-	-	-	-	-	26,516,965
Legacy, gifts, and charitable remainders	1,869,554	51,912	37,207	1,958,673	1,416,006	40,672	456,267	1,912,945	(796,368)	3,075,250
Subsidy from General Board	-	-	-	-	523,758	-	-	523,758	(523,758)	-
Other	2,077,787	-	-	2,077,787	593,166	-	-	593,166	(115,678)	2,555,275
Total revenues and gains	68,404,102	77,287	37,207	68,518,596	2,532,930	40,672	456,267	3,029,869	(1,435,804)	70,112,661
Net assets released from restrictions	1,839,784	(1,839,784)	-	-	106,328	(106,328)	-	-	-	-
Total revenues and gains	70,243,886	(1,762,497)	37,207	68,518,596	2,639,258	(65,656)	456,267	3,029,869	(1,435,804)	70,112,661
Expenses										
Program services										
Global Mission	45,237,264	-	-	45,237,264	-	-	-	-	-	45,237,264
International Board of Education	3,036,453	-	-	3,036,453	-	-	-	-	-	3,036,453
Sunday School and Discipleship Ministries	1,063,078	-	-	1,063,078	-	-	-	-	-	1,063,078
Nazarene Youth International	814,370	-	-	814,370	-	-	-	-	-	814,370
Board of General Superintendents	2,317,142	-	-	2,317,142	-	-	-	-	-	2,317,142
Nazarene communication services	885,083	-	-	885,083	-	-	-	-	-	885,083
Church of the Nazarene Foundation	-	-	-	-	1,723,796	-	-	1,723,796	(796,368)	927,428
Other program services, net	4,399,954	-	-	4,399,954	-	-	-	-	-	4,399,954
Total program services	57,753,344	-	-	57,753,344	1,723,796	-	-	1,723,796	(796,368)	58,680,772
Support services										
Global Ministry Center Financial Office*	3,395,212	-	-	3,395,212	-	-	-	-	(563,758)	2,831,454
Global Ministry Center Operations Office	3,257,153	-	-	3,257,153	-	-	-	-	-	3,257,153
Church of the Nazarene Foundation	-	-	-	-	1,148,157	-	-	1,148,157	(75,678)	1,072,479
Other support services*	1,111,337	-	-	1,111,337	-	-	-	-	-	1,111,337
Total support services	7,763,702	-	-	7,763,702	1,148,157	-	-	1,148,157	(639,436)	8,272,423
Fundraising*	1,981,990	-	-	1,981,990	-	-	-	-	-	1,981,990
Total expenses	67,499,036	-	-	67,499,036	2,871,953	-	-	2,871,953	(1,435,804)	68,935,185
Change in net assets from operations	2,744,850	(1,762,497)	37,207	1,019,560	(232,695)	(65,656)	456,267	157,916	-	1,177,476
Changes in non operating income (expense)										
Net investment income	6,599,245	621,151	219	7,220,615	426,570	364,785	-	791,355	-	8,011,970
Gain on disposal of property and equipment	3,579	-	-	3,579	-	-	-	-	-	3,579
Actuarial adjustment of deferred gift agreements	-	319,656	-	319,656	-	-	-	-	-	319,656
Expenses and administrative fees	-	(71,051)	-	(71,051)	-	(8,654)	-	(8,654)	-	(79,705)
	6,602,824	869,756	219	7,472,799	426,570	356,131	-	782,701	-	8,255,500
Change in net assets before unamortized pension liability adjustment	9,347,674	(892,741)	37,426	8,492,359	193,875	290,475	456,267	940,617	-	9,432,976
Changes in unamortized pension liability not included in pension expense	1,279,443	-	-	1,279,443	-	-	-	-	-	1,279,443
Increase in net assets	10,627,117	(892,741)	37,426	9,771,802	193,875	290,475	456,267	940,617	-	10,712,419
Net assets, beginning of year	71,387,482	7,228,723	3,021,479	81,637,684	6,209,304	3,185,477	2,168,297	11,563,078	-	93,200,762
Net assets, end of year	\$ 82,014,599	\$ 6,335,982	\$ 3,058,905	\$ 91,409,486	\$ 6,403,179	\$ 3,475,952	\$ 2,624,564	\$ 12,503,695	\$ -	\$ 103,913,181

* The amounts of these accounts are presented differently in the consolidated statements of activities because fundraising and support expenses are combined

The Global Ministry Center of the General Board of the Church of the Nazarene
CONSOLIDATING SPECIAL PURPOSE STATEMENT OF CASH FLOWS
Year ended September 30, 2013

	The Global Ministry Center of the General Board of the Church of the Nazarene	Church of the Nazarene Foundation	Eliminations	Total
Cash flows from operating activities				
Change in net assets	\$ 9,771,802	\$ 940,617	\$ -	\$ 10,712,419
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities				
Depreciation	1,267,497	883	-	1,268,380
Net realized and unrealized gains on investments	(5,784,522)	(577,199)	-	(6,361,721)
Contributions restricted for long-term investment	(37,224)	(456,267)	-	(493,491)
Discount amortization on notes receivable	-	(68,486)	-	(68,486)
Beneficial interest in charitable trusts	(42,205)	67,324	144,044	169,163
Gain on disposal of property and equipment	(3,579)	-	-	(3,579)
Pension obligation	(1,304,200)	-	-	(1,304,200)
Postretirement benefit obligation	(1,434,441)	-	-	(1,434,441)
Changes in				
Other receivables	94,811	846,623	(974,813)	(33,379)
Other assets	(23,115)	(61,435)	-	(84,550)
Accounts payable and accrued expenses	(764,032)	(1,043,146)	974,813	(832,365)
Net cash provided by (used in) operating activities	<u>1,740,792</u>	<u>(351,086)</u>	<u>144,044</u>	<u>1,533,750</u>
Cash flows from investing activities				
Acquisition of property and equipment	(428,227)	(1,748)	-	(429,975)
Proceeds from disposal of property and equipment	161,947	-	-	161,947
Proceeds from sales and maturities of investments	45,396,331	31,864,650	-	77,260,981
Purchases of investments	(40,907,888)	(41,582,035)	-	(82,489,923)
Net cash provided by (used in) investing activities	<u>4,222,163</u>	<u>(9,719,133)</u>	<u>-</u>	<u>(5,496,970)</u>
Cash flows from financing activities				
Change in deferred gift agreements and funds held in trust	(3,987,355)	9,322,001	(144,044)	5,190,602
Proceeds on contributions restricted for investment in endowments	37,224	310,267	-	347,491
Payments on notes receivable	-	199,175	-	199,175
Net cash (used in) provided by financing activities	<u>(3,950,131)</u>	<u>9,831,443</u>	<u>(144,044)</u>	<u>5,737,268</u>
Net increase (decrease) in cash and cash equivalents	2,012,824	(238,776)	-	1,774,048
Cash and cash equivalents, beginning of year	6,333,912	717,580	-	7,051,492
Cash and cash equivalents, end of year	<u>\$ 8,346,736</u>	<u>\$ 478,804</u>	<u>\$ -</u>	<u>\$ 8,825,540</u>
Supplemental schedule of cash flow information				
Noncash investment activities that increased liabilities for deferred gift agreements and funds held in trust				
Investments received	\$ 42,404	\$ -	\$ -	\$ 42,404
Net realized and unrealized gains on investments	2,800,553	1,853,300	-	4,653,853
In-kind contributions for long-term investments	-	146,000	-	146,000

Financial Statements and Report of Independent Certified Public Accountants
**Board of Pensions and Benefits USA of the General Board of the Church
of the Nazarene 403(b) Retirement Savings Plan**
September 30, 2013 and 2012



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees
Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene 403(b) Retirement Savings Plan

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We have audited the accompanying financial statements of the Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene 403(b) Retirement Savings Plan which comprise the statements of net assets available for benefits (modified cash basis) as of September 30, 2013 and 2012, and the related statements of changes in net assets available for benefits (modified cash basis) for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting described in Note B; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As described in Note B, these financial statements were prepared on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene 403(b) Retirement Savings Plan as of September 30, 2013 and 2012, and the changes in its net assets available for benefits for the years then ended, on the basis of accounting described in Note B.

Grant Johnston LLP

Kansas City, Missouri
February 20, 2014

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene 403(b) Retirement Savings Plan**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
(MODIFIED CASH BASIS)**

September 30,

	2013	2012
Investments, at fair value		
Mutual funds		
Fidelity Growth Company Fund	\$ 36,259,583	\$ 30,581,051
Fidelity Balanced Fund	21,889,422	19,640,359
Fidelity Contrafund	25,034,631	20,970,343
Fidelity Diversified International Fund	10,210,102	8,000,175
Fidelity Equity Income Fund	-	3,586,580
Fidelity Freedom Index Income	1,933,369	2,464,151
Fidelity Freedom Index 2000	1,542,107	1,685,315
Fidelity Freedom Index 2005	2,679,713	2,914,909
Fidelity Freedom Index 2010	13,099,110	12,701,998
Fidelity Freedom Index 2015	18,530,873	17,232,205
Fidelity Freedom Index 2020	35,020,969	32,723,010
Fidelity Freedom Index 2025	20,365,408	17,645,152
Fidelity Freedom Index 2030	17,381,754	14,951,873
Fidelity Freedom Index 2035	9,103,799	7,819,169
Fidelity Freedom Index 2040	12,080,025	10,312,906
Fidelity Freedom Index 2045	5,067,446	3,973,293
Fidelity Freedom Index 2050	2,649,170	2,003,971
Fidelity Freedom Index 2055	116,661	25,837
Spartan U.S. Equity Index	10,601,859	8,717,438
PIMCO Total Return	16,570,800	18,796,761
MSIF Small Company Growth Institutional Class B	5,017,008	2,884,053
DFA U.S. Small Cap Value	6,448,414	4,160,746
CRM Mid Cap Value Instl	3,906,843	2,920,627
Guidestone Equity Index	692,585	476,036
Touchstone Value 1	5,119,424	-
Guaranteed Investment Contract		
Fidelity Fixed Fund	105,686,056	110,521,394
Net assets, at fair value	387,007,131	357,709,352
Receivables		
Notes receivable from participants	2,869,169	2,687,259
Adjustments from fair value to contract value for fully benefit-responsive investment contract	(2,021,868)	(4,463,640)
Net assets available for benefits	\$ 387,854,432	\$ 355,932,971

The accompanying notes are an integral part of these
statements.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene 403(b) Retirement Savings Plan**

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
(MODIFIED CASH BASIS)**

Year ended September 30,

	2013	2012
ADDITIONS		
Investment income		
Net realized and unrealized gain on net appreciation in fair value of investments	\$ 26,236,865	\$ 34,964,517
Interest and dividends	7,564,853	7,554,640
	33,801,718	42,519,157
 Interest income on notes receivable from participants	 118,614	 165,580
 Contributions		
Employer contributions	6,173,630	6,734,225
Participant contributions	7,488,975	7,116,180
Rollover contributions	1,071,462	1,917,633
	14,734,067	15,768,038
Total additions	48,654,399	58,452,775
 DEDUCTIONS		
Benefits paid to participants	16,202,202	15,790,580
Administrative expenses	530,736	529,042
Total deductions	16,732,938	16,319,622
 NET INCREASE	 31,921,461	 42,133,153
 Net assets available for benefits, beginning of year	 355,932,971	 313,799,818
Net assets available for benefits, end of year	\$ 387,854,432	\$ 355,932,971

The accompanying notes are an integral part of these
statements.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS

September 30, 2013 and 2012

NOTE A - DESCRIPTION OF PLAN

The following description of the Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene 403(b) Retirement Savings Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

1. *General*

The Plan is for the benefit of all U.S. ministers and laypersons serving local congregations and districts, as well as general church employees. The Plan is a defined contribution plan established under Section 403(b) of the Internal Revenue Code (the IRC). Lay or ministerial employees of Nazarene churches or church-controlled agencies and registered Nazarene chaplains may participate in the Plan. Nazarene churches or church-controlled agencies include the Global Ministry Center of the General Board of the Church of the Nazarene (the General Board), the Nazarene Publishing House, Church of the Nazarene Foundation, Nazarene Theological Seminary, Nazarene Bible College, Nazarene Compassionate Ministries, Inc., or the subsidiaries of these entities, including Nazarene-affiliated colleges or universities. The Board of Pensions and Benefits USA serves as the plan administrator and trustee (the Administrator and/or the Trustee) on behalf of the General Board, as plan sponsor. Fidelity Management Trust Company (Fidelity) serves as the custodian of the Plan.

The Pensions and Benefits Fund (the Fund) provides administrative services and certain specific funding amounts as determined by the Administrator.

2. *Plan Administration*

The Administrator is responsible for the day-to-day administration of the Plan. The Administrator is also responsible for maintaining accurate and detailed records and accounts of employees and of their rights under the Plan and all investments, receipts, disbursements, and other transactions. The Administrator is not responsible to determine that contributions made to the plan trust by an employer comply with the provisions of the Plan, nor does it have responsibility to collect or monitor the making or the accuracy of any contributions payable or made by an employer to the plan trust.

The Administrator has the exclusive power and authority to control and manage the operation and administration of the Plan, including determining eligibility and participation in the Plan and overseeing claims procedures.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2013 and 2012

NOTE A - DESCRIPTION OF PLAN - Continued

3. *Contributions*

Contributions are made through either an employer-funded arrangement or a voluntary salary-reduction agreement with each participant's employer. Voluntary salary-reduction contributions are not permitted to exceed IRC limitations on an annual basis. Employers participating in the Plan are encouraged to match amounts totaling at least up to, but not limited to, 3% of the employee's voluntary salary-reduction contribution amounts.

4. *Contributions for Ministerial Employees*

Annual contributions for ministerial employees are determined by the Administrator. The annual pension supplement (APS) contribution is deposited into individual accounts for each eligible U.S. clergy member and layperson from Fund receipts or agency fund contributions, depending upon the participant's employer. The 2013 and 2012 APS contribution for eligible district superintendents, district assigned, and evangelists will be \$1,000. Total APS contributions amounted to \$2,197,424, consisting of \$2,114,924 from the Fund and \$82,500 from Global Mission, for the year ended September 30, 2013. Total APS contributions amounted to \$2,874,695, consisting of \$2,764,083 from the Fund and \$110,612 from Global Mission, for the year ended September 30, 2012.

5. *Participant Accounts*

Each participant's account is credited with the participant's and participating employer's contributions, as applicable, and allocations of (a) the Fund or agency fund contributions and (b) plan earnings. Allocations are based on participant earnings or account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

6. *Vesting and Forfeitures*

Participants are immediately vested in all contributions plus actual earnings thereon.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2013 and 2012

NOTE A - DESCRIPTION OF PLAN - Continued

7. Investment Options

Upon enrollment in the Plan, a participant may direct contributions to any of several investment options.

The funds offered by Fidelity as of September 30, 2013 were as follows:

- Fidelity Fixed Fund
- Fidelity Growth Company Fund
- Fidelity Balanced Fund
- Fidelity Contrafund
- Fidelity Diversified International Fund
- Fidelity Freedom Index Income
- Fidelity Freedom Index 2000
- Fidelity Freedom Index 2005
- Fidelity Freedom Index 2010
- Fidelity Freedom Index 2015
- Fidelity Freedom Index 2020
- Fidelity Freedom Index 2025
- Fidelity Freedom Index 2030
- Fidelity Freedom Index 2035
- Fidelity Freedom Index 2040
- Fidelity Freedom Index 2045
- Fidelity Freedom Index 2050
- Fidelity Freedom Index 2055
- Spartan U.S. Equity Index
- PIMCO Total Return
- MSIF Small Company Growth Institutional Class B
- DFA U.S. Small Cap Value
- CRM Mid Cap Value Instl
- GuideStone Equity Index Fund
- Touchstone Value 1

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2013 and 2012

NOTE A - DESCRIPTION OF PLAN - Continued

7. *Investment Options - Continued*

For additional information regarding the Plan's investment alternatives and fund performance, participants should refer to the Plan document and published information provided by such funds.

Participants may change or transfer their investment options on an as-needed basis.

Net appreciation in fair value of investments consisted of the following for the year ended September 30,

	<u>2013</u>	<u>2012</u>
Net realized gain on sale of investments	\$ 779,348	\$ 2,237,627
Net unrealized gain on investments	<u>25,457,517</u>	<u>32,726,890</u>
	<u>\$ 26,236,865</u>	<u>\$ 34,964,517</u>

8. *Notes Receivable from Participants*

Participants may borrow from their fund accounts a minimum of \$1,000, up to the lesser of \$50,000 or 50% of their account balance. Loan terms range from 1 to 5 years. The loans are secured by the balance in the participant's account and bear interest at prime plus 1%. Interest rates for participant loans ranged from 4.25% to 9.25%. Principal and interest are paid ratably through monthly or quarterly installments.

9. *Administrative Expenses*

Each participant account is responsible for paying plan level administrative expenses. Administrative expenses paid by participant accounts totaled \$530,736 and \$529,042 for the years ended September 30, 2013 and 2012, respectively.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The accompanying financial statements have been prepared on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis, interest, dividends, and contributions are recognized when collected rather than when earned, and expenses are recognized when paid rather than when incurred. Investments are reported at fair value. Consequently, contributions receivable and accrued interest and dividend receivables are not included in the financial statements.

2. *Valuation of Investments*

The Plan's investments are stated at fair value, except for its stable value fund investment contract with Fidelity. The investment contract is stated at contract value (*Note C*) based on quoted market prices, with gains and losses included in the statements of changes in net assets available for benefits. Separate account investments are valued based on the net asset value of the underlying shares of the mutual funds held in the accounts.

3. *Investment Risks*

The Plan invests in mutual funds and a stable value fund investment contract, both of which hold various securities that may include U.S. Government securities, corporate debt instruments, and corporate stocks. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

4. *Notes Receivable from Participants*

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent loans are reclassified as distributions based upon the terms of the Plan document.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. *Payment of Benefits*

Benefits are recorded when paid.

6. *Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

7. *Subsequent Events*

The Plan has evaluated subsequent events through February 20, 2014, which is the date these financial statements were available to be issued.

NOTE C - STABLE VALUE FUND INVESTMENT CONTRACT WITH FIDELITY

The Plan follows the provisions of Accounting Standards Codification (ASC) Topic 965, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* (ASC 965), wherein investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Plan invests in investment contracts through Fidelity Fixed Fund. As is required by ASC 965, the statements of net assets available for benefits present the fair value of the investment, as well as the adjustment of the investment in the investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is prepared on a contract-value basis. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal of all or a portion of their investment at contract value.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2013 and 2012

**NOTE C - STABLE VALUE FUND INVESTMENT CONTRACT WITH FIDELITY -
Continued**

Investments in the Fidelity Fixed Fund (the Fixed Fund) consist principally of guaranteed interest contracts, which are included at fair value as determined by Fidelity, based on discounted cash flows using current market interest rates with a maximum estimated fair value compounded at a rate of 1.23% and 1.61% at September 30, 2013 and 2012, respectively. The average yield earned by the trust with an adjustment to reflect the actual interest rate credited to participants in the fully benefit-responsive investment contract was 1.40% and 1.74% at September 30, 2013 and 2012, respectively.

The Fixed Fund could be limited in its ability to transact at contract value if the Fixed Fund raises its risk profile or is subjected to a period of significant cash outflow. The Fixed Fund maintains strong risk parameters, internal cash flow, and a maturity ladder of investments to offset cash withdrawals. Further, the manager of the Fixed Fund may limit withdrawals in order to maintain sufficient liquidity. The Administrator does not believe that any events which would limit the Plan's ability to transact at contract value are probable of occurring.

NOTE D - FAIR VALUE MEASUREMENTS

ASC Topic 820, *Fair Value Measurements and Disclosures* (ASC 820) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below.

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.

Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2013 and 2012

NOTE D - FAIR VALUE MEASUREMENTS - Continued

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds - Valued based on quoted market prices of the underlying assets.

Guaranteed investment contract - Valued based on the fair value of the account, which is the amount plan participants or plan sponsors would receive currently if they were to withdraw or transfer funds within the Plan prior to their maturity.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table sets forth, by level within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Intermediate - term bond	\$ 16,570,800	-	-	\$ 16,570,800
Growth funds	66,311,222	-	-	66,311,222
Value funds	11,567,838	-	-	11,567,838
Blend funds	176,661,113	-	-	176,661,113
International funds	10,210,102	-	-	10,210,102
Guaranteed investment contract	-	-	105,686,056	105,686,056
Total assets at fair value	<u>\$ 281,321,075</u>	<u>-</u>	<u>105,686,056</u>	<u>\$ 387,007,131</u>

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2013 and 2012

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The following table sets forth, by level within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2012:

	Level 1	Level 2	Level 3	Total
Mutual funds				
Intermediate - term bond	\$ 18,796,761	\$ -	\$ -	\$ 18,796,761
Growth funds	54,435,447	-	-	54,435,447
Value funds	4,160,746	-	-	4,160,746
Blend funds	161,794,829	-	-	161,794,829
International funds	8,000,175	-	-	8,000,175
Guaranteed investment contract	-	-	110,521,394	110,521,394
Total assets at fair value	\$ 247,187,958	\$ -	\$ 110,521,394	\$ 357,709,352

The table below sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended September 30, 2013:

	Guaranteed investment contract
Balance, September 30, 2012	\$ 110,521,394
Purchases	13,679,972
Issuances, settlements	(17,521,463)
Interest	1,447,925
Unrealized loss	(2,441,772)
Balance, September 30, 2013	\$ 105,686,056

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2013 and 2012

NOTE E - TAX STATUS

The Plan is not subject to federal or state income taxes, since the Administrator and legal counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC under Section 403(b). The Administrator, with the direction of legal counsel, implemented additional compliance procedures for participating employers and individual participants as required by the revised IRS 403(b) Regulations.

NOTE F - PLAN DOCUMENT RESTATEMENT

The Plan document was restated as required by IRC Section 403(b) as of January 1, 2009.

NOTE G - PLAN TERMINATION

Although it has not expressed any intent to do so, the Administrator has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the terms of the plan agreement. In the event of termination of the Plan, the Trustee shall pay and discharge all expenses and, unless the Administrator elects to continue the trust, all benefits will be payable as soon as is administratively feasible under the terms of the Plan. The Trustee may either distribute the remaining assets of the plan trust in kind or liquidate them and distribute the net proceeds to the participants in accordance with their respective account balances.

NOTE H - RELATED PARTY TRANSACTIONS

Prior to the issuance of prior year financial statements, as noted in the subsequent events footnote in the notes to the financial statements, it was noted that the Senior Leadership Team, on behalf of the Board of General Superintendents, had announced that certain hardware and software previously purchased, developed and licensed by the Pensions and Benefits Fund for the benefit of the Plan could be transferred to Nazarene Publishing House (NPH), a related party. Such transfer would be the result of a decision to integrate information technology at the Global Ministry Center (GMC) with information technology at NPH, with all IT under NPH supervision. It was the intention of the General Board to enter into a service agreement with NPH for such services. During the year, the decision was made to retain IT services as a department of the GMC.

Financial Statements and Report of Independent Certified Public Accountants

Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene Single Defined Benefit Pension Plan

September 30, 2013 and 2012

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees

Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan

Grant Thornton LLP
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We have audited the accompanying financial statements of the Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene Single Defined Benefit Pension Plan which comprise the statements of net assets available for plan benefits as of September 30, 2013 and 2012, and the related statements of changes in net assets available for plan benefits for the years then ended, and the statements of accumulated plan benefits as of September 30, 2013 and 2012, and the related statement of changes in accumulated plan benefits for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene Single Defined Benefit Pension Plan as of September 30, 2013 and 2012, and the changes in its net assets available for plan benefits for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Johnston LLP

Kansas City, Missouri
February 20, 2014

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
September 30,

	2013	2012
ASSETS		
Cash	\$ 402,841	\$ 430,852
Investments, at fair value (<i>note E</i>)		
Plan interest in Pension Investment Trust	103,907,055	98,327,309
Receivables		
Accrued interest receivable	92,843	94,568
Contributions receivable	7,185	3,911
	100,028	98,479
Other assets	2,291	4,639
	104,412,215	98,861,279
LIABILITIES		
Accounts payable	124,207	103,202
Due to Global Ministry Center	51,453	46,824
	175,660	150,026
Net assets available for plan benefits	\$ 104,236,555	\$ 98,711,253

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

Year ended September 30,

	2013	2012
Additions		
Investment income		
Plan interest in Pension Investment Trust income	\$ 12,364,094	\$ 16,700,610
Contributions		
Employer contributions - Pensions and Benefits Fund <i>(note D)</i>	9,100,000	7,500,000
Plan sponsor (General Board) underfunding contribution <i>(note D)</i>	1,163,135	-
Employee contributions	48,005	49,998
Other	41,209	16,165
	10,352,349	7,566,163
Total additions	22,716,443	24,266,773
Deductions		
Benefits paid to participants	16,883,297	16,784,358
Administrative, accounting, legal, and actuarial expenses	307,844	309,805
Total deductions	17,191,141	17,094,163
Net increase in net assets available for plan benefits	5,525,302	7,172,610
Net assets available for plan benefits, beginning of year	98,711,253	91,538,643
Net assets available for plan benefits, end of year	\$ 104,236,555	\$ 98,711,253

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**

STATEMENTS OF ACCUMULATED PLAN BENEFITS

September 30,

	<u>2013</u>	<u>2012</u>
Actuarial present value of accumulated plan benefits		
Vested benefits		
Participants currently receiving payments	\$ 123,142,259	\$ 122,740,698
Other participants	<u>50,673,159</u>	<u>55,902,687</u>
	<u>173,815,418</u>	<u>178,643,385</u>
Nonvested benefits	<u>1,079,132</u>	<u>1,433,300</u>
Total actuarial present value of accumulated plan benefits	<u><u>\$ 174,894,550</u></u>	<u><u>\$ 180,076,685</u></u>

The accompanying notes are an integral part of these
statements.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**
STATEMENTS OF CHANGES IN ACCUMULATED PLAN BENEFITS
Year ended September 30,

	<u>2013</u>	<u>2012</u>
Actuarial present value of accumulated plan benefits, beginning of year	\$ 180,076,685	\$ 185,806,562
Increase (decrease) during the year attributable to		
Benefits accumulated and actuarial net gain (loss)	(313,291)	3,001,249
Increase for interest due to decrease in discount period	12,014,453	12,419,007
Benefits paid to participants	(16,883,297)	(16,784,358)
Change in actuarial assumptions	-	(4,365,775)
Net change	<u>(5,182,135)</u>	<u>(5,729,877)</u>
Actuarial present value of accumulated plan benefits, end of year	<u>\$ 174,894,550</u>	<u>\$ 180,076,685</u>

The accompanying notes are an integral part of these
statements.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**

NOTES TO FINANCIAL STATEMENTS

September 30, 2013 and 2012

NOTE A - DESCRIPTION OF THE PLAN

1. *General*

The Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene Single Defined Benefit Pension Plan (the Plan), established in 1996, combined the assets while retaining the benefit formulas of the Basic Pension Plan and the General Church Pension Plan (collectively, the Predecessor Plans), which were both multiemployer plans. The Plan is also considered to be a multiemployer plan. The Plan is administered by the Board of Pensions and Benefits USA (the Administrator) on behalf of the General Board of the Church of the Nazarene (the General Board). The Plan is a qualified church plan which has not elected to be governed by the provisions of the Employee Retirement Income Security Act of 1974 and is not subject to Pension Benefit Guaranty Corporation insurance coverage.

New participation was frozen effective January 1, 1996 and there were no new entrants into either of the Predecessor Plans. Participants in those plans have been grandfathered in so that no one having years of service under those plans will receive less under the Plan than what would have been paid under the Predecessor Plans had they continued unchanged.

Also, effective January 1, 1996, the 403(b) Retirement Savings Plan [the 403(b) Plan, previously known as the Single Defined Contribution or TSA Plan] was established for all U.S. ministers and laypersons serving local congregations and districts, as well as general church employees.

During 2012, the USA National Board increased the allocation percentage for those participating local churches to improve Plan funding from 2.0% to 2.25%. During 2013, the allocation percentage remained 2.25%.

The following brief description of the Plan is provided for general information purposes only. Participants should refer to their respective Plan documents for more complete information.

Prior Basic Pension Plan Participants

The Basic Pension Plan (the Basic Plan) was a noncontributory defined benefit pension plan. The Basic Plan provided retirement benefits at age 65 to full-time pastors, evangelists, and district-credentialed laypersons serving organized churches in the U.S. and Canadian districts participating in the Pensions and Benefits Fund. The Basic Plan was funded by contributions from participating local churches with no employee contributions.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE A - DESCRIPTION OF THE PLAN - Continued

1. *General - Continued*

Prior Basic Pension Plan Participants - Continued

Basic Plan participants are entitled to receive pension benefits beginning at normal retirement age (65) or later after 10 or more years of vesting service in a monthly amount equal to a pension for each year of pension service (to a maximum of 50), including continued accrual of service credits after December 31, 1995 of \$11.00 increased by 0.5% for each year of service in excess of 10 (up to 40 excess years).

The Basic Plan permits early retirement at ages 62 through 64. If employees terminate before rendering 10 years of service, they forfeit the right to receive the value of their accumulated plan benefits. Upon retirement, participants may elect to receive the value of their accumulated plan benefits as a life annuity with a 60% survivor benefit, or a reduced life annuity with a 100% survivor benefit.

If an active employee dies after rendering 10 or more years of service, a death benefit equal to 60% of the value of the employee's accumulated plan benefits is paid to the employee's beneficiary. Active employees who become totally disabled after rendering five or more years of service receive annual disability benefits based on years of service to the date of disability, plus a half-year of service credit for each year from the disability date to the retirement date.

Prior General Church Pension Plan Participants

The General Church Pension Plan (the General Church Plan) was a contributory defined benefit pension plan that provided retirement benefits to participating full-time employees of the General Board (excluding missionaries), Nazarene Theological Seminary, and Nazarene Compassionate Ministries, Inc.

General Church Plan participants are entitled to receive pension benefits beginning at normal retirement age (65) equal to (a) minus (b), where (a) is the higher of (1) the monthly pension provided by the amount in the participant's account under the 403(b) Plan derived from contributions from the Pensions and Benefits Fund on or after January 1, 1996, plus earnings thereon accruing on or after January 1, 1996, or (2) a monthly pension equal to 2.0% of average monthly pay multiplied by years of credited service under the Plan; and (b) is the monthly pension provided in (1) above [the 403(b) offset].

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE A - DESCRIPTION OF THE PLAN - Continued

1. *General - Continued*

Prior General Church Pension Plan Participants - Continued

The General Church Plan permits early retirement at ages 60 through 64. Employees may elect to receive their pension benefits in the form of a life and survivor annuity. If employees terminate before rendering seven years of service, they forfeit the right to receive a portion of their accumulated plan benefits attributable to the participating employer's contributions, which are 20% vested after three years of service and increase in 20% increments for each year thereafter, for a total of 100%. If an active employee dies prior to his or her retirement date, a death benefit equal to the value of the employee's accumulated plan benefits is paid to the employee's beneficiary.

During the year ended September 30, 2011, a Voluntary Retirement Option (the "Option") was offered to active participants in the employ of the General Board of the Church of the Nazarene at the Global Ministry Center and who had attained at least age 60 as of April 1, 2011. The Option applied in the event that such an active participant retires on or before June 30, 2011, and, in the period between April 1, 2011 and June 1, 2011 had given irrevocable written notice of election and acceptance of the Option. For participants electing the Option who have not yet reached normal retirement age, the participant was granted a year of credited service for the entirety of 2011, plus one additional whole year. For participants electing the Option, who had reached the normal retirement age, the participant was granted a year of credited service for the entirety of 2011, plus two additional whole years. For participants electing the Option as of their early retirement date, the participant's pension benefit is computed as though the participant retired on their normal retirement date.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The accompanying financial statements were prepared on the accrual basis of accounting.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. *Investment Valuation and Income Recognition*

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

3. *Payment of Benefits*

Benefits are recorded when paid.

4. *Actuarial Present Value of Accumulated Plan Benefits*

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, which are attributable under each Predecessor Plan's provisions for the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to the following: (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits payable under all circumstances such as retirement, death, and termination of employment are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from Plan assets are excluded from accumulated plan benefits.

The actuarial present value of accumulated plan benefits for the Plan is determined by actuaries from Towers Watson and is that amount which results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Actuarial Present Value of Accumulated Plan Benefits - Continued*

The significant actuarial assumptions used in the valuations as of January 1, 2013 and 2012 were as follows: (a) life expectancy of participants (based on the RP-2000 Combined Mortality Table, male and female, projected to 2013 with Scale AA for 2013 and the RP-2000 Combined Mortality Table, male and female, projected to 2012 with Scale AA for 2012, (b) retirement age assumptions (the assumed retirement age was 65 for the General Church Plan and based on a table of age group ranges with an associated percentage retiring during the year with 100% retired by age 70), and (c) investment return. The valuations from the actuary assumed (1) an average rate of return of 6.75%, compounded annually, (2) discount rates of 7.00%, and (3) a basis for actuarial equivalence for conversion between APS balances and annuities of 6.50% for 2013 and 2012.

In 2013, certain actuarial assumptions were changed which did not have an effect on the actuarial present value of accumulated plan benefits. Those changes include: the assumed mortality rates for all members (to the RP-2000 Combined Mortality Table, male and female, projected to 2013 with Scale AA for 2013 from the RP-2000 Combined Mortality Table, male and female, projected to 2012 with Scale AA for 2012); and future contributions to the Annual Pension Supplement account (\$500 for 2013 and all future years for the General Church Plan and estimated per an actuarial schedule from \$0 for 2012 for the Basic Pension Plan).

In 2012, certain actuarial assumptions were changed that resulted in a decrease in the actuarial present value of accumulated plan benefits of \$5,729,877. Those changes include: the assumed mortality rates for all members (to the RP-2000 Combined Mortality Table, male and female projected to 2012 with Scale AA for 2013 from the RP-2000 Combined Mortality Table, male and female projected to 2012 with Scale AA for 2012); the long-term projected salary increase rate (to 2.5% in 2012 from 3.0% in 2011); future contributions to the Annual Pension Supplement account (\$0 for 2013 and all future years for the General Church Plan and estimated per an actuarial schedule from \$0 to \$400 for 2013 for the Basic Pension Plan); and the basis for actuarial equivalence for conversion between APS balances and annuities (6.5% in 2012 from 5.0% in 2011).

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. *Administrative Expenses*

Certain directly related administrative, accounting, legal, and actuarial expenses are allocated to the Plan by the Administrator. All other expenses are borne by the Pensions and Benefits Fund.

6. *Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

7. *Subsequent Events*

The Plan has evaluated subsequent events through February 20, 2014, which is the date these financial statements were available to be issued.

NOTE C - CONCENTRATIONS OF CREDIT RISK

From time to time, the Plan may maintain cash balances in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. Management evaluates the financial stability of these financial institutions and considers the risk to be minimal. Beginning December 31, 2010 and through December 31, 2012, section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides for unlimited insurance coverage of noninterest-bearing transaction accounts. Effective January 1, 2013, FDIC coverage has been limited for interest bearing and non-interest bearing accounts. At September 30, 2013, the Plan had approximately \$197,000 in excess of FDIC insured limits. There were no uninsured balances at September 30, 2012.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE D - FUNDING POLICY - Continued

1. *Basic Pension Plan*

The allocation of the total Pensions and Benefits Fund contributions received from local churches in 2013 and 2012, including amounts contributed to the Pensions and Benefits Fund and the 403(b) Plan, was as follows. Fund reserves from prior year contributions were contributed to the Plan during the year ended September 30, 2013. Separate financial statements are provided for the Pensions and Benefits Fund and the 403(b) Plan.

	2013	2012
Income		
Total Pensions and Benefits Fund contributions received		
from local churches	\$ 13,810,605	\$ 12,724,364
Other insurance premiums collected	684,728	674,953
Other income	463,023	8,180
Total income	14,958,356	13,407,497
Expenses		
403(b) Plan contributions	2,114,924	2,764,083
Single Defined Benefit Pension Plan contributions	9,100,000	7,500,000
Insurance and benevolence program expenses of		
the Pensions and Benefits Fund	1,742,333	1,624,943
Administrative expenses of the Pensions and Benefits Fund	1,617,211	1,205,520
Total expenses	14,574,468	13,094,546
Increase in net assets of		
the Pensions and Benefits Fund	\$ 383,888	\$ 312,951

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE D - FUNDING POLICY - Continued

2. General Church Pension Plan

As a condition of participation, employees are required to contribute 3.0% of their salary to the General Church Plan. Employees are immediately 100% vested in their contributions, plus interest credited thereon. For the Plan calendar year beginning January 1, 1997, no annual contributions were required from the participating employers to support the present benefit levels under the General Church Plan's actuarial cost method. In 2008, the Plan purchased individual annuity contracts, which distributes benefit payments, in an amount sufficient to maintain the asset level above the benefit floor rider minimum. There were no purchases of individual annuity contracts during the years ended September 30, 2013 and 2012, respectively.

3. Combined Plan

The participating employers' funding policy is to make annual contributions to the Plan in amounts such that all participants' benefits will be fully provided for by the time they retire. For the Plan calendar years beginning January 1, 2013 and 2012, the net annual contributions required from the participating employers to support the present benefit levels under the Plan's actuarial cost method totaled \$17,632,032 in 2013 and \$19,296,948 in 2012 based on the fair market value of the Plan's net assets. Management is actively working to fund the obligation and has implemented an increased funding plan in the current year. Based on current funding continuing at the levels of the increased funding plan and actuarial projected benefit payments, the Plan's net assets are projected to reach fully funded levels by 2039. Management continues to monitor the funded status of the plan and will continue to update its funding plan to meet the plan objections and funding requirements. During 2013, the General Board (Plan Sponsor) made a contribution to be made to the Plan in the amount of \$1,163,135.

The following table presents the Plan's unfunded liability as of September 30,

	<u>2013</u>	<u>2012</u>
Net assets available for plan benefits	\$ 104,236,555	\$ 98,711,253
Actuarial present value of accumulated plan benefits	<u>(174,894,550)</u>	<u>(180,076,685)</u>
	<u>\$ (70,657,995)</u>	<u>\$ (81,365,432)</u>

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE E - INTEREST IN PENSION INVESTMENT TRUST

1. *Description of Pension Investment Trust*

The entirety of the Plan's investments is in the Pension Investment Trust which was established for the investment of assets of the Plan and the World Mission Pension Plans. Each participating retirement plan has an undivided interest in the Pension Investment Trust. The assets of the Pension Investment Trust are held by The Northern Trust Company (the Custodian).

The value of the Plan's interest in the Pension Investment Trust is based on the beginning of year value of the Plan's interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. At September 30, 2013 and 2012, the Plan's interest in the net assets of the Pension Investment Trust was approximately 90%. There are no restrictions on the redemption of the Plan's interest in the net assets of the Pension Investment Trust as of September 30, 2013 and 2012, respectively. Investment income and administrative expenses relating to the Pension Investment Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

The following table presents the assets, including investments, of the Pension Investment Trust as of September 30,

	<u>2013</u>	<u>2012</u>
Money market funds	\$ 1,055,165	\$ 1,464,474
U.S. Common stocks	59,890,591	53,249,680
U.S. government obligations and agency securities	1,917	2,999
Mutual funds	54,529,609	54,557,813
	<u>\$ 115,477,282</u>	<u>\$ 109,274,966</u>
 Plan interest in Pension Investment Trust	 \$ 103,907,055	 \$ 98,327,309

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE E - INTEREST IN PENSION INVESTMENT TRUST - Continued

1. *Description of Pension Investment Trust - Continued*

Investment income for the Pension Investment Trust is comprised of the following as of September 30,

	2013	2012
Investment income:		
Net appreciation (depreciation) in fair value of investments:		
Money market funds	\$ -	\$ (388)
U.S. Common stocks	10,934,643	11,874,692
U.S. government and agency securities	(140)	(43)
Mutual funds	782,259	4,128,057
	11,716,762	16,002,318
Interest	1,249,263	1,215,315
Dividends	1,317,925	1,234,988
Investment expenses	(482,326)	(465,979)
	\$ 13,801,624	\$ 17,986,642
 Plan interest in Pension Investment Trust income	 \$ 12,364,094	 \$ 16,700,610

2. *Fair Value Measurements of Pension Investment Trust*

ASC Topic 820, *Fair Value Measurements and Disclosures* (ASC 820) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE E - INTEREST IN PENSION INVESTMENT TRUST - Continued

2. Fair Value Measurements of Pension Investment Trust - Continued

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.

Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The closing prices reported in the active markets in which the securities are traded are used to value the investments in the Pension Investment Trust. The following table sets forth by level, within the fair value hierarchy, the Pension Investment Trust's assets at fair value as of September 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,055,165	\$ -	\$ -	\$ 1,055,165
U.S. Common stocks	59,890,591	-	-	59,890,591
U.S. Government obligations and agency securities	1,917	"	"	1,917
Mutual funds				
Intermediate - term bond	40,386,406	-	-	40,386,406
International funds	14,143,203	-	-	14,143,203
Total assets at fair value	<u>\$ 115,477,282</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,477,282</u>

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE E - INTEREST IN PENSION INVESTMENT TRUST - Continued

2. Fair Value Measurements of Pension Investment Trust - Continued

The closing prices reported in the active markets in which the securities are traded are used to value the investments in the Pension Investment Trust. The following table sets forth by level, within the fair value hierarchy, the Pension Investment Trust's assets at fair value as of September 30, 2012:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,464,474	\$ -	\$ -	\$ 1,464,474
U.S. Common stocks	53,249,680	-	-	53,249,680
U.S. Government obligations and agency securities	2,999	-	-	2,999
Mutual funds				
Intermediate - term bond	41,760,360	-	-	41,760,360
International funds	12,797,453	-	-	12,797,453
Total assets at fair value	<u>\$ 109,274,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,274,966</u>

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Plan evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended September 30, 2013, there were no significant transfers in or out of levels 1, 2 or 3.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE F - RISKS AND UNCERTAINTIES

The Plan invests various securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of net assets available for benefits.

Deposits in excess of federally insured limits are maintained in financial institutions. Bank rating services are regularly monitored for the ongoing safety ratings of financial institutions in which deposits are maintained.

Plan contributions are made and the actuarial present value of accumulated Plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE G - PLAN TERMINATION

Although it has not expressed any intent to do so, the Administrator has the right to terminate the Plan subject to the provisions of the Plan document and the Merger Agreement. Should the Plan terminate at some future time, a particular participant's accumulated plan benefits will be dependent on the priority of those benefits at that time as set forth in the Plan document and the Merger Agreement, at which time a separate extensive actuarial analysis would be required to determine liabilities on a plan termination basis.

NOTE H - INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Administrator by letter that the Basic Pension Plan, the General Church Pension Plan, and the related trusts were designed in accordance with applicable sections of the Internal Revenue Code (the IRC). There have been amendments since the Administrator received those determination letters; however, the Administrator believes that the Plan, which encompasses both the Basic Pension Plan and the General Church Pension Plan, is designed and is currently being operated in compliance with the applicable requirements of the IRC.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Single Defined Benefit Pension Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE I - RELATED PARTY TRANSACTIONS

Prior to the issuance of prior year financial statements, as noted in the subsequent events footnote in the notes to the financial statements, it was noted that the Senior Leadership Team, on behalf of the Board of General Superintendents, had announced that certain hardware and software previously purchased, developed and licensed by the Pensions and Benefits Fund for the benefit of the Plan could be transferred to Nazarene Publishing House (NPH), a related party. Such transfer would be the result of a decision to integrate information technology at the Global Ministry Center (GMC) with information technology at NPH, with all IT under NPH supervision. It was the intention of the General Board to enter into a service agreement with NPH for such services. During the year, the decision was made to retain IT services as a department of the GMC.

Financial Statements and Report of Independent Certified Public Accountants
**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Pensions and Benefits Fund**
September 30, 2013 and 2012

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Pensions and Benefits Fund

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We have audited the accompanying financial statements of Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene Pensions and Benefits Fund, which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene Pensions and Benefits Fund as of September 30, 2013 and 2012, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Johnston LLP

Kansas City, Missouri
February 20, 2014

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Pensions and Benefits Fund**

STATEMENTS OF FINANCIAL POSITION

September 30,

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,079,672	\$ 2,436,229
Investments, at fair value	1,715,163	-
Accounts receivable	128,069	6,750
	2,922,904	2,442,979
Equipment	534,757	522,127
Less accumulated depreciation	(504,318)	(494,063)
	30,439	28,064
	\$ 2,953,343	\$ 2,471,043
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 337,107	\$ 191,619
Deferred revenue	60,464	66,490
	397,571	258,109
DEATH BENEFIT BENEVOLENCE PLAN	322,350	363,400
NET ASSETS, unrestricted	2,233,422	1,849,534
	\$ 2,953,343	\$ 2,471,043

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Pensions and Benefits Fund**

STATEMENTS OF ACTIVITIES

Year ended September 30,

	2013	2012
Income		
Insurance and benevolence program contributions		
from local churches	\$ 13,810,605	\$ 12,724,364
Other insurance premiums collected	684,728	674,953
Trust administration fees	2,442	2,822
Investment income, net	30,881	-
Realized/unrealized loss	(85,662)	-
Administrative fees income	513,871	-
Other income	1,491	5,358
Total income	14,958,356	13,407,497
Expenses		
Program expenses		
Single Defined Benefit Pension Plan contributions	9,100,000	7,500,000
403(b) Plan contributions	2,114,924	2,764,083
Minister group life insurance premiums paid	947,789	794,479
Other insurance premiums paid	660,473	666,683
Benevolence payments	134,071	163,781
Total program expenses	12,957,257	11,889,026
Administrative expenses		
Salaries and benefits	775,476	739,225
Office operations	59,037	69,598
403(b) record keeping fees	383,112	-
Professional services	104,764	131,342
Conferences/committees	92,712	100,642
Rent	44,145	45,540
Travel and entertainment	37,054	19,682
Depreciation	16,726	15,248
Miscellaneous	29,768	31,048
Contracted services	74,417	53,195
Total administrative expenses	1,617,211	1,205,520
Total expenses	14,574,468	13,094,546
Change in unrestricted net assets	383,888	312,951
Unrestricted net assets, beginning of year	1,849,534	1,536,583
Unrestricted net assets, end of year	\$ 2,233,422	\$ 1,849,534

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Pensions and Benefits Fund**

STATEMENTS OF CASH FLOWS

Year ended September 30,

	2013	2012
Cash flows from operating activities		
Change in unrestricted net assets	\$ 383,888	\$ 312,951
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities		
Depreciation	16,726	15,248
Gain on sale of equipment	2,380	-
Unrealized loss on investments	22,909	-
Net realized loss on sale of investments	20,028	-
Changes in assets and liabilities		
Accounts receivable	(121,319)	(5,791)
Accounts payable	145,488	6,135
Deferred revenue	(6,026)	3,178
Death benefit benevolence plan liability	(41,050)	(36,394)
Net cash provided by operating activities	423,024	295,327
Cash flows from investing activities		
Purchases of equipment	(23,506)	(12,181)
Proceeds from sale of equipment	2,025	-
Purchases of investments	(6,000,000)	-
Proceeds from sale of investments	4,241,900	-
Net cash used in investing activities	(1,779,581)	(12,181)
Net change in cash	(1,356,557)	283,146
Cash, beginning of year	2,436,229	2,153,083
Cash, end of year	\$ 1,079,672	\$ 2,436,229

The accompanying notes are an integral part of these
statements.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS

September 30, 2013 and 2012

NOTE A - DESCRIPTION OF THE PENSIONS AND BENEFITS FUND

The Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene Pensions and Benefits Fund (the Fund) provides various benevolence, retirement, and insurance programs to Nazarene ministers, their spouses, and their surviving family members. All of the programs are self-funded through contributions made by the local churches. The Fund is administered by the Board of Pensions and Benefits USA (the Administrator) on behalf of the General Board of the Church of the Nazarene (the General Board). The Fund provides administrative services and certain specific funding amounts as determined by the Board of Pensions and Benefits USA to the Single Defined Benefit Pension Plan and the 403(b) Retirement Savings Plan.

Benevolence programs - The Fund provides benevolence programs, including death benefit benevolence, emergency medical assistance, temporary monthly disability assistance, administrative benefit adjustment, and funeral assistance. These programs provide various kinds of benevolence assistance payments to ministers, their spouses, and their surviving family members upon the recommendation of their district advisory boards. A more comprehensive description of the Fund's benevolence programs is contained in the Benefits Summary Brochure.

Pastors Life Insurance Plan - The Pastors Life Insurance Plan is a group term life insurance plan for district-licensed and ordained clergy or district-credentialed laypersons who are currently serving in U.S. districts in qualified assignments and who have not begun receiving retirement benefits.

Pensioners Death Benefit Plan - The Pensioners Death Benefit Plan provides death benefits to district-licensed and ordained ministers who are currently receiving a monthly benefit from the Basic Pension Plan portion of the Single Defined Benefit Pension Plan based on years of service or, alternatively, who are vested Plan participants aged 70 1/2 or older and who have not chosen to begin receiving a monthly retirement benefit.

Single Defined Benefit Pension Plan - Effective January 1, 1996, the Basic Pension Plan and the General Church Pension Plan were merged to form the Single Defined Benefit Pension Plan. After January 1, 1996, there were no new entrants in the Basic Pension Plan or the General Church Pension Plan. Participants in both plans were grandfathered in so that no one who had been credited with years of service under the predecessor plans would receive less under the Single Defined Benefit Pension Plan than what would have been paid under the former defined benefit plans had membership in those plans continued unchanged

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE A - DESCRIPTION OF THE PENSIONS AND BENEFITS FUND - Continued

403(b) Retirement Savings Plan - Effective January 1, 1996, the 403(b) Retirement Savings Plan [the 403(b) Plan] was established for all U.S. ministers and laypersons serving local congregations and districts, as well as for general church employees. The annual pension supplement (APS) contribution is deposited into individual accounts for each eligible U.S. clergy member and layperson from Fund receipts or agency funds, depending upon the participant's employer. Some years, an additional bonus amount is deposited for eligible participants whose local congregation pays 100% of their Fund amount or whose district pays 100% of their Fund amount. The 2012 APS contribution for eligible senior pastors and associates was established using an agreed-upon schedule to be based on the amounts paid to the Fund by eligible participants' local congregations during the 2011-2012 assembly year. The 2013 APS contribution for eligible senior pastors and associates was established using an agreed-upon schedule to be based on the amounts paid to the Fund by eligible participants' local congregations during the 2012-2013 assembly year. The 2012 and 2013 APS contribution for eligible district superintendents, district-assigned, and evangelists was \$1,000.

Employees may elect to participate in the 403(b) Plan through salary-reduction contributions. Employers make matching contributions to their respective participating employees' accounts. Local church and agency employers are encouraged to establish policies to match amounts of voluntary salary-reduction contributions up to at least 3% of salary. Contributions are made directly to Fidelity Investments. The cash value of all participant accounts that were not included in the Fund was \$335,607,068 and \$326,626,609 as of September 30, 2013 and 2012, respectively.

During 2012, the USA National Board increased the allocation percentage for those participating local churches to improve Plan funding from 2.0% to 2.25%. During 2013, the allocation percentage remained 2.25%.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE A - DESCRIPTION OF THE PENSIONS AND BENEFITS FUND - Continued

403(b) Retirement Savings Plan - continued

Effective October 1, 2012, Fidelity Investments lowered their per participant record keeping fee from \$39 to \$29 per quarter. Based upon action by the Board of Pensions and Benefits USA, in order to provide additional income to the Fund to assist with administrative expenses for the 403(b) plan, Fidelity Investments continues to collect the \$39 record keeping fee from the participants of the 403(b) plan and remits the fees collected to the Fund. Fidelity Investments invoices the Fund each quarter for the \$29 per participant record keeping fee. The Fund retains the net \$10 per participant record keeping fee. For the year ended September 30, 2013, the Fund had administrative fee income of \$513,871 and record keeping fees for the 403(b) plan of \$383,112 which are reflected in the statement of activities. There were no such amounts recorded by the Fund for the year ended September 30, 2012.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The accompanying financial statements were prepared on the accrual basis of accounting.

2. *Revenue Recognition*

Insurance premiums received are deferred and recognized as revenue ratably over the term of the insurance policy.

3. *Investments*

Investments consist primarily of fixed income, REIT, and equity mutual funds that are carried at fair value with realized and unrealized gains and losses included in the statement of activities. Fair values are based on quoted market prices or dealer quotes, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. *Investments - continued*

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

4. *Fair Value Measurements*

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures* (ASC 820) establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of ASC 820 apply to all financial instruments that are being measured and reported on a fair-value basis and items disclosed at fair value in the notes to the financial statements.

ASC 820 defines fair value as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The exit price is based on the amount that the holder of the asset or liability would receive or pay in an actual transaction (or in a hypothetical transaction if an actual transaction does not exist) at the measurement date.

5. *Equipment*

Equipment is carried at cost. Depreciation is computed using the straight-line method and is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, which range from four to eight years.

6. *Impairment of Long-Lived Assets*

The Fund periodically reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Assets to be disposed of are reported at the lower of carrying amount or fair value, less costs to sell.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Payment of Benefits

Benefits are recorded when paid, except for the death benefit benevolence plan payments, for which the liability is reduced when paid.

8. Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. Income Taxes

The Fund is exempt from federal and state income taxes since it is an entity organized under the General Board, which holds a group exemption.

The Fund applies the provisions of ASC Topic 740, Income Taxes, (ASC 740) with respect to uncertain tax positions. ASC 740 requires that all tax positions be evaluated using a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return. Differences between positions taken in a tax return and amounts recognized in the financial statements are recorded as adjustments to income taxes payable or receivable, or adjustments to deferred income taxes, or both. ASC 740 also requires expanded disclosures at the end of each annual reporting period. No amounts have been recorded at September 30, 2013 and 2012 with respect to uncertain tax positions.

10. Subsequent Events

The Fund has evaluated subsequent events through February 20, 2014 which is the date these financial statements were available to be issued.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE C - CONCENTRATIONS OF CREDIT RISK

From time to time, the Fund maintains cash balances in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. Management evaluates the financial stability of these financial institutions and considers the risk to be minimal. Beginning December 31, 2010 and through December 31, 2012, section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides for unlimited insurance coverage of noninterest-bearing transaction accounts. Effective January 1, 2013, FDIC coverage has been limited for interest bearing and non-interest bearing accounts. At September 30, 2013, the Plan had approximately \$1,010,000 in excess of FDIC insured limits. There were no uninsured balances at September 30, 2012.

NOTE D - INVESTMENTS

During 2013, the Fund entered into an investment management agreement with Church of the Nazarene Foundation (the Foundation) to invest in a high yield portfolio (the portfolio). The Foundation will be the investment administrator of the portfolio; the portfolio will be managed by Kaspick.

The Plan's investment portfolio consisted of the following as of September 30,

	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Cash	\$ 65,326	\$ 65,326	\$ -	\$ -
Fixed income mutual funds				
High quality bond	174,326	170,886	-	-
Investment grade bond	934,321	925,145	-	-
International bond	368,133	365,051	-	-
High yield bond	64,258	63,378	-	-
REIT mutual funds				
Domestic REITs	70,186	66,733	-	-
Equity mutual funds				
Large company	56,427	58,644	-	-
	<u>\$ 1,732,977</u>	<u>\$ 1,715,163</u>	<u>\$ -</u>	<u>\$ -</u>

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE D – INVESTMENTS - Continued

Net investment loss consisted of the following as of September 30,

	<u>2013</u>	<u>2012</u>
Realized losses on sale of investments	\$ (62,753)	\$ -
Unrealized loss on investments	(22,909)	-
Investment income	42,725	-
Investment fees	(11,844)	-
	<u>\$ (54,781)</u>	<u>\$ -</u>

NOTE E - FAIR VALUE MEASUREMENTS

ASC 820 establishes a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and management's assumptions (unobservable inputs). Where an asset or a liability falls within that hierarchy depends on the lowest-level input which is significant to the fair value measurements as a whole. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy. The hierarchy consists of three broad levels as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.

Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

The determination of where an asset or a liability falls in the hierarchy requires significant judgment. The Fund evaluates its hierarchy disclosures for each reporting period; based on various factors; it is possible that an asset or a liability may be classified differently from one reporting period to another. However, the Fund expects that changes in classifications between different levels will be rare.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE E - FAIR VALUE MEASUREMENTS - Continued

The following is a description of the valuation methodologies used for assets measured at fair value:

Fixed income mutual funds, REIT mutual funds, Equity mutual funds - Valued based on quoted market prices.

The following table sets forth information about the level within the fair value hierarchy at which the Plan's investments are measured on a recurring basis at September 30, 2013:

	<u>Fair value measurements at report date using</u>			Total Fair value
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash	\$ 65,326	-	-	\$ 65,326
Fixed income mutual funds				
High quality bond	170,886	-	-	170,886
Investment grade bond	925,145	-	-	925,145
International bond	365,051	-	-	365,051
High yield bond	63,378	-	-	63,378
REIT mutual funds		-	-	
Domestic REITs	66,733	-	-	66,733
Equity mutual funds				
Large company	58,644	-	-	58,644
Investments, at fair value	<u>\$ 1,715,163</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,715,163</u>

NOTE F - FUNDING POLICY

The allocation of total Fund contributions received from local churches in 2013 and 2012, including amounts contributed to the Single Defined Benefit Pension Plan and the 403(b) Plan, is as follows. Fund reserves from prior year contributions were contributed to the Single Defined Benefit Plan during the year ended September 30, 2013. Separate financial statements are provided for the Single Defined Benefit Pension Plan and the 403(b) Plan.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE F - FUNDING POLICY- Continued

	2013	2012
Income		
Total Pensions and Benefits Fund contributions received from local churches	\$ 13,810,605	\$ 12,724,364
Other insurance premiums collected	684,728	674,953
Other income	463,023	8,180
Total income	14,958,356	13,407,497
Expenses		
403(b) Plan contributions	2,114,924	2,764,083
Single Defined Benefit Pension Plan contributions	9,100,000	7,500,000
Insurance and benevolence program expenses of the Pensions and Benefits Fund	1,742,333	1,624,943
Administrative expenses of the Pensions and Benefits Fund	1,617,211	1,205,520
Total expenses	14,574,468	13,094,546
Increase in net assets of the Pensions and Benefits Fund	\$ 383,888	\$ 312,951

NOTE G - RELATED PARTY TRANSACTIONS

Prior to the issuance of prior year financial statements, as noted in the subsequent events footnote in the notes to the financial statements, it was noted that the Senior Leadership Team, on behalf of the Board of General Superintendents, had announced that certain hardware and software previously purchased, developed and licensed by the Fund could be transferred to Nazarene Publishing House (NPH), a related party. Such transfer would be the result of a decision to integrate information technology at the Global Ministry Center (GMC) with information technology at NPH, with all IT under NPH supervision. It was the intention of the General Board to enter into a service agreement with NPH for such services. During the year, the decision was made to retain IT services as a department of the GMC.

Financial Statements and Report of Independent Certified Public Accountants

Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene World Mission Pension Plans

September 30, 2013 and 2012

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees

Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene World Mission Pension Plans

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We have audited the accompanying financial statements of the Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene World Mission Pension Plans which comprise the statements of net assets available for plan benefits as of September 30, 2013 and 2012, and the related statements of changes in net assets available for plan benefits for the years then ended, and the statements of accumulated plan benefits as of September 30, 2013 and 2012, and the related statement of changes in accumulated plan benefits for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene World Mission Pension Plans as of September 30, 2013 and 2012, and the changes in its net assets available for plan benefits for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Kansas City, Missouri
February 20, 2014

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene World Mission Pension Plans**

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

September 30,

	2013	2012
ASSETS		
Cash	\$ 11,735	\$ 18,915
Investments, at fair value <i>(note E)</i>		
Plan interest in Pension Investment Trust	9,175,089	8,828,981
Accrued interest receivable	2,230	2,571
Total assets	9,189,054	8,850,467
LIABILITIES		
Accounts payable	14,136	9,124
Due to Global Ministry Center	15,220	12,441
	29,356	21,565
Net assets available for Plan benefits	\$ 9,159,698	\$ 8,828,902

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene World Mission Pension Plans**

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

Year ended September 30,

	2013	2012
Additions		
Investment income		
Plan interest in Pension Investment Trust income	\$ 1,141,131	\$ 1,223,925
Contributions	163,868	2,164,948
	1,304,999	3,388,873
Deductions		
Benefits paid to participants	898,124	898,758
Administrative, legal, and actuarial expenses	76,079	58,129
	974,203	956,887
Change in net assets available for benefits	330,796	2,431,986
Net assets available for Plan benefits, beginning of year	8,828,902	6,396,916
Net assets available for Plan benefits, end of year	\$ 9,159,698	\$ 8,828,902

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene World Mission Pension Plans**

STATEMENTS OF ACCUMULATED PLAN BENEFITS

September 30,

	2013	2012
Actuarial present value of accumulated plan benefits		
Vested benefits		
Participants currently receiving payments	\$ 6,321,043	\$ 6,365,446
Other participants	2,165,012	2,538,383
	8,486,055	8,903,829
Nonvested benefits	8,317	7,338
Total actuarial present value of accumulated plan benefits	\$ 8,494,372	\$ 8,911,167

The accompanying notes are an integral part of these
statements.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene World Mission Pension Plans**

STATEMENTS OF CHANGES IN ACCUMULATED PLAN BENEFITS

Year ended September 30,

	<u>2013</u>	<u>2012</u>
Actuarial present value of accumulated plan benefits, beginning of year	\$ 8,911,167	\$ 9,195,083
Increase (decrease) during the year attributable to		
Benefits accumulated and actuarial net gain	(111,018)	113,557
Increase for interest due to decrease in discount period	592,347	612,199
Benefits paid to participants	(898,124)	(898,758)
Change in actuarial assumptions	-	(110,914)
Net decrease	<u>(416,795)</u>	<u>(283,916)</u>
Actuarial present value of accumulated plan benefits, end of year	<u>\$ 8,494,372</u>	<u>\$ 8,911,167</u>

The accompanying notes are an integral part of these
statements.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS

September 30, 2013 and 2012

NOTE A - DESCRIPTION OF THE PLANS

The following brief description of the Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene World Mission Pension Plans, consisting of the World Mission Non-Qualified Pension Plan and the World Mission Pension Plan (collectively, the Plans), is provided for general information purposes only. Participants should refer to the Plan documents for more complete information.

New participation was frozen such that there were no new entrants effective January 1, 1998. For new missionaries under contract as of January 1, 1998, retirement benefits are provided by the Nazarene 403(b) Retirement Savings Plan.

1. *General*

The Plans are noncontributory defined benefit pension plans administered by the Board of Pensions and Benefits USA (the Administrator) on behalf of the General Board of the Church of the Nazarene (the General Board). The Plans provide retirement benefits at age 65 to missionaries under contract with the General Board. The Plans are church plans that have not elected to be governed by the provisions of the Employee Retirement Income Security Act of 1974 and are not subject to Pension Benefit Guaranty Corporation insurance coverage.

The World Mission Pension Plan (the qualified plan) integrates its benefit formula with that of the total pension benefit provided by the World Mission Non-Qualified Pension Plan. All benefits payable under the World Mission Non-Qualified Pension Plan are offset by any benefits paid under the World Mission Pension Plan.

2. *Pension Benefits - World Mission Qualified Pension Plan*

Missionaries with 10 or more years of service are entitled to pension benefits beginning at the normal retirement age of 65. The pension benefits are calculated at an amount equal to the greater of (a) and (b) minus (c), where (a) is the sum of (1) \$2.50 per month for each year of service (to a maximum of 50 years) plus (2) \$100 per month for participants with 25 or more years of service, or \$75 per month for participants with 20, but less than 25, years of service; (b) is \$5.00 per month for each year of service with a bonus of 0.5% for each year of service in excess of 10; and (c) is the pension provided by the amount in the participant's 403(b) plan derived from deposits equal to an amount determined each plan year by the Plans' Trustee.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE A - DESCRIPTION OF THE PLANS - Continued

2. *Pension Benefits - World Mission Qualified Pension Plan - Continued*

For purposes of determining the bonus amount, and only for such purposes, years of service credited under the Single Defined Benefit Pension Plan's grandfathered Basic Pension Plan provisions shall be included in the calculation of years of service under this plan.

3. *Pension Benefits - World Mission Non-Qualified Pension Plan*

Missionaries with 10 or more years of service are entitled to pension benefits beginning at the normal retirement age of 65. The pension benefits are calculated at an amount equal to the greater of (a) and (b) minus (c), where (a) is the sum of (1) \$5.00 per month for each year of service (to a maximum of 50 years) for married or unmarried (single) participants plus (2) \$200 per month for married participants and \$140 per month for single participants, widows, or widowers with 25 or more years of missionary service, or \$150 or \$100 per month, respectively, with at least 20, but less than 25, years of missionary service or \$0 with less than 20 years of missionary service; (b) is \$10.00 per month for each year of service with a bonus of 0.5% for each year of service in excess of 10; and (c) is the pension provided by the amount in the participant's 403(b) plan derived from deposits equal to an amount determined each plan year by the Plans' Trustee. For purposes of determining the bonus amount, and only for such purposes, all years of service credited under this plan and under the Single Defined Benefit Pension Plan's grandfathered Basic Pension Plan provisions shall be included. Amounts payable under this pension plan are also reduced by the extent of any payments made under the World Mission Pension Plan.

4. *Disability Benefits*

Active missionaries with five or more years of service who become totally disabled receive annual disability benefits based on years of service to the date of disability, plus an additional year of service credit for each two years between the date of disability and the normal retirement date.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The accompanying financial statements were prepared on the accrual basis of accounting.

2. *Investment Valuation and Income Recognition*

Investments are stated at fair value based on quoted market prices of the underlying assets.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

3. *Payment of Benefits*

Benefits are recorded when paid.

4. *Actuarial Present Value of Accumulated Plan Benefits*

Accumulated plan benefits are those future periodic payments that are attributable under the Plans' provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to the following: (a) retired or terminated employees or their beneficiaries; (b) beneficiaries of employees who have died; and (c) current employees or their beneficiaries. Benefits payable under all circumstances (retirement, death, disability, or termination of employment) are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by actuaries from Towers Watson and is that amount which results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Actuarial Present Value of Accumulated Plan Benefits - Continued*

The significant actuarial assumptions used in the valuations as of January 1, 2013 and 2012 were as follows: (a) life expectancy of participants (based on the RP-2000 Combined Mortality Table in 2013 and based on the 1994 Group Annuity Mortality Table in 2012); (b) retirement age assumptions (the assumed retirement age ranges from 65 to 70); and (c) investment return. The valuations from the actuary assumed (1) an average rate of return of 6.75%, compounded annually, (2) discount rates of 7.00%, and (3) a basis for actuarial equivalence for conversion between APS balances and annuities of 6.50% for 2013 and 2012.

In 2013, the actuarial assumption for the assumed mortality rates for all members was changed which did not have an effect on the actuarial present value of accumulated plan benefits (to the RP-2000 Combined Mortality Table, male and female, projected to 2013 using Scale AA in 2013 from the RP-2000 Combined Mortality Table, male and female projected to 2012 using Scale AA in 2012).

In 2012, certain actuarial assumptions were changed that resulted in a decrease in the actuarial present value of accumulated plan benefits of \$110,914. Those changes include: the assumed mortality rates for all members (to the RP-2000 Combined Mortality Table, male and female, projected to 2012 using Scale AA in 2012 from the RP-2000 Combined Mortality Table, male and female projected to 2011 using Scale AA in 2011) and the basis for actuarial equivalence (to an interest rate of 6.50% in 2012 from an interest rate of 5.00% in 2011).

The foregoing actuarial assumptions are based on the presumption that the Plans will continue. Were the Plans to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. *Administrative Expenses*

Certain directly related administrative, accounting, legal, and actuarial expenses are allocated to the Plans by the Administrator. All other expenses are borne by the Pensions and Benefits Fund.

6. *Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

7. *Subsequent Events*

The Plans have evaluated subsequent events through February 20, 2014, which is the date these financial statements were available to be issued.

NOTE C - CONCENTRATIONS OF CREDIT RISK

From time to time, the Plan may maintain cash balances in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. Management evaluates the financial stability of these financial institutions and considers the risk to be minimal. Beginning December 31, 2010 and through December 31, 2012, section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides for unlimited insurance coverage of noninterest-bearing transaction accounts. Effective January 1, 2013, FDIC coverage has been limited for interest bearing and non-interest bearing accounts. There were no uninsured balances at September 30, 2013 or 2012.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE D - FUNDING POLICY

The General Board's funding policy is to make annual contributions to the Plans in amounts such that all participants' benefits will be fully provided for by the time they retire. For the Plans' calendar years beginning January 1, 2013 and 2012, the net annual contributions required from the General Board to support the present benefit levels under the Plans' actuarial cost method were \$0 and \$426,937 in 2013 and 2012, respectively.

The following table shows the Plans' unfunded or overfunded amount as of September 30,

	2013	2012
Net assets available for Plan benefits	\$ 9,159,698	\$ 8,828,902
Actuarial present value of accumulated plan benefits	(8,494,372)	(8,911,167)
Funded status - over/(under)	\$ 665,326	\$ (82,265)

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST

1. Description of Pension Investment Trust

The entirety of the Plans' investments is in the Pension Investment Trust, which was established for the investment of assets of the Plan and the Single Defined Benefit Pension Plan. Each participating retirement plan has an undivided interest in the Pension Investment Trust. The assets of the Pension Investment Trust are held by Northern Trust Company (the Custodian).

The value of the Plans' interest in the Pension Investment Trust is based on the beginning-of-year value of the Plan's interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. At September 30, 2013 and 2012, the Plans' interest in the net assets of the Pension Investment Trust was approximately 8.00%. There are no restrictions on the redemption of the Plan's interest in the net assets of the Pension Investment Trust as of September 30, 2013 and 2012, respectively. Investment income and administrative expenses relating to the Pension Investment Trust are allocated to the individual Plans based upon average monthly balances invested by each plan.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST - Continued

1. Description of Pension Investment Trust - Continued

The following table presents the assets, including investments, of the Pension Investment Trust as of September 30,

	<u>2013</u>	<u>2012</u>
Money market funds	\$ 1,055,165	\$ 1,464,474
U.S. common stocks	59,890,591	53,249,680
U.S. government and agency securities	1,917	2,999
Mutual funds	54,529,609	54,557,813
	<u>\$ 115,477,282</u>	<u>\$ 109,274,966</u>
 Plan interest in Pension Investment Trust	 \$ 9,175,089	 \$ 8,828,981

Investment income for the Pension Investment Trust is comprised of the following as of September 30,

	<u>2013</u>	<u>2012</u>
Investment income		
Net appreciation (depreciation) in fair value of investments		
Money market funds	\$ -	\$ (388)
Common stocks	10,934,643	11,874,692
U.S. government and agency securities	(140)	(43)
Mutual funds	782,259	4,128,057
	<u>11,716,762</u>	<u>16,002,318</u>
Interest	1,249,263	1,204,795
Dividends	1,317,925	1,224,790
Expenses	(482,326)	(460,589)
	<u>\$ 13,801,624</u>	<u>\$ 17,971,314</u>
 Plan interest in in Pension Investment Trust income	 \$ 1,141,131	 \$ 1,223,925

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST - Continued

2. Fair Value Measurements of Pension Investment Trust

ASC Topic 820, *Fair Value Measurements and Disclosures* (ASC 820) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below.

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.

Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plans believe its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST - Continued

2. Fair Value Measurements of Pension Investment Trust - Continued

The closing prices reported in the active markets in which the securities are traded are used to value the investments in the Pension Investment Trust. The following table sets forth by level, within the fair value hierarchy, the Pension Investment Trust's assets at fair value as of September 30, 2013:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,055,165	-	-	\$ 1,055,165
U.S. common stocks	59,890,591	-	-	59,890,591
U.S. government obligations and agency securities	1,917	-	-	1,917
Mutual funds				
Intermediate - term bond	40,386,406	-	-	40,386,406
International funds	14,143,203	-	-	14,143,203
Total assets at fair value	<u>\$ 115,477,282</u>	<u>-</u>	<u>-</u>	<u>\$ 115,477,282</u>

The following table sets forth by level, within the fair value hierarchy, the Pension Investment Trust's assets at fair value as of September 30, 2012:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,464,474	-	-	\$ 1,464,474
U.S. common stocks	53,249,680	-	-	53,249,680
U.S. government obligations and agency securities	2,999	-	-	2,999
Mutual funds				
Intermediate - term bond	41,760,360	-	-	41,760,360
International funds	12,797,453	-	-	12,797,453
Total assets at fair value	<u>\$ 109,274,966</u>	<u>-</u>	<u>-</u>	<u>\$ 109,274,966</u>

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST - Continued

2. Fair Value Measurements of Pension Investment Trust - Continued

The Plan evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended September 30, 2013, there were no significant transfers in or out of levels 1, 2, or 3.

NOTE F - RISKS AND UNCERTAINTIES

The Plan invests in various securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

Deposits in excess of federally insured limits are maintained in financial institutions. Bank rating services are regularly monitored for the ongoing safety ratings of financial institutions in which deposits are maintained.

Plan contributions are made and the actuarial present value of accumulated Plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE G - PLAN TERMINATION

Although it has not expressed any intent to do so, the Administrator has the right to discontinue its contributions at any time and to terminate the Plans subject to the provisions of the Plan documents. Should the Plans terminate at some future time, a particular participant's accumulated plan benefits will be dependent on the priority of those benefits at that time, as set forth in the Plans' documents, at which time a separate extensive actuarial analysis would be required to determine liabilities on a plan termination basis.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE H - TAX STATUS

The Internal Revenue Service has determined and informed the Administrator by a letter that the World Mission Pension Plan (the qualified plan) and the related trust were designed in accordance with applicable sections of the Internal Revenue Code (the IRC). There have been amendments since the Administrator received the determination letter; however, the Administrator believes that the Plans are designed and are currently being operated in compliance with the applicable requirements of the IRC.

NOTE I - RELATED PARTY TRANSACTIONS

Prior to the issuance of prior year financial statements, as noted in the subsequent events footnote in the notes to the financial statements, it was noted that the Senior Leadership Team, on behalf of the Board of General Superintendents, had announced that certain hardware and software previously purchased, developed and licensed by the Pensions and Benefits Fund for the benefit of the Plans could be transferred to Nazarene Publishing House (NPH), a related party. Such transfer would be the result of a decision to integrate information technology at the Global Ministry Center (GMC) with information technology at NPH, with all IT under NPH supervision. It was the intention of the General Board to enter into a service agreement with NPH for such services. During the year, the decision was made to retain IT services as a department of the GMC.

Financial Statements and Report of Independent Certified Public Accountants

Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene Health and Hospitalization Program

September 30, 2013 and 2012

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees

Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Health and Hospitalization Program

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We have audited the accompanying financial statements of Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene Health and Hospitalization Program (the “Entity”), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Board of Pensions and Benefits USA of the General Board of the Church of the Nazarene Health and Hospitalization Program as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Kansas City, Missouri
February 20, 2014

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Health and Hospitalization Program**

STATEMENTS OF FINANCIAL POSITION

September 30,

	General Church Medical Plan	Missionary Medical Plan	Total	
			2013	2012
ASSETS				
Cash	\$ 1,090,403	\$ 372,115	\$ 1,462,518	\$ 2,831,434
Investments, at fair value	2,846,848	906,009	3,752,857	1,786,037
Investments - other	127,589	412,264	539,853	494,467
Prepaid expenses	157,008	1,273	158,281	176,801
Accrued interest receivable	-	37	37	48
Total assets	<u>\$ 4,221,848</u>	<u>\$ 1,691,698</u>	<u>\$ 5,913,546</u>	<u>\$ 5,288,787</u>
LIABILITIES AND NET ASSETS				
Accounts payable	\$ 22,808	\$ 10,065	\$ 32,873	\$ 16,541
Claims incurred but not reported	393,395	53,768	447,163	436,391
Total liabilities	<u>416,203</u>	<u>63,833</u>	<u>480,036</u>	<u>452,932</u>
Net assets, unrestricted	<u>3,805,645</u>	<u>1,627,865</u>	<u>5,433,510</u>	<u>4,835,855</u>
	<u>\$ 4,221,848</u>	<u>\$ 1,691,698</u>	<u>\$ 5,913,546</u>	<u>\$ 5,288,787</u>

The accompanying notes are an integral part of these
statements.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Health and Hospitalization Program**

STATEMENTS OF ACTIVITIES

Year ended September 30,

	General Church Medical Plan	Missionary Medical Plan	Total	
			2013	2012
Income				
Premium payments received	\$ 3,894,165	\$ 1,811,200	\$ 5,705,365	\$ 5,553,926
Investment income, net	39,740	19,742	59,482	57,797
Dividend income	-	3,818	3,818	3,208
Realized/unrealized gain/(loss)	(24,271)	30,240	5,969	43,123
Miscellaneous income	-	56	56	-
Total income	<u>3,909,634</u>	<u>1,865,056</u>	<u>5,774,690</u>	<u>5,658,054</u>
Expenses				
Program expenses				
Medical and dental claims	3,030,412	1,204,160	4,234,572	4,281,282
Reinsurance premiums paid	163,567	163,567	327,134	308,425
Total program expenses	<u>3,193,979</u>	<u>1,367,727</u>	<u>4,561,706</u>	<u>4,589,707</u>
Administrative expenses				
Administrative service fees	174,897	124,480	299,377	329,931
Salaries and benefits	89,858	34,286	124,144	115,317
Rent	2,125	925	3,050	3,050
Professional services	130,286	44,123	174,409	125,960
Miscellaneous	13,027	1,322	14,349	44,565
Total administrative expenses	<u>410,193</u>	<u>205,136</u>	<u>615,329</u>	<u>618,823</u>
Total expenses	<u>3,604,172</u>	<u>1,572,863</u>	<u>5,177,035</u>	<u>5,208,530</u>
Change in unrestricted net assets	305,462	292,193	597,655	449,524
Unrestricted net assets, beginning of year	3,500,183	1,335,672	4,835,855	4,386,331
Unrestricted net assets, end of year	<u>\$ 3,805,645</u>	<u>\$ 1,627,865</u>	<u>\$ 5,433,510</u>	<u>\$ 4,835,855</u>

The accompanying notes are an integral part of these
statements.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Health and Hospitalization Program**

STATEMENTS OF CASH FLOWS

Year ended September 30,

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in unrestricted net assets	\$ 597,655	\$ 449,524
Adjustments to reconcile change in unrestricted net assets to net cash provided by (used in) operating activities		
Net realized and unrealized gain on investments	(5,969)	(43,123)
Changes in assets and liabilities		
Prepaid expenses	18,520	(143,081)
Accrued interest receivable	11	104
Accounts payable	16,332	3,853
Claims incurred but not reported	<u>10,772</u>	<u>(207,777)</u>
Net cash provided by operating activities	637,321	59,500
 Cash flows from investing activities		
Net purchases of investments and investments-other	(2,006,356)	(262,278)
Net proceeds from sales and maturities of investments and investments - other	<u>119</u>	<u>256,691</u>
Net cash used in investing activities	<u>(2,006,237)</u>	<u>(5,587)</u>
 Change in cash	(1,368,916)	53,913
Cash, beginning of year	<u>2,831,434</u>	2,777,521
Cash, end of year	<u>\$ 1,462,518</u>	<u>\$ 2,831,434</u>

The accompanying notes are an integral part of these
statements.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Health and Hospitalization Program**

NOTES TO FINANCIAL STATEMENTS

September 30, 2013 and 2012

NOTE A - DESCRIPTION OF THE PROGRAM

The Board of Pensions and Benefits USA (the Administrator) of the General Board of the Church of the Nazarene Health and Hospitalization Program (the Program) administers, on behalf of the General Board of the Church of the Nazarene (the General Board), medical, dental, and vision benefits under two separate plans: the General Church Medical Plan and the Missionary Medical Plan (collectively, the Plans). These financial statements present the fiduciary activities of the Program's Administrator and do not purport to present the financial status of the Plans. These statements do not contain certain information regarding benefit obligations and other disclosures necessary for a fair presentation of the financial status of the Plans in conformity with accounting principles generally accepted in the United States of America.

1. *Benefits*

The Program administers the provision of medical, dental, and vision benefits to full-time employees (defined as those working at least 30 hours per week) of the General Board and related employers and their beneficiaries and covered dependents (the General Church Medical Plan) and to missionaries under contract with the General Board and their beneficiaries and covered dependents (the Missionary Medical Plan). Medical and dental benefits in excess of Medicare coverage may also be extended to retired participants and their beneficiaries and covered dependents pursuant to the provisions of each Plan's document and/or the policies of the participating employers.

The medical, dental, and vision benefits are similar under both Plans, which pay a major portion of medical, dental, and vision expense after the satisfaction of a calendar-year deductible.

Effective March 1, 2013, retirees were no longer covered under the medical and dental benefits of the General Church Medical Plan. Seven participants were grandfathered under this coverage and will be removed from the plan once they are eligible for Medicare coverage.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Health and Hospitalization Program**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE A - DESCRIPTION OF THE PROGRAM - Continued

1. *Benefits - Continued*

Effective December 31, 2011, the Program's previous third party administrator, for medical claims processing, Principal Life Insurance Company, exited the health insurance business. Effective January 1, 2012, the Program appointed a new third party administrator, UMR, to process and administer medical and vision claims of active and retired participants, dependents and beneficiaries covered by the program.

Dental claims of active and retired participants, dependents, and beneficiaries are processed by Delta Dental Company. The responsibility for administration of payments to participants and providers is retained by the Administrator.

Participants should refer to the Plan documents for a complete description of the Plans' provisions.

2. *Contributions*

Not less than one-half of the contributions for participant coverage are paid by General Board-related employers. The Program is self-funded with specific and aggregate reinsurance limits.

3. *Plan Termination*

Although it has not expressed any intent to do so, the Administrator has the right under the Plans to modify the benefits provided to active participants, to discontinue contributions at any time, and to terminate the Plans subject to the Plans' provisions.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The financial statements are prepared on the accrual basis of accounting.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Health and Hospitalization Program**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. *Investments*

Marketable securities are carried at fair value based on quoted market prices for those or similar securities, with realized and unrealized gains and losses reflected in the statements of activities.

3. *Investments - other*

Investments - other consists of certificates of deposit with original maturities greater than three months and is carried at amortized cost.

4. *Claims Incurred but Not Reported*

Other obligations for current benefit coverage at September 30, 2013 and 2012 include IBNR amounts, which represent estimated medical and dental costs for services performed in the Plan year that have not yet been submitted for payment by Plan participants. The IBNR amounts are estimated based on historical lag factors between the date of service and the date of payment.

5. *Investment and Dividend Income*

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Program's gains and losses on investments bought and sold as well as held during the year.

6. *Administrative Expenses*

Directly related administrative and other expenses of the Administrator are allocated to the Program.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Health and Hospitalization Program**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Investment Risks

The Program invests in funds that hold various securities which may include U.S. government securities, corporate debt instruments, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

8. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

9. Subsequent Events

The Program has evaluated subsequent events through February 20, 2014, which is the date these financial statements were available to be issued.

NOTE C - CONCENTRATION OF RISK

From time to time, the Program maintains cash balances in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. Management evaluates the financial stability of these financial institutions and considers the risk to be minimal. Beginning December 31, 2010 and through December 31, 2012, section 343 of the Dodd-Frank Wall Street Reform and Consumer Protection Act provides for unlimited insurance coverage of noninterest-bearing transaction accounts. Effective January 1, 2013, FDIC coverage has been limited for interest bearing and non-interest bearing accounts. At September 30, 2013, the Program had approximately \$1,120,000 in excess of FDIC insured limits. There were no uninsured balances at September 30, 2012.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Health and Hospitalization Program**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE D - INVESTMENTS

The Program's investments, at fair value, consist of equity securities and other investments maintained in pooled investment funds (the PIF) administered by the General Board and a portfolio of bond and equity mutual funds (the Funds) administered by the Church of the Nazarene Foundation (CNF), a related party.

At September 30, 2013 and 2012, the Program's investment in the PIF was reported at a fair value of \$1,781,163 and \$1,746,094, respectively. The Program's investment in the PIF had a cost basis of \$1,785,229 and \$1,763,502 at September 30, 2013 and 2012, respectively. Other investments were reported at amortized cost approximating fair value and had a cost basis of \$539,853 and \$540,599 at September 30, 2013 and 2012, respectively.

During June 2013, the Program invested \$2,000,000 in a portfolio of mutual funds administered by CNF. The investments are managed by Kaspick, the Investment Manager. The underlying investments are bond and equity mutual funds and reported at fair value. At September 30, 2013, the Program's investment in the CNF investments was reported at a fair value of \$1,971,694 and had a cost basis of \$2,000,000.

Investment income consisted of \$75,002 and \$105,579 of allocated income and \$5,733 and \$1,451 of allocated investment management fees for the years ended September 30, 2013 and 2012, respectively.

NOTE E - FAIR VALUE MEASUREMENTS

The Program applies the provisions of Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Health and Hospitalization Program**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE E - FAIR VALUE MEASUREMENTS - Continued

The three levels of the fair value hierarchy under ASC 820 are described below.

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.

Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for the Level 3 assets measured at fair value:

Investment in pooled investment funds - Valued based on an allocation of quoted market prices for the underlying investments of the portfolio. The fair values of individual holdings in the portfolio are determined via various inputs ranging from level 1 to level 2 securities.

Investments in mutual fund portfolio - Valued based on an allocation of quoted market prices for the underlying investments of the portfolio. The fair values of individual holdings in the portfolio are determined via various inputs ranging from level 1 to level 2 securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Program believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Health and Hospitalization Program**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE E - FAIR VALUE MEASUREMENTS - Continued

The following table sets forth, by level within the fair value hierarchy, the Program's assets at fair value as of September 30, 2013:

	Fair value measurements at September 30, 2013			
	Level 1	Level 2	Level 3	Total
Investments, at fair value				
Bonds				
Tax exempt bonds	\$ -	\$ -	\$ 896,154	\$ 896,154
Taxable bonds	-	-	-	-
Taxable bond funds	-	-	-	-
Common stock				
U.S. common stock	-	-	179,646	179,646
International common stock	-	-	-	-
Fixed income				
Corporate bonds	-	-	2,388,541	2,388,541
Other	-	-	288,516	288,516
Total assets at fair value	<u>-</u>	<u>-</u>	<u>\$ 3,752,857</u>	<u>\$ 3,752,857</u>

The following is a reconciliation of the beginning and ending balances of financial assets measured on a recurring basis using significant unobservable inputs (Level 3) during the year ended September 30, 2013:

	Pooled investment funds
Fair value, September 30, 2012	<u>\$ 1,786,037</u>
Purchases	2,000,000
Issuances, settlements	(55,406)
Interest and dividends	21,928
Unrealized gains (losses)	7,181
Realized gains	(1,212)
Fees and expenses	(5,671)
Fair value, September 30, 2013	<u>\$ 3,752,857</u>

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Health and Hospitalization Program**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE E - FAIR VALUE MEASUREMENTS - Continued

The following table sets forth, by level within the fair value hierarchy, the Program's assets at fair value as of September 30, 2012:

	Fair value measurements at September 30, 2012			
	Level 1	Level 2	Level 3	Total
Investment in pooled investment funds				
Bonds				
Tax exempt bonds	\$ -	\$ -	\$ 32,969	\$ 32,969
Taxable bonds	-	-	891,881	891,881
Taxable bond funds	-	-	223,957	223,957
Common stock				
U.S. common stock	-	-	142,137	142,137
International common stock	-	-	1,736	1,736
Fixed income				
Corporate bonds	-	-	158,190	158,190
Other	-	-	335,167	335,167
Total assets at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,786,037</u>	<u>\$ 1,786,037</u>

The following is a reconciliation of the beginning and ending balances of financial assets measured on a recurring basis using significant unobservable inputs (Level 3) during the year ended September 30, 2012:

	Pooled investment funds
Fair value, September 30, 2011	<u>\$ 1,999,605</u>
Purchases, issuances, settlements	-
Issuances, settlements	(262,278)
Interest and dividends	7,037
Unrealized gains (losses)	34,797
Realized gains	8,326
Fees and expenses	(1,450)
Fair value, September 30, 2012	<u>\$ 1,786,037</u>

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Health and Hospitalization Program**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

**NOTE F - MEDICARE PRESCRIPTION DRUG, IMPROVEMENT, AND
MODERNIZATION ACT OF 2003**

The Program applies the provisions of ASC Topic 715, *Medicare Prescription Drug, Improvement, and Modernization* (ASC 715). ASC 715 provides guidance on accounting for the effects of a subsidy available, under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the Act) to companies that sponsor retiree medical programs with drug benefits which are at least actuarially equivalent to those available under Medicare. In addition to the direct benefit to a company from qualifying for and receiving the subsidy, the effects would include expected changes in retiree participation rates and changes in estimated health care costs that result from the Act.

The Administrator believes that its postretirement benefit plans currently provide prescription drug coverage which is at least actuarially equivalent to the new benefit available under Medicare and it will therefore qualify for the subsidy for an initial period of time after the Act is implemented until actuarial equivalency changes as a result of existing limits on the Plans' cost of providing the benefit. During the years ended September 30, 2013 and 2012, the Program's sponsor received a subsidy of approximately \$40,900 and \$20,000, respectively, under the Act.

NOTE G - INCOME TAX STATUS

The Program is exempt from federal and state income taxes because it is an entity organized under the General Board, which holds a group exemption. The Administrator has not obtained a determination letter from the Internal Revenue Service for the Plans. However, the Administrator believes the Plans are designed and are currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

**Board of Pensions and Benefits USA of the General Board of the
Church of the Nazarene Health and Hospitalization Program**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2013 and 2012

NOTE H - RELATED PARTY TRANSACTIONS

Prior to the issuance of prior year financial statements, as noted in the subsequent events footnote in the notes to the financial statements, it was noted that the Senior Leadership Team, on behalf of the Board of General Superintendents, had announced that certain hardware and software previously purchased, developed and licensed by the Pensions and Benefits Fund for the benefit of the Program could be transferred to Nazarene Publishing House (NPH), a related party. Such transfer would be the result of a decision to integrate information technology at the Global Ministry Center (GMC) with information technology at NPH, with all IT under NPH supervision. It was the intention of the General Board to enter into a service agreement with NPH for such services. During the year, the decision was made to retain IT services as a department of the GMC.

Consolidated Financial Statements and Report of Independent Certified Public Accountants
The Church of the Nazarene, Inc., Subsidiaries and Affiliate
September 30, 2014



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Audit Committee
General Board of the Church of the Nazarene, Inc.

Grant Thornton LLP
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We have audited the accompanying consolidated financial statements of The Church of the Nazarene, Inc. and its subsidiaries and affiliate (the “Organization”), which comprise the consolidated statement of financial position as of September 30, 2014, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Church of the Nazarene, Inc. and its subsidiaries and affiliate as of September 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities and cash flows, on pages 52 through 54, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Kansas City, Missouri
September 24, 2015

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
September 30, 2014

ASSETS	
Cash and cash equivalents	\$ 22,271,891
Investments, at fair value	176,034,356
Investments - other	7,417,149
Receivables - other	4,253,306
Property and equipment, net	49,633,214
Beneficial interest in charitable remainder trusts	1,183,083
Notes receivable	702,756
Inventories, net	3,671,684
Other assets	2,057,410
Total assets	<u>\$ 267,224,849</u>
 LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable and accrued expenses	\$ 4,335,821
Deferred gift agreements	14,542,777
Funds held in trust	56,397,260
Pension obligation	6,421,963
Postretirement benefit obligation	23,565,126
Total liabilities	<u>105,262,947</u>
 COMMITMENTS AND CONTINGENCIES	
NET ASSETS	
Unrestricted - undesignated	121,055,754
Unrestricted - unamortized pension liability	(7,139,302)
Temporarily restricted	41,486,500
Permanently restricted	6,558,950
Total net assets	<u>161,961,902</u>
Total liabilities and net assets	<u>\$ 267,224,849</u>

The accompanying notes are an integral part of these statements.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended September 30, 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues and gains				
Contribution revenue				
World Evangelism Fund	\$ 37,745,715	\$ -	\$ -	\$ 37,745,715
Mission specials	6,629,213	22,394,794	16,516	29,040,523
Legacy, gifts, and charitable remainders	3,440,917	1,100,245	396,162	4,937,324
Gifts-in-kind	4,323,301	-	-	4,323,301
Net sales revenue	14,682,848	-	-	14,682,848
Other revenue	3,125,245	-	-	3,125,245
Revenues and gains	<u>69,947,239</u>	<u>23,495,039</u>	<u>412,678</u>	<u>93,854,956</u>
Net assets released from restrictions	<u>1,449,068</u>	<u>(788,287)</u>	<u>(660,781)</u>	<u>-</u>
Total revenues and gains	<u>71,396,307</u>	<u>22,706,752</u>	<u>(248,103)</u>	<u>93,854,956</u>
Expenses				
Program services				
Global Mission	53,157,405	-	-	53,157,405
International Board of Education	3,915,954	-	-	3,915,954
Sunday School and Discipleship Ministries	401,444	-	-	401,444
Nazarene Youth International	438,031	-	-	438,031
Board of General Superintendents	2,471,923	-	-	2,471,923
Nazarene communication services	17,695,714	-	-	17,695,714
Church of the Nazarene Foundation	1,684,108	-	-	1,684,108
Other program services, net	38,245	-	-	38,245
Total program services	<u>79,802,824</u>	<u>-</u>	<u>-</u>	<u>79,802,824</u>
Support services				
General and administrative services	18,971,388	2,530	1,240	18,975,158
Total support services	<u>18,971,388</u>	<u>2,530</u>	<u>1,240</u>	<u>18,975,158</u>
Total expenses	<u>98,774,212</u>	<u>2,530</u>	<u>1,240</u>	<u>98,777,982</u>
Change in net assets from operations	<u>(27,377,905)</u>	<u>22,704,222</u>	<u>(249,343)</u>	<u>(4,923,026)</u>
Non-operating income (expense)				
Net investment income	7,520,433	894,770	234	8,415,437
Foreign currency loss	(64,048)	-	-	(64,048)
Other income	377,147	-	-	377,147
Actuarial adjustment of deferred gift agreements	-	(702,342)	-	(702,342)
Other expenses	<u>(372,616)</u>	<u>(42,530)</u>	<u>(17)</u>	<u>(415,163)</u>
Total non-operating income (expense)	<u>7,460,916</u>	<u>149,898</u>	<u>217</u>	<u>7,611,031</u>
Change in net assets before unamortized pension liability	<u>(19,916,989)</u>	<u>22,854,120</u>	<u>(249,126)</u>	<u>2,688,005</u>
Change in unamortized pension liability not included in pension expense	<u>(2,242,793)</u>	<u>-</u>	<u>-</u>	<u>(2,242,793)</u>
Change in net assets	<u>(22,159,782)</u>	<u>22,854,120</u>	<u>(249,126)</u>	<u>445,212</u>
Net assets, beginning of year	136,076,234	18,632,380	6,808,076	161,516,690
Net assets, end of year	<u>\$ 113,916,452</u>	<u>\$ 41,486,500</u>	<u>\$ 6,558,950</u>	<u>\$ 161,961,902</u>

The accompanying notes are an integral part of this statement.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended September 30, 2014

Cash flows from operating activities	
Change in net assets	\$ 445,212
Adjustments to reconcile increase in net assets to net cash used in operating activities	
Depreciation	2,513,672
Net realized and unrealized gains on investments	(7,112,599)
Contributions restricted for long-term investment	(396,162)
Discount amortization on notes receivable	(32,386)
Beneficial interest in charitable trusts	644,623
Gain on disposal of property and equipment	31,121
Inventory write-off	423,020
Pension obligation	2,091,508
Postretirement benefit obligation	(1,502,131)
Changes in	
Other receivables	877,388
Inventories	2,839,478
Other assets	1,267,108
Accounts payable and accrued liabilities	<u>(3,518,691)</u>
Net cash used in operating activities	(1,428,839)
Cash flows from investing activities	
Purchases of property and equipment	(1,795,210)
Proceeds from disposal of property and equipment	28,110
Proceeds from sales and maturities of investments and investments - other	122,134,086
Purchases of investments and investments - other	<u>(123,327,802)</u>
Net cash used in investing activities	(2,960,816)
Cash flows from financing activities	
Change in deferred gift agreements and funds held in trust	3,648,287
Proceeds on contributions restricted for long-term investment	396,162
Payments on notes receivable	291,617
Payments on debt	<u>(1,792,111)</u>
Net cash provided by financing activities	2,543,955
Effect of exchange rate changes on cash and cash equivalents	297,914
Net decrease in cash and cash equivalents	(1,547,786)
Cash and cash equivalents, beginning of year	<u>23,819,677</u>
Cash and cash equivalents, end of year	<u><u>\$ 22,271,891</u></u>
 Supplemental schedule of cash flow information	
Cash paid during the year for interest	\$ 52,798
Noncash investment activities that increased liabilities for deferred gift agreements and funds held in trust	
Investments received	688,020
Net realized and unrealized gains on investments	4,312,632

The accompanying notes are an integral part of this statement.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2014

NOTE A - NATURE OF ORGANIZATION

The Church of the Nazarene, Inc. (the “Church”) is organized and shall be operated exclusively for religious purposes including, but not limited to, disseminating the truths and principles of the Holy Bible, and diffusing more generally the blessings of Christian benevolence and charity, Christian education and the Christian religion, through the Nations. The specific purposes and objectives of the Church shall include, but not be limited to the following:

- establishing local churches
- establishing and operating Christian educational institutions, projects and activities for the religious instruction of children and adults
- engaging in missionary activities to establish churches and otherwise to spread the Gospel of Jesus Christ globally
- publishing and distributing Christian religious literature and materials in any and all formats
- rendering Christian aid and service to the elderly, the disabled, sick and impoverished and to others with material and spiritual needs
- engaging in any and all activities appropriate to sustain and support the ministries of the Church
- supporting other organizations, associations, projects, and individuals organized and operated for similar purposes throughout the world.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
September 30, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

1. *Basis of Presentation*

The accompanying consolidated financial statements are prepared on the accrual basis of accounting and present the activities and operations of The Church of the Nazarene, Inc., including its Global Mission regional offices, its wholly owned subsidiaries Church of the Nazarene Foundation (the Foundation), Harvest Partners, and Nazarene Compassionate Ministries, Inc. (NCM, Inc.), as well as its affiliate Nazarene Publishing House (NPH) (collectively, the Organization). Individual congregations and related service corporations are not included herein.

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, resources are classified for accounting and financial reporting purposes into categories established according to their nature and purpose. The assets, liabilities and net assets of the Organization are reported in three categories as follows:

Unrestricted Net Assets - Unrestricted net assets are resources that are neither permanently nor temporarily restricted by donor-imposed stipulations. The only limits on unrestricted net assets are those resulting from the nature of the Organization and its purposes.

Temporarily Restricted Net Assets - Temporarily restricted net assets are resources whose use by the Organization is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled by actions of the Organization. Donor-restricted investments which are temporarily restricted consist primarily of the Organization's interest in endowments, charitable gift annuities, and beneficial interest in charitable remainder trusts.

Permanently Restricted Net Assets - Permanently restricted net assets are those whose use by the Organization is limited by donor-imposed stipulations requiring that the corpus be maintained in perpetuity. Generally, income earned on related investments, if any, may be restricted by donors or used for unrestricted purposes in the absence of donor restrictions. Interest and dividends from permanently restricted investments are credited to temporarily restricted net assets until they are released for expenditure.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. *Principles of Consolidation*

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The consolidated financial statements include the accounts of The Church of the Nazarene, Inc., including its Global Mission regional offices, its wholly owned subsidiaries the Foundation, Harvest Partners, and NCM, Inc., as well as its affiliate NPH. NPH is consolidated because The Church of the Nazarene, Inc. has economic interest and control of the majority of voting interest for the NPH board. All material intercompany balances and transactions have been eliminated in consolidation.

3. *Change in Fiscal Year End*

The fiscal year end of NPH and NCM, Inc. was changed from December 31 to September 30 so as to coincide with the fiscal year end of The Church of the Nazarene, Inc. Accordingly, the financial statements of NPH and NCM, Inc. were prepared for the twelve months from October 1, 2013 to September 30, 2014.

4. *Foreign Operations*

The books of record of certain Global Mission regional offices of the Organization which are domiciled and incorporated in a foreign location are kept using the local currency of each respective foreign domicile. However, the U.S dollar is the functional currency of such Global Mission regional offices and the books of record are remeasured into the functional currency for the year ended September 30, 2014.

5. *Cash and Cash Equivalents*

Cash and cash equivalents include only funds and overnight investments held in banks for operating purposes. The Organization monitors all major banking relationships in the United States for safety ratings. At September 30, 2014, there was approximately \$17,498,000 held in banks in excess of federally insured limits. Foreign bank balances were approximately \$4,453,000 as of September 30, 2014.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. *Contributions*

Contributions received, including unconditional promises to give, are recognized as revenues when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless restricted by the donor for specific purposes other than for general use by the Organization. Amounts received that are designated for future periods or restricted by the donor for specific purposes outside the general nature of the Organization are reported as temporarily restricted or permanently restricted support which increases those net asset classes. However, if a restriction is fulfilled in the same reporting period in which the contribution is received, the Organization reports the support as unrestricted.

The Organization reports gifts of land, buildings, and equipment at the fair value of the gift on the date received as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used and thus are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed into service.

7. *Gifts-in-Kind*

The financial statements reflect the value of equipment supplies and other items received and distributed in connection with the programs and activities. Their value is determined by estimating the fair value at the date of receipt. In addition, the Organization received the free use of warehouse space from other organizations for storage of inventory. The Organization recognizes the fair value of donated facilities. The actual benefit of the donated facilities and the fair values of these items have been reflected in the consolidated statement of activities as gifts-in-kind.

8. *Net Sales Revenue*

Revenues are earned from the printing and sale of religious books, periodicals, curriculum, music, and merchandise, primarily for the Church, book dealers, and churches located through the United States of America.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. *Investments*

Investments consist primarily of marketable securities and alternative investments that are carried at fair value with realized and unrealized gains and losses included in the consolidated statement of activities.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

10. *Investments - Other*

The Organization has investments in certificates of deposit and money market accounts with original maturities three months or less that are restricted for long-term purposes and are not available for day to day operations, and thus do not qualify as cash and cash equivalents.

11. *Accounts Receivables*

Receivables are stated at the amount management expects to collect from outstanding balances. The Organization maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Balances become past due according to contractual terms, generally 90 days. Management considers the following factors when determining the collectibility of specific customer accounts: customer credit-worthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Past due balances over 90 days and other higher risk amounts are reviewed individually for collectibility. If the financial condition of a customer were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts and collectibility. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. *Property and Equipment*

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the depreciable assets. The Organization's policy is to capitalize property and equipment with original cost greater than \$500. Estimated useful lives of property and equipment are as follows:

Buildings and improvements	10-50 years
Furniture and equipment	4-8 years

Assets to be disposed of are reported at the lower of carrying amount or fair value, less costs to sell. Expenditures for repairs and maintenance, which do not improve or extend the expected useful lives of the assets, are expensed as incurred while major replacements and improvements are capitalized.

13. *Long-Lived Assets*

The Organization periodically reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset with estimated future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects as well as the effects of obsolescence, demand, competition and other economic factors. For purposes of determining impairment, the Organization groups assets by category. During the year ended September 30, 2014, the Organization recognized no such impairment expense.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

14. *Deferred Gift/Planned Giving Agreements*

The Organization is a party to various deferred gift and planned giving agreements, including gift annuities, unitrusts, and revocable and irrevocable trusts, whereby the Organization receives funds or assets for which it has fiduciary responsibility for the safekeeping, investment management, and distribution of funds to donor-designated beneficiaries.

The Organization recognizes an asset and a liability for funds or assets received pursuant to revocable and irrevocable deferred gift agreements for which the Organization is not the donor-designated beneficiary. In certain cases, the Organization is the donor-designated beneficiary and recognizes the receipt of funds or assets as temporarily restricted revenues for irrevocable deferred gift agreements.

Certain agreements may contain an annuity feature, whereby the Organization will pay a fixed annuity to the donor or donor's beneficiary over specified periods of time. At the inception of the agreement, the Organization recognizes a liability equal to the present value of the expected annuity obligation, at the current discount rate of 5%, over the remaining expected life of the annuitant based on established mortality tables. The excess of the value of the funds or assets received over the present value of the annuity obligation is recognized as temporarily restricted net assets of the Organization if the Organization is the designated recipient of the corpus remaining upon the death of the annuitant. The annuity obligation is recalculated on an annual basis to take into consideration changes in the discount period (due to the passage of time) and mortality rates.

Adjustments to the liability to reflect amortization of the discount, re-evaluations of the present value of the estimated future payments to the donor or beneficiary, and changes in actuarial assumptions are recognized in the statement of activities as actuarial adjustment of deferred gift agreements in temporarily restricted net assets based on the donor's restrictions.

From time to time, the assets in a gift annuity contract are exhausted and the Organization uses unrestricted funds to pay the annuity until termination of the contract. Following an evaluation of the Organization's gift annuity contracts over the life of the gift annuity pool by Kaspick & Company, the Organization set aside a reserve of \$1 million in December 2013 to fund underwater gift annuity payments for these contracts. The amount reserved as of September 30, 2014 is \$984,366. Any amounts not needed from this reserve will be transferred to the Organization's Operating Reserve.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

15. *Income Taxes*

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization would be subject to federal income taxes on the net income from certain operations if such operations generated unrelated business income. The Organization did not report any such unrelated business during 2014. Therefore, no provision for income tax has been made in the accompanying financial statements.

The Financial Accounting Standards Board issued guidance that requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no such positions as of September 30, 2014 and, accordingly, no liability has been accrued with respect to uncertain tax positions.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2011.

16. *Fair Value Measurements*

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The exit price is based on the amount that the holder of the asset or liability would receive or pay in an actual transaction (or in a hypothetical transaction if an actual transaction does not exist) at the measurement date.

The carrying amounts of cash and cash equivalents are a reasonable estimate of their fair value because of the highly liquid status and short maturities. The carrying amounts of investments - other and accounts payable are a reasonable estimate of their fair value because of their short-term nature.

Fair value is generally determined based on quoted market prices in active markets for identical assets or liabilities. If quoted market prices are not available, the Organization uses valuation techniques that place greater reliance on observable inputs and less reliance on unobservable inputs (see Note D). In measuring fair value, the Organization may make adjustments for risks and uncertainties if a market participant would include such an adjustment in its pricing.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

17. *Endowment Funds*

Interpretation of Relevant Law

The State of Missouri applies the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Based on its interpretation of the provisions of UPMIFA, the Organization is required to act prudently when making decisions to spend or accumulate donor-restricted endowment assets and, in doing so, to consider a number of factors including the duration and preservation of its donor-restricted endowment funds. As a result of this interpretation, the Organization classified as permanently restricted net assets the original value of the gifts donated to the permanent endowment. The remaining portion of the endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, unless otherwise directed by the applicable donor, until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard prudence prescribed by UPMIFA. The Organization's endowments are invested in institutional funds that incurred an average gain of 5% for the year ended September 30, 2014.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration of the fund
- The purposes of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the General Board, the endowment assets are invested with the following objectives in priority order: (1) longer-term capital appreciation; and (2) prudent investment risk.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

18. *Endowment Funds - Continued*

Strategies Employed for Achieving Objectives

The Organization's goal for the investment of non-pension assets is to provide the highest level of appreciation in market value consistent with a prudent level of risk, while taking into consideration the planned duration of the investment. The Investment Committee of the Organization develops and maintains asset mix guidelines for each of the categories of assets taking into consideration the planned duration of the investments. The asset mix guidelines are reviewed by the Investment Committee at least once a year with a formal review every three years. The Investment Committee may change the asset mix at any time.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy which permits annual spending of an approved percentage of 5%, multiplied by the fiscal year end fair market value of endowment, with a six month proration for contributions received during the year. Endowment contributions must be received by March 31 of a given year in order to be included in that year's distribution calculation. In the event that the rate of return does not meet expected benchmarks in any given year, endowments which must maintain a minimum historic dollar value will not distribute the full amount if that distribution would cause the endowment's value to drop below its minimum required level. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

19. *Notes Receivable*

From time to time, the Foundation receives gifts of property and stock from donors. The Foundation will sell these assets and enter into a promissory note with the buyer for all or a portion of the proceeds of the assets. Such promissory notes receivable are recorded at the estimated collectible amounts, and a portion of these notes is secured by real property. Interest income on notes is recognized using the interest method. Interest income on impaired notes is recognized on the accrual basis until the account becomes severely delinquent, at which time the notes are placed on non-accrual status. Interest income is subsequently recognized to the extent cash payments are received. The accrual of interest resumes when the notes are brought current and removed from non-accrual status.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

20. *Inventory Pricing*

Inventories, which consist primarily of finished goods, are stated at the lower of cost or market and are determined under the average cost method. An allowance for inventory valuation is recorded for finished goods inventory, other than non-periodical finished goods inventory.

21. *Advertising*

Advertising costs are expensed as incurred. Advertising costs of \$723,992 were expensed in 2014. These costs are included in program services in the consolidated statement of activities.

22. *Shipping and Handling Costs*

Shipping and handling costs totaled \$745,242 for the year ended September 30, 2014. These costs are included in program services in the consolidated statement of activities.

23. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Significant estimates included in the consolidated financial statements are the inventory allowance, valuations of pension and postretirement benefit obligations, deferred gift agreements, fair value of investments, and useful lives of property and equipment. Actual results could differ from those estimates.

24. *Subsequent Events*

Management has evaluated events and transactions that have occurred since September 30, 2014 and reflected their effects, if any, in these consolidated financial statements through September 24, 2015, the date the consolidated financial statements were available to be issued.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE C - INVESTMENTS, AT FAIR VALUE

Investments consisted of the following at September 30, 2014:

	Cost	Fair value
Money market funds	\$ 7,081,776	\$ 7,081,776
Certificates of deposit	3,302,630	3,302,630
Mutual funds		
Large blend	11,535,403	18,229,289
Medium blend	980,588	1,130,535
Foreign large blend	15,316,878	16,581,252
Foreign mid/small value	547,392	665,184
Emerging markets	1,418,493	1,480,739
Domestic REITs	3,966,587	4,448,378
International REITs	2,296,430	2,626,517
Intermediate-term bond	31,622,193	31,896,185
Foreign bond	8,593,118	8,932,696
High quality bond	6,515,589	6,326,202
Investment grade bond	16,541,007	16,680,013
High yield bond	6,918,444	6,907,961
Common stocks		
Large cap core	18,261,285	21,618,087
Large cap growth	8,030,986	11,091,357
Small cap growth	3,638,292	4,135,248
Small cap value	4,434,159	4,119,671
U.S. government obligations	367,988	435,312
Corporate bonds	5,610,871	5,643,474
Alternative investments		
Real assets	735,883	966,650
Mineral rights	1,209,797	1,696,573
Mortgages	38,627	38,627
	<u>\$ 158,964,416</u>	<u>\$ 176,034,356</u>

Included in the investment totals above are investments held in trust for affiliated organizations and investments held pursuant to deferred gift and planned giving agreements. The fair value of those investments amounted to \$70,940,037 as of September 30, 2014.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE C - INVESTMENTS, AT FAIR VALUE - Continued

Net investment income consisted of the following for the year ended September 30, 2014:

Net realized and unrealized gain on investments	\$ 7,112,599
Interest, dividends, and other income	1,639,157
Investment fees	<u>(336,319)</u>
	<u>\$ 8,415,437</u>

Investment fees paid for the year ended September 30, 2014, as shown above, are netted against the proceeds from sale of investments in the statement of cash flows.

NOTE D - FAIR VALUE MEASUREMENTS

The fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and management's assumptions (unobservable inputs). Where an asset or a liability falls within that hierarchy depends on the lowest-level input which is significant to the fair value measurements as a whole. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy. The hierarchy consists of three broad levels as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.

Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

The determination of where an asset or a liability falls in the hierarchy requires significant judgment. The Organization evaluates its hierarchy disclosures for each reporting period based on various factors. It is possible that an asset or a liability may be classified differently from one reporting period to another. However, the Organization expects that changes in classifications between different levels will be rare.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE D - FAIR VALUE MEASUREMENTS - Continued

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Money market funds, common stocks and mutual funds - Valued based on quoted market prices.

U.S. government obligations - Valued at the last traded price by obtaining feeds from a number of live data sources including active market makers and inter-dealer brokers.

Certificates of deposit and corporate bonds - Determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest rate curves and referenced credit spreads, and estimated prepayment rates, where applicable, are used for valuation purposes provided by third-party pricing services where quoted market values are not available.

Alternative investments - Consists of investments aggregated into real assets, mineral rights and mortgages based upon their underlying investments. The fair values of real assets and mortgages are based on realtor estimates, comparable sales data, and tax assessments. The fair values of mineral rights are based upon the expected future cash flows of the mineral assets. These investments are classified within Level 3 of the fair value hierarchy. Additionally, these assets are not limited to when redeemed and do not have any lockup provisions.

Beneficial interest in charitable remainder trusts, net - Valued based on the fair value of the underlying trust assets less a payment liability. The value is determined by calculating the present value of the expected future income and distributions, using published life expectancy tables and a 5% rate of return.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2014

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The Organization's financial assets and liabilities measured at fair value on a recurring basis were as follows at September 30, 2014:

	Fair value measurements at reporting date using			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 7,081,776	\$ -	\$ -	\$ 7,081,776
Certificates of deposit	3,302,630	-	-	3,302,630
Mutual funds				
Large blend	18,229,289	-	-	18,229,289
Medium blend	1,130,535	-	-	1,130,535
Foreign large blend	16,581,252	-	-	16,581,252
Foreign mid/small value	665,184	-	-	665,184
Emerging markets	1,480,739	-	-	1,480,739
Domestic REITs	4,448,378	-	-	4,448,378
International REITs	2,626,517	-	-	2,626,517
Intermediate-term bond	31,896,185	-	-	31,896,185
Foreign bond	8,932,696	-	-	8,932,696
High quality bond	6,326,202	-	-	6,326,202
Investment grade bond	16,680,013	-	-	16,680,013
High yield bond	6,907,961	-	-	6,907,961
Common stocks				
Large cap core	21,618,087	-	-	21,618,087
Large cap growth	11,091,357	-	-	11,091,357
Small cap growth	4,135,248	-	-	4,135,248
Small cap value	4,119,671	-	-	4,119,671
U.S. government obligations	-	435,312	-	435,312
Corporate bonds	-	5,643,474	-	5,643,474
Alternative investments				
Real assets	-	-	966,650	966,650
Mineral rights	-	-	1,696,573	1,696,573
Mortgages	-	-	38,627	38,627
Total investments	<u>167,253,720</u>	<u>6,078,786</u>	<u>2,701,850</u>	<u>176,034,356</u>
Beneficial interest in charitable remainder trusts, net	-	-	1,183,083	1,183,083
	<u>\$ 167,253,720</u>	<u>\$ 6,078,786</u>	<u>\$ 3,884,933</u>	<u>\$ 177,217,439</u>

Included in the investment balances noted above, are Funds Held for Others (See Note H).

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The following is a reconciliation of the beginning and ending balances of financial assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended September 30, 2014.

	Real assets	Mineral rights	Mortgages	Beneficial interest in charitable remainder trusts	Total
Fair value, October 1, 2013	\$ 1,066,014	\$ 439,525	\$ 38,627	\$ 1,828,928	\$ 3,373,094
Gains (losses)					
Realized	(81,093)	-	-	-	(81,093)
Unrealized	1,500	569,028	-	5,771	576,299
Contributions	825,680	688,020	-	-	1,513,700
Sales/transfers/payments	(845,451)	-	-	(651,616)	(1,497,067)
Fair value, September 30, 2014	<u>\$ 966,650</u>	<u>\$ 1,696,573</u>	<u>\$ 38,627</u>	<u>\$ 1,183,083</u>	<u>\$ 3,884,933</u>

The following table represents the quantitative information about Level 3 fair value measurements as of September 30, 2014:

	Fair value	Valuation technique	Significant Unobservable	Inputs
Real assets	\$ 966,650	Sales comparison	Realtor estimates	N/A
Mineral rights	\$ 1,696,573	Discounted cash flow	Discount rate	6%
Mortgages	\$ 38,627	Sales comparison	Realtor estimates	N/A
Beneficial interest in charitable remainder trusts	\$ 1,183,083	Discounted cash flow	Discount rate	5%

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE E - PROPERTY AND EQUIPMENT

Major classifications of property and equipment consisted of the following at September 30, 2014:

Buildings and improvements	\$ 54,531,068
Furniture and equipment	21,106,310
Construction in progress	265,669
	<u>75,903,047</u>
Accumulated depreciation	<u>(33,666,435)</u>
	42,236,612
Land	7,396,602
	<u><u>\$ 49,633,214</u></u>

Depreciation expense amounted to \$2,513,672 for the year ended September 30, 2014.

NOTE F - DEFERRED GIFT AGREEMENTS OUTSTANDING

Deferred gift agreements outstanding represent the liability for various planned giving and revocable and irrevocable trust instruments for which the Organization has fiduciary responsibility for the safekeeping, investment management, and distribution of such funds to donor-designated Church ministries at the termination of such instruments.

NOTE G - FUNDS HELD IN TRUST

Funds held in trust consist of deposits made with the Organization by affiliated organizations for investment purposes and other miscellaneous deposits. Income earned from the investment of these deposits serves to increase the funds held in trust.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE H - NET ASSETS

1. *Temporarily Restricted Net Assets*

Temporarily restricted net assets were available for the following purposes or periods as of September 30, 2014:

Deferred gift/planned giving agreements	\$ 5,386,505
Endowments	3,380,743
Compassionate Ministries	7,009,063
Nazarene Missions International	449,455
Harvest Partners	1,506,210
International Board of Education	1,011,830
Global Mission Ministries	22,137,109
Donor advised funds	434,845
Other	170,740
	\$ 41,486,500

Net assets amounting to \$788,287 for the year ended September 30, 2014 were released from temporary restrictions into unrestricted net assets primarily due to the termination of the related planned giving agreements or otherwise in accordance with donor instructions.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE H - NET ASSETS - Continued

2. *Permanently Restricted Net Assets*

Permanently restricted net assets consisted of the following as of September 30, 2014:

Investment in perpetuity, the income from which is expendable to support	
Global Mission	\$ 3,338,122
International Board of Education	1,083,174
USA/Canada	429,849
Undesignated	16,797
Certain local Nazarene churches	424,571
Church of the Nazarene Foundation	37,451
Nazarene Youth International	137,852
Seminary, university, and colleges	100,000
Other Nazarene ministries	121,252
Endowments requiring a portion of the income to be added to the principal, with the remaining income distributed to Global Mission	869,882
	\$ 6,558,950

Net assets amounting to \$660,781 for the year ended September 30, 2014 were released by the Foundation from permanently restricted net assets into unrestricted net assets in accordance with donor instructions.

NOTE I - PENSIONS AND BENEFITS FUND

The Pensions and Benefits Fund (the Fund) provides various retirement, insurance, and benevolence programs to ministers and their spouses or surviving family members. The Fund is funded by local churches participating in the programs. The Fund is administered by the Board of Pensions and Benefits USA (the Board of Pensions) on behalf of the Organization. The assets of the Fund are included in separate financial statements.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE J - NAZARENE HEALTH AND HOSPITALIZATION PROGRAM

The Nazarene Health and Hospitalization Program (the NHHP) was established to provide health care benefits. The NHHP includes coverage under two separate plan documents identified as the Missionary Medical Plan (the Missionary Plan) and the General Church Medical Plan (the General Church Plan). The plans are administered by the Board of Pensions on behalf of the Organization.

Not less than one-half of the contributions for participant coverage are paid by the respective employers. All medical and dental benefits of the two plans are self-funded through specific and aggregate reinsurance policies.

The Organization contributed \$1,462,046 to the Missionary Plan and \$3,155,841 to the General Church Plan for the year ended September 30, 2014.

The assets of the NHHP are included in separate financial statements.

NOTE K - PENSION AND POSTRETIREMENT BENEFITS

1. *World Mission Pension Plans*

The Organization maintains the World Mission Pension Plans (the Plans) noncontributory defined benefit pension plans covering missionaries under contract with the Organization prior to December 31, 1997. New participation was frozen such that there were no new entrants after December 31, 1997. The benefits are based on years of service. The Organization's funding policy is to contribute annually the amount needed to provide not only for benefits for service to date, but also for those benefits expected to be earned in the future. For new missionaries under contract after December 31, 1997, retirement benefits are provided by the Nazarene 403(b) Retirement Savings Plan.

The Organization's projected benefit obligation under the Plans exceeded the fair value of Plan assets by \$994,374 at September 30, 2014, therefore, the Plans are underfunded.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans - Continued*

The amounts recognized for the Plans in the Organization's unamortized pension liability consisted of the following at September 30, 2014:

Prior service cost	\$ 52,785
Net actuarial loss	1,859,391
	<u>\$ 1,912,176</u>

The amounts for the Plans included in the Organization's unamortized pension liability at September 30, 2014 and expected to be amortized in net periodic pension cost for fiscal 2015 were as follows:

Prior service cost	\$ 23,992
Net actuarial loss	111,432
	<u>\$ 135,424</u>

The following table presents the benefit obligation, the fair value of Plan assets, the funded status of the Plans, and the principal weighted-average assumptions used as of September 30, 2014:

Change in benefit obligation	
Benefit obligation, beginning of year	\$ 10,456,962
Service cost	8,015
Interest cost	424,742
Benefits paid	(888,713)
Actuarial loss	308,020
Benefit obligation, end of year	<u>10,309,026</u>
Change in Plan assets	
Fair value of Plan assets, beginning of year	9,159,754
Actual return on Plan assets	882,654
Employer contributions	160,957
Benefits paid	(888,713)
Fair value of Plan assets, end of year	<u>9,314,652</u>
Funded status, end of year	<u>\$ (994,374)</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans - Continued*

Measurement date and weighted-average assumptions	
Used to determine benefit obligation	
Measurement date	9/30/14
Discount rate	3.85%
Used to determine net periodic benefit cost	
Measurement date	10/1/13
Discount rate	4.25%
Expected return on Plan assets	7.00%

Net periodic pension cost included the following components as of September 30, 2014

Service cost	\$ 8,015
Interest cost	424,742
Expected return on Plan assets	(614,895)
Amortization of	
Prior service cost	23,992
Net actuarial loss	112,412
	<u>\$ (45,734)</u>

The Organization's investment policy for the Plans is to maintain a target allocation of 62% of Plan assets in equity securities and 38% of Plan assets in bond or other fixed-income securities. Contributions and benefit payments are used to maintain the actual asset allocation as close as is practicable to the target allocation. Plan assets are broadly diversified to limit the impact of losses in individual investments on the total portfolio.

Actual allocation of Plan assets by percentage was as follows at September 30, 2014:

Equity securities	62%
Debt securities	38%
	<u>100%</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans - Continued*

The fair value hierarchy for classifying fair value measurements of assets and liabilities, as set forth in ASC 820, is as follows:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.
- Level 3 - Unobservable inputs developed using the Organization's estimates and assumptions, which reflect those which market participants would use.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

A description of the valuation methodologies used for assets measured at fair value is disclosed in Note D.

The entirety of the Plans' investments is in the Pension Investment Trust (the Trust), which was established for the investment of assets of the Plans and the Single Defined Benefit Pension Plan. Each participating retirement plan has an undivided interest in the Trust. The assets of the Trust are held by Northern Trust Company (the Custodian).

The value of the Plans' interest in the Trust is based on the beginning-of-year value of the Plans' interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. At September 30, 2014, the Plans' interest in the net assets of the Trust was approximately 8%. There are no restrictions on the redemption of the Plans' interest in the net assets of the Trust as of September 30, 2014. Investment income and administrative expenses relating to the Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans - Continued*

The Trust's assets measured at fair value on a recurring basis, subject to the disclosure requirements of ASC 715, *Compensation Retirement Benefits*, (ASC 715) were as follows at September 30, 2014:

	Fair value measurements at reporting date			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 979,603	\$ -	\$ -	\$ 979,603
U.S. Common stocks	62,980,116	-	-	62,980,116
U.S. Government obligations and agency securities	1,475	-	-	1,475
Mutual funds				
Intermediate - term bond	41,682,880	-	-	41,682,880
Equities ETF	59,478	-	-	59,478
International funds	14,611,810	-	-	14,611,810
Total assets at fair value	<u>\$ 120,315,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,315,362</u>

During the year ending September 30, 2015, employer contributions to the Plans are expected to be approximately \$165,000.

Benefits reflecting future service are expected to be paid as follows for the year ending September 30,

Year ending September 30,	Amount
2015	\$ 911,473
2016	890,622
2017	877,551
2018	855,192
2019	828,674
2020-2024	3,643,794

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

2. *Postretirement Benefits*

In conjunction with the NHHP, the Organization has plans that provide postretirement health care benefits for certain groups of retired employees. The Organization's postretirement benefit health care plans are not currently funded.

The following table sets forth the other postretirement benefit plans' status as of September 30, 2014:

Benefit obligation as of September 30, 2014	\$ (13,725,415)
Fair value of Plan assets as of September 30, 2014	-
Unfunded status	<u>(13,725,415)</u>
Unrecognized net actuarial gain (loss)	(3,843,949)
Unrecognized prior service cost	<u>(5,496,703)</u>
Benefit liability recognized in the statement of financial position	<u><u>\$ (23,066,067)</u></u>
Benefit (income) cost recognized in the statement of activities	<u><u>\$ (609,097)</u></u>
 Weighted-average assumptions used to determine benefit obligation discount rate	 3.65%

During the year ending September 30, 2015, employer contributions to other postretirement benefit plans are expected to be approximately \$1,325,835.

Benefits, net of Medicare Part D subsidy, reflecting future service are expected to be paid as follows for the year ending September 30,

<u>Year ending</u>	<u>Amount</u>
2015	\$ 1,325,835
2016	1,307,495
2017	1,283,108
2018	1,248,901
2019	1,202,054
2020-2028	5,692,696

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

2. Postretirement Benefits - Continued

For measurement purposes, an annual rate of increase of 7.5% in the per capita cost of covered health care benefits was assumed for 2014. The rate was assumed to decrease by 0.5% per year thereafter, to become 5% in 2019.

Selected components of net periodic benefit cost were as follows at September 30, 2014:

Current service cost	\$ 87,451
Employer contributions	968,961
Benefits paid	(968,961)

3. Single Defined Benefit Pension Plan

The Basic Pension Plan and the General Church Pension Plan have been merged to form the Single Defined Benefit Pension Plan (the Single Defined Plan), and no new entrants were admitted into the Single Benefit Plan after December 31, 1995. Participants in the Single Defined Plan have been grandfathered in so that no one having years of service under the predecessor plans will receive less under the Single Defined Plan than what would have been paid under the predecessor plans had they continued unchanged. The Single Defined Plan is a multiemployer plan that provides retirement benefits at age 65 to qualified full-time employees, pastors, evangelists, and district-licensed laypersons serving organized churches. The Single Defined Plan is a defined benefit plan and is administered by the Board of Pensions on behalf of the Organization. The assets are held in trust by the Board of Pensions, and separate financial statements are prepared for the Single Defined Plan. Contributions of \$8,500,000 were made by the employers to the Single Defined Plan for the year ended September 30, 2014.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

4. *Nazarene 403(b) Retirement Savings Plan*

The Nazarene 403(b) Retirement Savings Plan [the 403(b) Plan] was established for all U.S. ministers and laypersons serving local congregations and districts, as well as for general church employees. The annual pension supplement amount contributed from the Fund receipts or agency funds is determined annually by the Board of Pensions. Ministerial employees may receive a bonus if their local church or district pays 100% of their allocated Fund amounts. The bonus amount is determined annually by the Board of Pensions.

Employees may elect to participate in the 403(b) Plan through salary-reduction contributions. Employers make matching contributions to their respective participating employees' accounts. Local church and agency employers are encouraged to establish policies to match amounts of voluntary salary-reduction contributions up to at least 3% of salary. Contributions are made directly to Fidelity Investments.

The total cost of contributions made to the 403(b) Plan through the Fund and NPH was \$3,300,005 for the year ended September 30, 2014. The cash value of all participant accounts was \$353,304,839 as of September 30, 2014.

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN

1. *Defined Benefit Plan*

Effective January 1, 1987, NPH was an adopting employer of a plan sponsored by the General Board of the Church of the Nazarene. The Nazarene Publishing House Pension Plan (the NPH Pension Plan) is a qualified contributory defined benefit plan covering substantially all full-time employees with six months of service. The NPH Pension Plan provides benefits based on years of service and an employee's highest average compensation over any five-year period. Participants must contribute 2% of compensation to the Pension Plan. All participants in the NPH Pension Plan are retired and receiving benefits and no new participants were eligible for the plan after April 1, 2013. NPH's funding policy is based on actuarial valuations and recommendations as to the amounts required to fund benefits under the NPH Pension Plan. Effective December 1, 2014, benefits under the NPH Pension Plan were frozen as well as participation such that there are no new entrants after December 1, 2014.

The Organization's projected benefit obligation under the Plan exceeded the fair value of Plan assets by \$5,427,589 at September 30, 2014, therefore, the Plan is underfunded.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. Defined Benefit Plan – Continued

The annual measurement date for the NPH Pension Plan is December 31. The financial disclosure information for the fiscal year ending September 30, 2014 and the net periodic benefit cost for fiscal 2015 were prepared as of and for the period ended September 30, 2014. The following tables provide further information about NPH's pension plan:

Weighted-average assumptions used to determine benefit obligations at September 30	
Discount rate	4.30%
Rate of compensation increase	3.50%
Change in benefit obligation	
Benefit obligation, beginning of year	\$ 27,576,368
Service cost	262,549
Interest cost	961,944
Actuarial loss	2,033,708
Plan participants contributions	46,589
Benefits paid	(1,034,836)
Benefit obligation, end of year	<u>\$ 29,846,322</u>
Change in plan assets	
Fair value of plan assets, beginning of year	\$ 24,387,705
Actual return on plan assets	1,019,275
Employer contribution	-
Plan participants contribution	46,589
Benefits paid	(1,034,836)
Fair value of plan assets , end of year	<u>\$ 24,418,733</u>
Net amount recognized, end of year	
Fair value of plan assets	\$ 24,418,733
Benefit obligations	29,846,322
Net amount recognized	<u>\$ (5,427,589)</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. *Defined Benefit Plan - Continued*

Amounts recognized in the statement of financial position consist of	
Noncurrent asset	\$ -
Noncurrent liability	(5,427,589)
	<u>\$ (5,427,589)</u>
Amounts not yet reflected in net periodic benefit cost and included in changes in unrestricted net assets consist of	
Net actuarial loss	<u>\$ 5,227,126</u>
Accumulated benefit obligation	<u>\$ 27,633,686</u>
Other changes in plan assets and benefit obligations included in unrestricted net assets during the year	
Current-year actuarial loss	\$ 2,348,708
Amortization of actuarial loss	(9,772)
Amortization of prior service cost	-
	<u>\$ 2,338,936</u>
Weighted-average assumptions used to determine net periodic pension cost for the nine months ended September 30, 2014	
Discount rate	4.70%
Expected return on plan assets	7.50%
Rate of compensation increase	3.50%

The expected rate of return on pension plan assets is determined by the historical long-term investment performance of those assets, current asset allocation, and estimates of future long-term returns by asset class.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. *Defined Benefit Plan - Continued*

Components of net periodic pension cost	
Service cost	\$ 262,549
Interest cost	961,944
Expected return on plan assets	(1,334,275)
Amortization of prior service credit	-
Recognized net actuarial loss	9,772
Net periodic pension cost	\$ (100,010)

Plan assets

The fair value of assets was \$24,418,733 as of September 30, 2014.

The NPH Pension Plan's weighted-average asset allocations at September 30, 2014, by asset category, are as follows:

Asset category	Plan assets
Debt securities	5.50%
Equity securities	94.50%
	100.00%

NPH's investment strategy is based on an expectation that equity securities will outperform debt securities over the long term. Accordingly, the composition of NPH's plan assets is broadly characterized as a 60%/40% allocation between equity and debt securities.

NPH attempts to mitigate investment risk by rebalancing between equity and debt classes as its contributions and monthly benefit payments are made. Although changes in interest rates may affect the fair value of a portion of the investment portfolio and cause unrealized gains or losses, such gains or losses would not be realized unless the investments are sold.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. *Defined Benefit Plan - Continued*

The fair values of the Pension plan's assets at September 30, 2014, by category, are as follows:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Fair value
Bonds and mortgages	\$ -	\$ 1,344,260	\$ -	\$ 1,344,260
Money market and mutual funds	23,074,473	-	-	23,074,473
	<u>\$ 23,074,473</u>	<u>\$ 1,344,260</u>	<u>\$ -</u>	<u>\$ 24,418,733</u>

The inputs and valuation methods used to determine fair values for Level 2 assets were determined as follows:

The Bond and Mortgage Fund is a pooled separate account in which the NPH Pension Plan owns units of participation, while Principal Life Insurance Company owns the investments. The value of this separate account, which invests in multiple securities, is the fair value, or market value, of the underlying investments, adjusted for expenses. Inputs rely significantly on observable interactive data, which include (in the approximate order of priority for use when available) benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data, and industry and economic events.

Valuation techniques incorporate a multidimensional spread/prepayment model or, for a smaller number of securities, interactive data will rely on actual broker quotes.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. *Defined Benefit Plan - Continued*

Cash flows

Contributions - Expected employer contributions for the 2015 fiscal year total \$0.

Estimated future benefit payments - The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2015	\$ 1,428,673
2016	1,486,204
2017	1,519,278
2018	1,566,570
2019	1,666,904
2020-2024	9,252,130

The amount in unrestricted net assets expected to be recognized in 2015 consists of the components presented below:

Service cost	\$ 405,211
Interest cost	1,252,675
Expected return on assets	(1,659,308)
Amortization of accumulated losses	173,658
Net periodic pension cost	<u>\$ 172,236</u>
Discount rate	4.30%
Expected return on plan assets	7.50%
Rate of compensation increase	3.50%

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

**NOTE M - NAZARENE PUBLISHING HOUSE DEFINED BENEFIT POST-RETIREMENT
MEDICAL BENEFITS PLAN**

NPH does not provide a medical insurance program for retirees; however, all persons who retire from NPH who are Medicare eligible, who have been employed by a NHHP partner at least 10 years and who are listed in NPH's By-Laws as an officer of NPH shall be provided a subsidy to assist with the purchase of a personal retirement medical insurance policy. The subsidy will be provided in cash (with the commensurate tax consequence) or via a health reimbursement account. Currently, that monthly subsidy is approximately \$217 for an individual and \$433 for a couple. Should an officer retire after age 62 but prior to age 65, this benefit will begin once the retiree reaches age 65 and is, therefore, Medicare eligible.

Due to minimal changes in participants in the plan and relative immateriality, NPH has decided to obtain an actuarial calculation on the consolidated statement of financial position only every three years. The latest calculation and adjustment was as of and for the year ended December 31, 2012. The post-retirement medical benefits liability will be reported at the same balance as of September 30, 2014. The required disclosures under U.S. GAAP as of September 30, 2014 are as follows:

Change in plan assets	
Fair value of plan assets, beginning of year	\$ -
Employer contributions	22,581
Plan participants' contributions	-
Benefits paid	(22,581)
Fair value of assets, end of year	-
Benefit obligation, end of year	(499,059)
Funded status	<u>\$ (499,059)</u>
Disclosed benefit cost	
Employer service cost	\$ 95,152
Interest cost	97,765
Net prior service credit amortization	(174,821)
Net gain amortization	(453)
Net periodic post-retirement benefit cost	<u>\$ 17,643</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

**NOTE M - NAZARENE PUBLISHING HOUSE DEFINED BENEFIT POST-RETIREMENT
MEDICAL BENEFITS PLAN - Continued**

Assumptions used to determine benefit cost	
Discount rate	4.90%
Long-term rate of return on assets	N/A
Rate of compensation/salary increase	N/A
Current health care cost trend rate	7.50%
Ultimate health care cost trend rate	5.00%
Year of ultimate trend rate	2017
Effect of 1% increase in health care cost trend rates	
Employer service cost	119,384
Interest cost	115,201
Amount change	41,668
Percentage change	21.599%
Effect of 1% decrease in health care cost trend rates	
Employer service cost	76,995
Interest cost	83,929
Amount change	(31,996)
Percentage change	(16.584%)
Change in benefit obligation	
Benefit obligation, beginning of year	\$ (499,059)
Employer service cost	-
Interest cost	-
Plan amendments	-
Actuarial gain	-
Benefitis paid directly by NPH	-
Benefit obligation, end of year	<u><u>\$ (499,059)</u></u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

**NOTE M - NAZARENE PUBLISHING HOUSE DEFINED BENEFIT POST-RETIREMENT
MEDICAL BENEFITS PLAN - Continued**

Assumptions and dates used at disclosure	
Discount rate	4.10%
Rate of compensation/salary increase	N/A
Current health care cost trend rate	7.50%
Ultimate health care cost trend rate	5.00%
Year of ultimate trend rate	2018
Census date	1/1/2012
Effect of 1% increase in health care cost trend rates	
Accumulated post-retirement benefit obligation (APBO)	\$ 499,235
Amount change	176
Percentage change	0.035%
Effect of 1% decrease in health care cost trend rates	
Accumulated post-retirement benefit obligation (APBO)	\$ 498,880
Amount change	(179)
Percentage change	(0.036)%
Accumulated change in net assets	
Net prior service credit	\$ (2,736,612)
Net gain	(90,506)
Accumulated change in net assets	<u>\$ (2,827,118)</u>
Development of accumulated change in net assets (ACNA)	
ACNA, beginning of year	\$ (530,018)
Amounts amortized during the year	
Net prior service credit	174,821
Net gain	453
Occurring during the year	
Net prior service credit	(1,851,742)
Net gain	(620,632)
ACNA, end of year	<u>\$ (2,827,118)</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

**NOTE M - NAZARENE PUBLISHING HOUSE DEFINED BENEFIT POST-RETIREMENT
MEDICAL BENEFITS PLAN - Continued**

Expected future benefit payments and Medicare Part D subsidies for the year ending September 30,	
2015	\$ 34,791
2016	32,343
2017	31,109
2018-2022	136,496
Estimated APBO during the year ending	
2015	462,290
2016	457,639
Expected contribution during year ending September 30, 2015	34,791
Expected amortization amounts during the year ending September 30, 2015	
Amortization of net prior service credit	(345,959)
Amortization of net gain	(3,213)

NOTE N - NOTES RECEIVABLE

Note receivable dated December 10, 2010, payable in 5 annual installments of \$21,954 beginning December 10, 2011 (discount is based on imputed interest of 3%)	\$ 42,008
Note receivable dated December 10, 2010, payable in 5 annual installments of \$150,323 beginning December 10, 2011 (discount is based on imputed interest of 3%)	287,638
Note receivable of \$500,000 dated in 2005, payable in 2020 (discount is based on imputed interest of 5%)	373,110
	\$ 702,756

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE N - NOTES RECEIVABLE - Continued

Remaining maturities of notes receivable are as follows:

Year ending September 30,	Amount
2015	\$ 162,387
2016	167,259
Thereafter	373,110
	<u>\$ 702,756</u>

NOTE O - OTHER REVENUE

Other revenue consisted of the following during the year ended September 30, 2014:

Event registrations	\$ 634,154
Subscriptions and literature sales	268,020
W&W participant insurance funds	126,054
Casa Robles	168,793
American Bible Society	38,398
Trustee fees	594,076
Global Mission activities	1,058,098
Miscellaneous	237,652
	<u>\$ 3,125,245</u>

NOTE P - ENDOWMENT FUNDS

1. *Endowment Composition*

The Organization applies the provisions of ASC Topic 958, *Not-for-Profit Entities* (ASC 958). A key component of ASC 958 is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE P - ENDOWMENT FUNDS - Continued

1. *Endowment Composition - Continued*

The Organization's endowment consists of approximately 190 individual funds, a majority of which were established for the benefit of the Organization and local church ministries. Its endowment consists of perpetual and term endowments. As required by generally accepted accounting principles, net assets associated with endowments funds are classified and reported based on the existence or absence of donor-imposed restrictions.

	September 30, 2014			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Endowment composition by net asset category				
Board designated endowment funds	\$ 2,429,992	\$ -	\$ -	\$ 2,429,992
Donor restricted endowment funds	-	2,289,768	5,417,829	7,707,597
	<u>\$ 2,429,992</u>	<u>\$ 2,289,768</u>	<u>\$ 5,417,829</u>	<u>\$ 10,137,589</u>
Change in endowment net assets				
Endowment net assets, October 1, 2013	\$ 2,381,245	\$ 2,072,269	\$ 5,538,469	\$ 9,991,983
Investment return				
Investment income	77,507	228,527	140	306,174
Appreciation, net (realized and unrealized)	11,664	302,470	94	314,228
Total investment return	<u>89,171</u>	<u>530,997</u>	<u>234</u>	<u>620,402</u>
Contributions	4	62,304	541,162	603,470
Organization ministries expenses	(640,259)	-	-	(640,259)
Administrative fees	(22,819)	(25,521)	(1,257)	(49,597)
Appropriation of endowment net assets for expenditure	622,650	(350,281)	(660,779)	(388,410)
Transfers of net endowment losses	-	-	-	-
Net assets released from restriction	-	-	-	-
Endowment net assets, September 30, 2014	<u>\$ 2,429,992</u>	<u>\$ 2,289,768</u>	<u>\$ 5,417,829</u>	<u>\$ 10,137,589</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE P - ENDOWMENT FUNDS - Continued

2. *Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles accepted in the United States of America, deficiencies of this nature are reported in unrestricted net assets and were \$56,107 as of September 30, 2014. These deficiencies resulted from unfavorable market fluctuations.

NOTE Q - RELATED PARTY TRANSACTIONS

Certain affiliated organizations deposit excess funds with the Organization for investment purposes. As of September 30, 2014, funds held in trust totaled \$56,397,260. See Note G.

The Organization guarantees debt on real property related to the worldwide missionary and church growth programs. See Note R.

As of September 30, 2014, the Board of Pensions and Benefits USA of the Church of the Nazarene World Mission Pension Plans owed \$18,273 to the Organization. As of September 30, 2014, the Board of Pensions and Benefits USA of the Church of the Nazarene Single Defined Benefit Pension Plan owed \$53,928 to the Organization.

The Organization provides monthly allocations to certain affiliated organizations for support which are included in International Board of Education expense on the statements of activities. Allocations made to Nazarene Bible College for the year ended September 30, 2014 totaled \$880,596. Allocations made to Nazarene Theological Seminary for the year ended September 30, 2014 totaled \$1,165,808.

NOTE R - COMMITMENTS AND CONTINGENCIES

The Organization is a party to various legal actions arising in the ordinary course of its operations. In management's opinion, the Organization has adequate legal defenses and/or insurance coverage respecting each of these actions and does not believe that they will materially affect the Organization's financial position, changes in net assets, or cash flows.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE R - COMMITMENTS AND CONTINGENCIES - Continued

Debt in the amount of \$739,193 was outstanding on real property related to the worldwide missionary and Church growth programs as of September 30, 2014. The Organization was the guarantor on \$739,193 of this debt. The Organization believes it has a moral obligation to repay this contingent liability in the event of default to support the two programs, although it is not legally obligated to do so. All of the debt is collateralized by real property, for which management estimates the fair value to approximate \$12,413,794 as of September 30, 2014. The debt and related property are excluded from the Organization's consolidated financial statements.

NOTE S - FUNCTIONAL EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the corresponding program and support services. Fundraising costs were \$2,399,562 for the year ended September 30, 2014.

NOTE T - INVENTORIES

Inventories were as follows at September 30, 2014:

Finished goods	\$ 6,751,262
Work in process	536,470
Raw materials	38,298
Allowance for inventory valuation	<u>(3,654,346)</u>
	<u><u>\$ 3,671,684</u></u>

At September 30, 2014, the allowance for inventory valuation was \$3,654,346. The allowance increased by \$1,206,152 for the year ended September 30, 2014. Additionally, the allowance was reduced, due to inventory written off, by \$423,020 for 2014.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE U - NAZARENE PUBLISHING HOUSE LEASE WITH DEXTER FULFILLMENT

Effective January 1, 2014, NPH leased certain software and information technology, copyrights, trademarks, equipment and real estate to Dexter Fulfillment Services, LLC (Dexter Fulfillment) as part of an agreement to outsource printing, warehousing and distribution of certain products. The equipment lease term is five years and gives Dexter Fulfillment the right to purchase the equipment at the end of the lease for \$1. The real estate lease term is ten years with annual rents ranging from \$100,000 per year in 2014 to \$565,704 in 2023. Any royalties earned by NPH under the lease of the intellectual property and equipment noted above are deemed to be included in the real estate rental payments. The agreement also permits Dexter Fulfillment to bill NPH at a cost plus 15% for the services enumerated above. As part of the agreement, Dexter agrees to attempt to employ for at least one year 80% of NPH's non-executive employees working in related printing, warehousing and distribution functions.

Depreciation expense for assets subject to the lease with Dexter Fulfillment is provided primarily on the straight-line method over the term of the lease in amounts necessary to reduce the carrying amount of the asset to its estimated residual value. Estimated and actual residual values are reviewed on a regular basis to determine that depreciation amounts are appropriate. Depreciation expense relating to property and equipment subject to this leasing arrangement was \$284,907 for the year ended September 30, 2014 and is included in other expense on the consolidated statement of activities. Rental income from this leasing arrangement was \$350,734 for the year ended September 30, 2014 and is included in other income on the consolidated statement of activities.

NOTE V - OPERATING LEASES

The Organization leases office equipment under noncancelable operating leases with maturity dates ranging from October 2014 to September 2017.

Minimum lease commitments are as follows:

<u>Year ending September 30,</u>	<u>Amount</u>
2015	\$ 22,763
2016	22,082
2017	17,450
	<u>\$ 62,295</u>

Total lease expense was \$56,582 for 2014.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2014

NOTE V - OPERATING LEASES - Continued

Additionally, NPH leases office equipment under noncancelable leases, accounted for as operating leases, which have various expiration dates through December 2016. Also, during the year, Premier leased a building in Lenexa, Kansas, from Wolf Creek LLC under a noncancelable 10-year lease accounted for as an operating lease. Rental expenses from these leases consisted of \$419,258 for the lease of the building and \$3,730 for the lease of office equipment for the year ended September 30, 2014. The lease with Wolf Creek LLC was terminated on October 1, 2014 upon the cessation of Premier Studio's operations and no further obligations under the lease are anticipated.

NOTE W - TEMPORARILY RESTRICTED NET ASSETS HELD BY THIRD-PARTY TRUSTEES

The Organization was informed that certain assets in amounts totaling \$1,086,635 were being held on its behalf by third-party trustees at September 30, 2014. The donors of these assets have designated the Organization as the principal beneficiary of the charitable remainder. These assets are included in temporarily restricted net assets and are invested primarily in fixed money market accounts and land. Because the Organization does not know when conditions will be met for the collection of the charitable remainder, there were no plans as of September 30, 2014 for use of the assets.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2014

	The Church of the Nazarene, Inc.	Global Regions	Other Entities	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 6,250,425	\$ 14,745,500	\$ 2,495,151	\$ (1,219,185)	\$ 22,271,891
Investments, at fair value	109,352,495	14,072,252	63,713,374	(11,103,765)	176,034,356
Investments - other	5,176,501	150,830	2,089,818	-	7,417,149
Receivables - other	1,747,021	271,012	2,453,011	(217,738)	4,253,306
Property and equipment, net	31,067,947	11,574,107	6,991,160	-	49,633,214
Beneficial interest in charitable remainder trusts	2,255,705	-	244,898	(1,317,520)	1,183,083
Notes receivable	-	-	702,756	-	702,756
Inventories, net	-	-	3,671,684	-	3,671,684
Other assets	711,790	38,631	1,306,989	-	2,057,410
	<u>\$ 156,561,884</u>	<u>\$ 40,852,332</u>	<u>\$ 83,668,841</u>	<u>\$ (13,858,208)</u>	<u>\$ 267,224,849</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable and accrued expenses	\$ 3,375,657	\$ 484,511	\$ 1,870,654	\$ (1,395,001)	\$ 4,335,821
Due to The Church of the Nazarene, Inc.	-	-	41,923	(41,923)	-
Deferred gift agreements	9,088,876	-	5,602,351	(148,450)	14,542,777
Funds held in trust	18,984,990	909,137	48,775,967	(12,272,834)	56,397,260
Pension obligation	994,374	-	5,427,589	-	6,421,963
Postretirement benefit obligation	23,066,067	-	499,059	-	23,565,126
	<u>55,509,964</u>	<u>1,393,648</u>	<u>62,217,543</u>	<u>(13,858,208)</u>	<u>105,262,947</u>
COMMITMENTS AND CONTINGENCIES					
NET ASSETS					
Unrestricted - undesignated	72,956,664	28,038,060	20,061,030	-	121,055,754
Unrestricted - unamortized pension liability	(1,912,176)	-	(5,227,126)	-	(7,139,302)
Temporarily restricted	26,871,353	10,279,502	4,335,645	-	41,486,500
Permanently restricted	3,136,079	1,141,122	2,281,749	-	6,558,950
	<u>101,051,920</u>	<u>39,458,684</u>	<u>21,451,298</u>	<u>-</u>	<u>161,961,902</u>
	<u>\$ 156,561,884</u>	<u>\$ 40,852,332</u>	<u>\$ 83,668,841</u>	<u>\$ (13,858,208)</u>	<u>\$ 267,224,849</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended September 30, 2014

	The Church of the Nazarene, Inc.			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Changes in net assets				
Revenues and gains				
World Evangelism Fund	\$ 37,745,715	\$ -	\$ -	\$ 37,745,715
Mission specials	6,386,248	20,321,668		26,707,916
Legacy, gifts, and charitable remainders	3,359,003	141,718	76,958	3,577,679
Subsidy from The Church of the Nazarene, Inc.	-	-	-	-
Gifts-in-kind	-	-	-	-
Net sales revenue	-	-	-	-
Other revenue	1,557,714	-	-	1,557,714
Revenues and gains	49,048,680	20,463,386	76,958	69,589,024
Net assets released from restrictions	383,802	(383,802)	-	-
Total revenues and gains	49,432,482	20,079,584	76,958	69,589,024
Expenses				
Program services				
Global Mission	46,983,791	-	-	46,983,791
International Board of Education	4,306,498	-	-	4,306,498
Sunday School and Discipleship Ministries	539,197	-	-	539,197
Nazarene Youth International	581,248	-	-	581,248
Board of General Superintendents	2,499,940	-	-	2,499,940
Nazarene communication services	805,353	-	-	805,353
Church of the Nazarene Foundation	-	-	-	-
Other program services, net	22,703	-	-	22,703
Total program services	55,738,730	-	-	55,738,730
Support services				
General and administrative services	8,709,847	-	-	8,709,847
Fundraising*	2,399,562	-	-	2,399,562
Total support services	11,109,409	-	-	11,109,409
Total expenses	66,848,139	-	-	66,848,139
Change in net assets from operations	(17,415,657)	20,079,584	76,958	2,740,885
Non-operating income (expense)				
Net investment income	6,425,416	539,777	234	6,965,427
Foreign currency loss	(84,738)	-	-	(84,738)
Other income	8,725	-	-	8,725
Actuarial adjustment of deferred gift agreements	-	(41,462)	-	(41,462)
Other expenses	-	(42,530)	(17)	(42,547)
Total non-operating income (expense)	6,349,403	455,785	217	6,805,405
Change in net assets before unamortized pension liability adjustment	(11,066,254)	20,535,369	77,175	9,546,290
Changes in unamortized pension liability not included in pension expense	96,143	-	-	96,143
Increase in net assets	(10,970,111)	20,535,369	77,175	9,642,433
Net assets, beginning of year	82,014,599	6,335,982	3,058,905	91,409,486
Net assets, end of year	\$ 71,044,488	\$ 26,871,351	\$ 3,136,080	\$ 101,051,919

* The amounts of these accounts are presented differently in the consolidated statements of activities because fundraising and administrative expenses are combined.

Global Regions				Other Entities				Eliminations	Total
Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,745,715
28,971,068	1,799,795	16,516	30,787,379	680,018	273,331	-	953,349	(29,408,121)	29,040,523
-	-	-	-	1,683,920	958,527	319,204	2,961,651	(1,602,006)	4,937,324
-	-	-	-	475,879	-	-	475,879	(475,879)	-
-	-	-	-	4,393,898	-	-	4,393,898	(70,597)	4,323,301
-	-	-	-	15,217,510	-	-	15,217,510	(534,662)	14,682,848
1,149,207	-	-	1,149,207	634,076	-	-	634,076	(215,752)	3,125,245
30,120,275	1,799,795	16,516	31,936,586	23,085,301	1,231,858	319,204	24,636,363	(32,307,017)	93,854,956
76,471	(76,471)	-	-	988,795	(328,016)	(660,779)	-	-	-
30,196,746	1,723,324	16,516	31,936,586	24,074,096	903,842	(341,575)	24,636,363	(32,307,017)	93,854,956
30,183,201	-	-	30,183,201	4,921,230	-	-	4,921,230	(28,930,817)	53,157,405
-	-	-	-	-	-	-	-	(390,544)	3,915,954
-	-	-	-	-	-	-	-	(137,753)	401,444
-	-	-	-	-	-	-	-	(143,217)	438,031
-	-	-	-	-	-	-	-	(28,017)	2,471,923
-	-	-	-	17,165,473	-	-	17,165,473	(275,112)	17,695,714
-	-	-	-	3,286,114	-	-	3,286,114	(1,602,006)	1,684,108
-	-	-	-	-	-	-	-	15,542	38,245
30,183,201	-	-	30,183,201	25,372,817	-	-	25,372,817	(31,491,924)	79,802,824
2,161,639	-	-	2,161,639	6,515,433	2,530	1,240	6,519,203	(815,093)	16,575,596
-	-	-	-	-	-	-	-	-	2,399,562
2,161,639	-	-	2,161,639	6,515,433	2,530	1,240	6,519,203	(815,093)	18,975,158
32,344,840	-	-	32,344,840	31,888,250	2,530	1,240	31,892,020	(32,307,017)	98,777,982
(2,148,094)	1,723,324	16,516	(408,254)	(7,814,154)	901,312	(342,815)	(7,255,657)	-	(4,923,026)
278,482	-	-	278,482	816,535	354,993	-	1,171,528	-	8,415,437
20,690	-	-	20,690	-	-	-	-	-	(64,048)
-	-	-	-	368,422	-	-	368,422	-	377,147
-	-	-	-	-	(660,880)	-	(660,880)	-	(702,342)
-	-	-	-	(372,616)	-	-	(372,616)	-	(415,163)
299,172	-	-	299,172	812,341	(305,887)	-	506,454	-	7,611,031
(1,848,922)	1,723,324	16,516	(109,082)	(7,001,813)	595,425	(342,815)	(6,749,203)	-	2,688,005
-	-	-	-	(2,338,936)	-	-	(2,338,936)	-	(2,242,793)
(1,848,922)	1,723,324	16,516	(109,082)	(9,340,749)	595,425	(342,815)	(9,088,139)	-	445,212
29,886,982	8,556,180	1,124,605	39,567,767	24,174,653	3,740,220	2,624,564	30,539,437	-	161,516,690
\$ 28,038,060	\$ 10,279,504	\$ 1,141,121	\$ 39,458,685	\$ 14,833,904	\$ 4,335,645	\$ 2,281,749	\$ 21,451,298	\$ -	\$ 161,961,902

The Church of the Nazarene, Inc., Subsidiaries, and Affiliate
CONSOLIDATING STATEMENT OF CASH FLOWS
Year ended September 30, 2014

	The Church of the Nazarene, Inc.	Global Regions	Other Entities	Eliminations	Total
Cash flows from operating activities					
Change in net assets	\$ 9,642,432	\$ (109,081)	\$ (9,088,139)	\$ -	\$ 445,212
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities					
Depreciation	1,268,568	505,390	739,714	-	2,513,672
Net realized and unrealized gains on investments	(5,630,601)	(554,772)	(927,226)	-	(7,112,599)
Contributions restricted for long-term investment	(76,958)	-	(319,204)	-	(396,162)
Discount amortization on notes receivable	-	-	(32,386)	-	(32,386)
Beneficial interest in charitable trusts	(141,718)	-	648,545	137,796	644,623
Gain on disposal of property and equipment	(8,725)	39,846	-	-	31,121
Inventory write-off	-	-	423,020	-	423,020
Pension obligation	(302,834)	-	2,394,342	-	2,091,508
Postretirement benefit obligation	(1,502,131)	-	-	-	(1,502,131)
Changes in					
Other receivables	(75,527)	574,838	215,385	162,692	877,388
Inventories	-	-	2,839,478	-	2,839,478
Other assets	(50,010)	(38,631)	1,355,749	-	1,267,108
Accounts payable and accrued expenses	137,694	(279,165)	(1,995,343)	(1,381,877)	(3,518,691)
Net cash provided by (used in) operating activities	<u>3,260,190</u>	<u>138,425</u>	<u>(3,746,065)</u>	<u>(1,081,389)</u>	<u>(1,428,839)</u>
Cash flows from investing activities					
Purchases of property and equipment	(1,548,285)	(221,791)	(25,134)	-	(1,795,210)
Proceeds from disposal of property and equipment	28,110	-	1,098,761	(1,098,761)	28,110
Proceeds from sales and maturities of investments	83,577,346	4,295,007	38,261,629	(3,999,896)	122,134,086
Purchases of investments	(81,443,731)	(3,081,585)	(41,334,447)	2,531,961	(123,327,802)
Net cash provided by (used in) investing activities	<u>613,440</u>	<u>991,631</u>	<u>(1,999,191)</u>	<u>(2,566,696)</u>	<u>(2,960,816)</u>
Cash flows from financing activities					
Change in deferred gift agreements and funds held in trust	(6,046,898)	(324,845)	7,591,130	2,428,900	3,648,287
Proceeds on contributions restricted for investment in endowments	76,958	-	319,204	-	396,162
Payments on notes receivable	-	-	291,617	-	291,617
Payments on debt	-	-	(1,792,111)	-	(1,792,111)
Net cash (used in) provided by financing activities	<u>(5,969,940)</u>	<u>(324,845)</u>	<u>6,409,840</u>	<u>2,428,900</u>	<u>2,543,955</u>
Effect of exchange rate changes on cash and cash equivalents	-	297,914	-	-	297,914
Net increase (decrease) in cash and cash equivalents	(2,096,310)	1,103,125	664,584	(1,219,185)	(1,547,786)
Cash and cash equivalents, beginning of year	8,346,736	13,642,371	1,830,570	-	23,819,677
Cash and cash equivalents, end of year	<u>\$ 6,250,426</u>	<u>\$ 14,745,496</u>	<u>\$ 2,495,154</u>	<u>\$ (1,219,185)</u>	<u>\$ 22,271,891</u>
Supplemental schedule of cash flow information					
Cash paid during the year for interest	\$ -	\$ -	\$ 52,798	\$ -	\$ 52,798
Noncash investment activities that increased liabilities for deferred gift agreements and funds held in trust					
Investments received	688,020	-	-	-	688,020
Net realized and unrealized gains on investments	2,253,648	-	2,058,984	-	4,312,632

Financial Statements and Report of Independent Certified Public Accountants
Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan
September 30, 2014 and 2013



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees
Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan

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We have audited the accompanying financial statements of Nazarene 403(b) Retirement Savings Plan (the “Plan”), which comprise the statements of net assets available for benefits – modified cash basis as of September 30, 2014 and 2013, and the related statements of changes in net assets available for benefits – modified cash basis for the years then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note B; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits – modified cash basis of Nazarene 403(b) Retirement Savings Plan as of September 30, 2014 and 2013, and the changes in net assets available for benefits – modified cash basis for the years then ended in accordance with the modified cash basis of accounting described in Note B.

Basis of accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Grant Houston LLP

Kansas City, Missouri
February 24, 2015

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS –
MODIFIED CASH BASIS**

September 30,

	2014	2013
Cash	\$ 1,395,735	\$ 1,114,881
Investments, at fair value		
Mutual funds		
Fidelity Growth Company Fund	41,570,766	36,259,583
Fidelity Balanced Fund	24,147,356	21,889,422
Fidelity Contrafund	27,735,142	25,034,631
Fidelity Diversified International Fund	-	10,210,102
Fidelity Freedom Index Income	3,476,934	1,933,369
Fidelity Freedom Index 2000	-	1,542,107
Fidelity Freedom Index 2005	3,386,036	2,679,713
Fidelity Freedom Index 2010	13,218,509	13,099,110
Fidelity Freedom Index 2015	20,402,708	18,530,873
Fidelity Freedom Index 2020	38,491,338	35,020,969
Fidelity Freedom Index 2025	24,285,079	20,365,408
Fidelity Freedom Index 2030	19,559,237	17,381,754
Fidelity Freedom Index 2035	10,504,947	9,103,799
Fidelity Freedom Index 2040	14,121,364	12,080,025
Fidelity Freedom Index 2045	6,321,144	5,067,446
Fidelity Freedom Index 2050	3,407,740	2,649,170
Fidelity Freedom Index 2055	342,847	116,661
Spartan U.S. Equity Index	-	10,601,859
PIMCO Total Return	-	16,570,800
MSIF Small Company Growth Institutional Class B	3,926,411	5,017,008
DFA U.S. Small Cap Value	7,072,253	6,448,414
CRM Mid Cap Value Instl	-	3,906,843
Guidestone Equity Index	904,007	692,585
Touchstone Value 1	6,542,353	5,119,424
Spartan Mid Cap Index ADV	4,874,532	-
Spartan 500 Index ADV	13,784,188	-
American Century Intntl Growth IS	11,283,465	-
Metwest Total Return Bond I	17,176,865	-
Fully benefit-responsive guaranteed investment contract		
Fidelity Fixed Fund	98,306,702	104,571,175
Net assets, at fair value	416,237,658	387,007,131
Receivables		
Notes receivable from participants	3,099,299	2,869,169
Adjustments from fair value to contract value for fully benefit-responsive investment contracts	(1,819,495)	(2,021,868)
Net assets available for benefits	\$ 417,517,462	\$ 387,854,432

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS –
MODIFIED CASH BASIS**

Year ended September 30,

	2014	2013
ADDITIONS		
Investment income		
Net appreciation in fair value of investments	\$ 19,974,095	\$ 26,236,865
Interest and dividends	12,713,258	7,564,853
	32,687,353	33,801,718
Interest income on notes receivable from participants	123,260	118,614
Contributions		
Employer contributions	7,504,687	6,173,630
Participant contributions	7,894,249	7,488,975
Rollover contributions	1,168,523	1,071,462
	16,567,459	14,734,067
Total additions	49,378,072	48,654,399
DEDUCTIONS		
Benefits paid to participants	19,157,572	16,202,202
Administrative expenses	557,470	530,736
Total deductions	19,715,042	16,732,938
NET INCREASE	29,663,030	31,921,461
Net assets available for benefits, beginning of year	387,854,432	355,932,971
Net assets available for benefits, end of year	\$ 417,517,462	\$ 387,854,432

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2014 and 2013

NOTE A - DESCRIPTION OF PLAN

The following description of the Nazarene 403(b) Retirement Savings Plan (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

1. *General*

The Plan is for the benefit of all U.S. ministers and laypersons serving local congregations and districts, as well as general church employees. The Plan is a defined contribution plan established under Section 403(b) of the Internal Revenue Code (the IRC). Lay or ministerial employees of Nazarene churches or church-controlled agencies and registered Nazarene chaplains may participate in the Plan. Nazarene churches or church-controlled agencies include the Church of the Nazarene, Inc. (the Church), the Nazarene Publishing House, Church of the Nazarene Foundation, Nazarene Theological Seminary, Nazarene Bible College, Nazarene Compassionate Ministries, Inc., or the subsidiaries of these entities, including Nazarene-affiliated colleges or universities. The Board of Pensions and Benefits USA of the Church of the Nazarene serves as the plan administrator and trustee (the Administrator and the Trustee) on behalf of the Church, as plan sponsor. Fidelity Management Trust Company (Fidelity) serves as the custodian of the Plan.

The Pensions and Benefits Fund (the Fund), a related party, provides administrative services and certain specific funding amounts as determined by the Administrator. For the years ended September 30, 2014 and 2013, administrative fees paid to the Fund amounted to \$515,318 and \$513,871 and are included in administrative expenses on the statements of changes in net assets available for benefits – modified cash basis. In connection with the administrative services provided, amounts paid by the Fund on behalf of the Plan for recordkeeping fees amounted to \$386,164 and \$383,112 for the years ended September 30, 2014 and 2013, respectively. Additionally, contributions provided by the Fund amounted to \$6,009,266 and \$4,877,619, including amounts for the annual pension supplement as further described in Note A4, for the years ended September 30, 2014 and 2013, respectively and are included in employer contributions on the statements of changes in net assets available for benefits – modified cash basis.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2014 and 2013

NOTE A - DESCRIPTION OF PLAN - Continued

2. *Plan Administration*

The Administrator is responsible for the day-to-day administration of the Plan. The Administrator is also responsible for maintaining accurate and detailed records and accounts of employees and of their rights under the Plan and all investments, receipts, disbursements, and other transactions. The Administrator is not responsible to determine that contributions made to the plan trust by a participating employer comply with the provisions of the Plan, nor does it have responsibility to collect or monitor the making of or the accuracy of any contributions payable or made by an employer to the plan trust.

The Administrator has the exclusive power and authority to control and manage the operation and administration of the Plan, including determining eligibility and participation in the Plan and overseeing benefit payment procedures.

3. *Contributions*

Contributions are made through either an employer-funded arrangement or a voluntary salary-reduction agreement with each participant's employer. Voluntary salary-reduction contributions are not permitted to exceed IRC limitations on an annual basis. Employers participating in the Plan are encouraged to match amounts totaling up to at least, but not limited to, 3% of the employee's voluntary salary-reduction contribution amounts.

4. *Contributions for Certain Employees*

Annual contributions are determined by the Administrator. The annual pension supplement (APS) contribution is deposited into participant accounts for each eligible U.S. clergy member and layperson from Fund receipts or agency fund contributions, depending upon the participant's employer. The 2014 and 2013 APS contribution for eligible district superintendents, district assigned, and evangelists is \$1,000. Total APS contributions amounted to \$2,925,338 and \$2,874,695, including \$2,842,838 and \$2,762,695 from the Fund, for the years ended September 30, 2014 and 2013, respectively, and are included in employer contributions on the statements of changes in net assets available for benefits – modified cash basis.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2014 and 2013

NOTE A - DESCRIPTION OF PLAN - Continued

5. *Participant Accounts*

Each participant's account is credited with the participant's and participating employer's contributions, as applicable, and allocations of (a) the Fund or agency fund contributions and (b) plan earnings or losses. Allocations are based on participant earnings or account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

6. *Vesting and Forfeitures*

Participants are immediately vested in all contributions plus actual earnings thereon.

7. *Investment Options*

Upon enrollment in the Plan, a participant may direct contributions to any of several investment options. All of the investment options are funds managed by Fidelity.

The funds offered by Fidelity as of September 30, 2014 were as follows:

- Fidelity Fixed Fund
- Fidelity Growth Company Fund
- Fidelity Balanced Fund
- Fidelity Contrafund
- Fidelity Freedom Index Income
- Fidelity Freedom Index 2005
- Fidelity Freedom Index 2010
- Fidelity Freedom Index 2015
- Fidelity Freedom Index 2020
- Fidelity Freedom Index 2025
- Fidelity Freedom Index 2030
- Fidelity Freedom Index 2035
- Fidelity Freedom Index 2040
- Fidelity Freedom Index 2045

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2014 and 2013

NOTE A - DESCRIPTION OF PLAN - Continued

7. *Investment Options - Continued*

- Fidelity Freedom Index 2050
- Fidelity Freedom Index 2055
- MSIF Small Company Growth Institutional Class B
- DFA U.S. Small Cap Value
- GuideStone Equity Index Fund
- Touchstone Value I
- Spartan Mid Cap Index ADV
- Spartan 500 Index ADV
- American Century Intntl Growth IS
- Metwest Total Return Bond I

For additional information regarding the Plan's investment alternatives and fund performance, participants should refer to the Plan document and published information provided by such funds.

Participants may change or transfer their investment options on an as-needed basis.

8. *Notes Receivable from Participants*

Participants may borrow from their fund accounts a minimum of \$1,000, up to the lesser of \$50,000 or 50% of their account balance. Loan terms range from 1 to 5 years. The loans are secured by the balance in the participant's account and bear interest at prime plus 1%. Interest rates for participant loans ranged from 4.25% to 9.25%. Principal and interest are paid ratably through monthly or quarterly installments.

9. *Administrative Expenses*

Each participant account is responsible for paying plan level administrative expenses. Administrative expenses paid by participant accounts totaled \$557,470 and \$530,736 for the years ended September 30, 2014 and 2013, respectively.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2014 and 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The accompanying financial statements have been prepared on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis, interest, dividends, and contributions are recognized when collected rather than when earned, and expenses are recognized when paid rather than when incurred. Investments are reported at fair value. Consequently, contributions receivable, accrued interest, dividends receivable and accrued expenses are not included in the financial statements.

2. *Investment Valuation and Income Recognition*

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Church's Investment Committee determines the Plan's valuation policies utilizing information provided by the Trustee and Custodian. See Note D for discussion of fair value measurements.

Fully benefit-responsive investment contracts held in the Fidelity Fixed Fund (the Fixed Fund) are reported at fair value in the statements of net assets available for benefits, based on the fair value of the underlying investments, and an additional line item is presented to represent the adjustments from fair value to contract value. These underlying investments, which are comprised of high quality, fixed income securities held in various separate accounts that are "wrapped" by synthetic investment contracts issued by high quality financial institutions, are required to be reported at fair value. However, contract value is a relevant measurement attribute as these investment contracts are fully benefit-responsive. Contract value is the amount plan participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statements of changes in net assets available for benefits – modified cash basis is presented on a contract value basis (See Note C).

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2014 and 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. *Investment Valuation and Income Recognition - Continued*

Net appreciation in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year and consisted of the following for the year ended September 30,

	2014	2013
Net realized gain on sale of investments	\$ 2,050,593	\$ 779,348
Net unrealized gain on investments	17,923,502	25,457,517
	\$ 19,974,095	\$ 26,236,865

3. *Investment Risks*

The Plan invests in mutual funds and a fully-benefit responsive synthetic guaranteed investment contract (GIC), which holds various securities that may include U.S. government securities, corporate fixed income securities, and mortgage backed securities. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for plan benefits – modified cash basis.

4. *Notes Receivable from Participants*

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent loans are reclassified as distributions based upon the terms of the Plan document.

5. *Payment of Benefits*

Benefits are recorded when paid.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2014 and 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. *Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

7. *Reclassifications*

Certain immaterial items in the 2013 financial statements and notes to the financial statements have been reclassified to conform to the 2014 presentation. The reclassifications were primarily to conform to changes in the 2014 presentation and disclosure of the Fidelity Fixed Fund.

8. *Subsequent Events*

The Plan has evaluated subsequent events through February 24, 2015, which is the date these financial statements were available to be issued.

NOTE C - FULLY BENEFIT-RESPONSIVE INVESTMENT CONTRACTS

The Plan's Fidelity Fixed Fund invests in fully-benefit responsive synthetic guaranteed investment contracts (GIC). A synthetic GIC is an investment contract issued by an insurance company or other financial institution (wrap agreement), backed by a portfolio of various fixed income securities that are owned directly by the Plan. The realized and unrealized gains and losses on the underlying assets are not reflected immediately in the value of the contract, but rather are amortized, usually over time to maturity or the duration of the underlying investments, through adjustments to the future interest crediting rate.

The statements of net assets available for benefits – modified cash basis present the fully-benefit responsive investment contract at fair value, as well as the adjustment of the investment in the investment contract from fair value to contract value. The statements of changes in net assets available for benefits – modified cash basis is prepared on a contract-value basis. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal of all or a portion of their investment at contract value.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2014 and 2013

NOTE C - FULLY BENEFIT-RESPONSIVE INVESTMENT CONTRACTS - Continued

The average yield earned by the trust with an adjustment to reflect the actual interest rate credited to participants in the GIC was 1.25% and 1.40% at September 30, 2014 and 2013, respectively.

The Fixed Fund could be limited in its ability to transact at contract value if the Fixed Fund raises its risk profile or is subjected to a period of significant cash outflow. The Fixed Fund maintains strong risk parameters, internal cash flow, and a maturity ladder of investments to offset cash withdrawals. Further, the manager of the Fixed Fund may limit withdrawals in order to maintain sufficient liquidity. The Administrator does not believe that any events which would limit the Plan's ability to transact at contract value are probable of occurring.

NOTE D - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below.

- ~~Level 1~~ - Quoted market prices in active markets for identical assets or liabilities.
- ~~Level 2~~ - Inputs other than Level 1 inputs which are either directly or indirectly observable.
- ~~Level 3~~ - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

- ~~Mutual funds~~ - Valued based on quoted market prices.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2014 and 2013

NOTE D - FAIR VALUE MEASUREMENTS - Continued

Synthetic GIC - Valued based on the fair value of the underlying assets, plus or minus the wrap contracts. The underlying assets consist of fixed income securities that are valued based on quoted prices for identical or similar assets or liabilities in active markets, identical or similar assets in markets that are not active and inputs other than quoted prices that are observable for assets or liabilities and inputs that are derived principally from or corroborated by observable market data. Participant transactions (issuances or redemptions) may occur daily. The wrap value represents an insignificant component of the overall investments valuation. The underlying investments are considered Level 2 inputs while the wrap contracts are Level 3 inputs. However, due to the immaterial nature of the wrap contracts, the synthetic GICs, including the underlying assets and wrap contracts, are classified as Level 2 investments in the table set forth below.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table sets forth, by level within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Intermediate - term bond	\$ 17,176,865	\$ -	\$ -	\$ 17,176,865
Growth funds	73,232,320	-	-	73,232,320
Value funds	13,614,606	-	-	13,614,606
Blend funds	201,227,965	-	-	201,227,965
International funds	11,283,465	-	-	11,283,465
Synthetic GIC				
U.S. government fixed income	-	53,565,607	-	53,565,607
Corporate fixed income	-	22,120,136	-	22,120,136
Mortgage backed securities	-	22,035,221	-	22,035,221
Other	-	585,738	-	585,738
Total assets at fair value	<u>\$ 316,535,221</u>	<u>\$ 98,306,702</u>	<u>\$ -</u>	<u>\$ 414,841,923</u>

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2014 and 2013

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The following table sets forth, by level within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2013:

	Level 1	Level 2	Level 3	Total
Mutual funds				
Intermediate - term bond	\$ 16,570,800	\$ -	\$ -	\$ 16,570,800
Growth funds	66,311,222	-	-	66,311,222
Value funds	11,567,838	-	-	11,567,838
Blend funds	176,661,113	-	-	176,661,113
International funds	10,210,102	-	-	10,210,102
Synthetic GIC				
U.S. government fixed income	-	57,226,465	-	57,226,465
Corporate fixed income	-	24,131,024	-	24,131,024
Mortgage backed securities	-	22,105,855	-	22,105,855
Other	-	1,107,831	-	1,107,831
Total assets at fair value	<u>\$ 281,321,075</u>	<u>\$ 104,571,175</u>	<u>\$ -</u>	<u>\$ 385,892,250</u>

NOTE E - TAX STATUS

The Plan is not subject to federal or state income taxes, since the Administrator and legal counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC under Section 403(b). The Administrator, with the direction of legal counsel, implemented additional compliance procedures for participating employers and individual participants as required by the revised IRS 403(b) Regulations.

NOTE F - PLAN DOCUMENT RESTATEMENT

The Plan document was restated as required by IRC Section 403(b) as of January 1, 2009.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - Continued

September 30, 2014 and 2013

NOTE G - PLAN TERMINATION

Although it has not expressed any intent to do so, the Administrator has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the terms of the plan agreement. In the event of termination of the Plan, the Trustee shall pay and discharge all expenses and, unless the Administrator elects to continue the trust, all benefits will be payable as soon as is administratively feasible under the terms of the Plan. The Trustee may either distribute the remaining assets of the plan trust or liquidate them and distribute the net proceeds to the participants in accordance with their respective account balances.

Financial Statements and Report of Independent Certified Public Accountants
Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan
September 30, 2014 and 2013

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan

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We have audited the accompanying financial statements of the Church of the Nazarene Single Defined Benefit Pension Plan (the “Plan”) which comprise the statements of net assets available for plan benefits as of September 30, 2014 and 2013 and the related statements of changes in net assets available for plan benefits for the years then ended, and the statements of accumulated plan benefits as of September 30, 2014 and 2013 and the related statement of changes in accumulated plan benefits for the years then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Church of the Nazarene Single Defined Benefit Pension Plan as of September 30, 2014 and 2013, and the changes in its financial status for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Johnston LLP

Kansas City, Missouri
February 21, 2015

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

September 30,

	2014	2013
ASSETS		
Cash	\$ 267,577	\$ 402,841
Investments, at fair value <i>(note E)</i>		
Plan interest in Pension Investment Trust	108,422,618	103,907,055
Receivables		
Accrued interest receivable	119,927	92,843
Contributions receivable	-	7,185
	119,927	100,028
Other assets		
	161,986	2,291
	108,972,108	104,412,215
LIABILITIES		
Accounts payable	121,671	124,207
Due to the Church	53,928	51,453
	175,599	175,660
Net assets available for plan benefits	\$ 108,796,509	\$ 104,236,555

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

Year ended September 30,

	2014	2013
Additions		
Investment income		
Plan interest in Pension Investment Trust income	\$ 10,743,411	\$ 12,364,094
Contributions		
Employer contributions - Pensions and Benefits Fund <i>(note D)</i>	8,500,000	9,100,000
Plan sponsor (the Church) underfunding contribution <i>(note D)</i>	2,446,953	1,163,135
Employee contributions	45,189	48,005
Other	84,767	41,209
	11,076,909	10,352,349
Total additions	21,820,320	22,716,443
Deductions		
Benefits paid directly to participants	16,954,993	16,883,297
Administrative, accounting, legal, and actuarial expenses	305,373	307,844
Total deductions	17,260,366	17,191,141
Net increase in net assets available for plan benefits	4,559,954	5,525,302
Net assets available for plan benefits, beginning of year	104,236,555	98,711,253
Net assets available for plan benefits, end of year	\$ 108,796,509	\$ 104,236,555

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan
STATEMENTS OF ACCUMULATED PLAN BENEFITS**

September 30,

	2014	2013
Actuarial present value of accumulated plan benefits		
Vested benefits		
Participants currently receiving payments	\$ 123,612,160	\$ 123,142,259
Other participants	44,277,154	50,673,159
	167,889,314	173,815,418
Nonvested benefits	152,535	1,079,132
Total actuarial present value of accumulated plan benefits	\$ 168,041,849	\$ 174,894,550

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan
STATEMENTS OF CHANGES IN ACCUMULATED PLAN BENEFITS

Year ended September 30,

	2014	2013
Actuarial present value of accumulated plan benefits, beginning of year	\$ 174,894,550	\$ 180,076,685
Increase (decrease) during the year attributable to		
Benefits accumulated and actuarial net loss	(1,546,902)	(313,291)
Increase for interest due to decrease in discount period	11,649,194	12,014,453
Benefits paid to participants	(16,954,993)	(16,883,297)
Net decrease	(6,852,701)	(5,182,135)
Actuarial present value of accumulated plan benefits, end of year	<u>\$ 168,041,849</u>	<u>\$ 174,894,550</u>

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan
NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

NOTE A - DESCRIPTION OF THE PLAN

1. *General*

The Board of Pensions and Benefits USA of the Church of the Nazarene (the Administrator and Trustee) established in 1996 the Church of the Nazarene Single Defined Benefit Pension Plan (the Plan) on behalf of the Church of the Nazarene, Inc. (the Church and Plan Sponsor). The Administrator combined the assets while retaining the benefit formulas of the Basic Pension Plan and the General Church Pension Plan (collectively, the Predecessor Plans), which were both multiemployer plans. The Plan is also considered to be a multiemployer plan. Additionally, the Plan is a qualified church plan which has not elected to be governed by the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and is not subject to Pension Benefit Guaranty Corporation insurance coverage.

New participation was frozen effective January 1, 1996 and there were no new entrants into either of the Predecessor Plans. Participants in those plans have been grandfathered in so that no one having years of service under those plans will receive less under the Plan than what would have been paid under the Predecessor Plans had they continued unchanged.

Also, effective January 1, 1996, the Nazarene 403(b) Retirement Savings Plan [the 403(b) Plan, previously known as the Single Defined Contribution or TSA Plan] was established for all U.S. ministers and laypersons serving local congregations and districts, as well as general church employees.

The following brief description of the Plan is provided for general information purposes only. Participants should refer to their respective plan's documents for more complete information.

Prior Basic Pension Plan Participants

The Basic Pension Plan (the Basic Plan) was a noncontributory defined benefit pension plan. The Basic Plan provided retirement benefits at age 65 to full-time pastors, evangelists, and district-credentialed laypersons serving organized Nazarene churches in the U.S. and Canadian districts participating in the Pensions and Benefits Fund (the Fund). The Basic Plan was funded by contributions from participating local churches with no employee contributions.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan
NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE A - DESCRIPTION OF THE PLAN - Continued

1. *General - Continued*

Prior Basic Pension Plan Participants - Continued

The Basic Plan permits early retirement at ages 62 through 64. If employees terminate before rendering 10 years of service, they forfeit the right to receive the value of their accumulated plan benefits. Upon retirement, participants may elect to receive the value of their accumulated plan benefits as a life annuity with a 60% survivor benefit, or a reduced life annuity with a 100% survivor benefit.

If an active employee dies after rendering 10 or more years of service, a death benefit equal to 60% of the value of the employee's accumulated plan benefits is paid to the employee's beneficiary. Active employees who become totally disabled after rendering five or more years of service receive annual disability benefits based on years of service to the date of disability, plus a half-year of service credit for each year from the disability date to the retirement date.

Prior General Church Pension Plan Participants

The General Church Pension Plan (the General Church Plan) was a contributory defined benefit pension plan that provided retirement benefits to participating full-time employees of the Church (excluding missionaries), Nazarene Theological Seminary, and Nazarene Compassionate Ministries, Inc.

General Church Plan participants are entitled to receive pension benefits beginning at normal retirement age (65) equal to (a) minus (b), where (a) is the higher of (1) the monthly pension provided by the amount in the participant's account under the 403(b) Plan derived from contributions from the Pensions and Benefits Fund on or after January 1, 1996, plus earnings thereon accruing on or after January 1, 1996, or (2) a monthly pension equal to 2.0% of average monthly pay multiplied by years of credited service under the Plan; and (b) is the monthly pension provided in (1) above [the 403(b) offset].

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

September 30, 2014 and 2013

NOTE A - DESCRIPTION OF THE PLAN - Continued

1. *General - Continued*

Prior General Church Pension Plan Participants - Continued

The General Church Plan permits early retirement at ages 60 through 64. Employees may elect to receive their pension benefits in the form of a life and survivor annuity. If employees terminate before rendering seven years of service, they forfeit the right to receive a portion of their accumulated plan benefits attributable to the participating employer's contributions, which are 20% vested after three years of service and increase in 20% increments for each year thereafter, for a total of 100%. If an active employee dies prior to his or her retirement date, a death benefit equal to the value of the employee's accumulated plan benefits is paid to the employee's beneficiary.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The accompanying financial statements were prepared on the accrual basis of accounting.

2. *Investment Valuation and Income Recognition*

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Church's Investment Committee determines the Plan's valuation policies utilizing information provided by the Trustee and Custodian, Northern Trust Company. See Note E for discussion of the Pension Investment Trust and fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

3. *Payment of Benefits*

Benefits are recorded when paid.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan
NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Actuarial Present Value of Accumulated Plan Benefits*

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, which are attributable under each Predecessor Plan's provisions for the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to the following: (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits payable under all circumstances such as retirement, death, disability and termination of employment are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from Plan assets are excluded from accumulated plan benefits.

The actuarial present value of accumulated plan benefits for the Plan is determined by actuaries from Towers Watson as of September 30, 2014 and is that amount which results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations for the plan year beginning January 1, 2014 and 2013 were as follows: (a) life expectancy of participants (based on the RP-2000 Combined Mortality Table, male and female, projected to 2014 with Scale AA for 2014 and the RP-2000 Combined Mortality Table, male and female, projected to 2013 with Scale AA for 2013), (b) retirement age assumptions (the assumed retirement age was 65 for the General Church Plan and based on a table of age group ranges with an associated percentage retiring during the year with 100% retired by age 70), and (c) investment return. The valuations from the actuary assumed (1) an average rate of return of 6.75%, compounded annually, (2) discount rates of 7.00%, and (3) a basis for actuarial equivalence for conversion between Annual Pension Supplement (APS) balances and annuities of 6.50% for 2014 and 2013.

In 2014, certain actuarial assumptions were changed which did not have an effect on the actuarial present value of accumulated plan benefits. Those changes include: the assumed mortality rates for all members (to the RP-2000 Combined Mortality Table, male and female, projected to 2014 with Scale AA for 2014 from the RP-2000 Combined Mortality Table, male and female, projected to 2013 with Scale AA for 2013).

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan
NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Actuarial Present Value of Accumulated Plan Benefits - Continued*

In 2013, certain actuarial assumptions were changed which did not have an effect on the actuarial present value of accumulated plan benefits. Those changes include: the assumed mortality rates for all members (to the RP-2000 Combined Mortality Table, male and female, projected to 2013 with Scale AA for 2013 from the RP-2000 Combined Mortality Table, male and female, projected to 2012 with Scale AA for 2012); and future contributions to the APS account (\$500 for 2013 and all future years for the General Church Plan and estimated per an actuarial schedule from \$0 for 2012 for the Basic Pension Plan).

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

5. *Administrative Expenses*

Certain directly related administrative, accounting, legal, and actuarial expenses are allocated to the Plan by the Administrator. All other expenses are paid by the Pensions and Benefits Fund.

6. *Use of Estimates*

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

7. *Subsequent Events*

The Plan has evaluated subsequent events through February 21, 2015 which is the date these financial statements were available to be issued.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

September 30, 2014 and 2013

NOTE C - CONCENTRATIONS OF CREDIT RISK

From time to time, the Plan may maintain cash balances in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. Management evaluates the financial stability of these financial institutions and considers the risk to be minimal. At September 30, 2014 and 2013, the Plan had approximately \$102,000 and \$197,000, respectively, in excess of FDIC insured limits.

NOTE D - FUNDING POLICY

1. *Basic Pension Plan*

The allocation of the total Fund contributions received from local churches in 2014 and 2013, including amounts contributed to the Fund and the 403(b) Plan, was as follows. Fund reserves from prior year contributions were contributed to the Plan during the year ended September 30, 2014. Separate financial statements are provided for the Fund and the 403(b) Plan.

	<u>2014</u>	<u>2013</u>
Income		
Total Pensions and Benefits Fund contributions received from local churches	\$ 13,472,256	\$ 13,810,605
Other insurance premiums collected	661,966	684,728
Other income	746,005	463,023
Total income	<u>14,880,227</u>	<u>14,958,356</u>
Expenses		
403(b) Plan contributions	3,166,428	2,114,924
Single Defined Benefit Pension Plan contributions	8,500,000	9,100,000
Insurance and benevolence program expenses of the Pensions and Benefits Fund	1,639,155	1,742,333
Administrative expenses of the Pensions and Benefits Fund	1,772,025	1,617,211
Total expenses	<u>15,077,608</u>	<u>14,574,468</u>
Change in net assets of the Pensions and Benefits Fund	<u>\$ (197,381)</u>	<u>\$ 383,888</u>

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

September 30, 2014 and 2013

NOTE D - FUNDING POLICY - Continued

2. *General Church Pension Plan*

As a condition of participation, employees are required to contribute 3.0% of their salary to the General Church Plan. Employees are immediately 100% vested in their contributions, plus interest credited thereon. For the Plan calendar year beginning January 1, 1997 and thereafter, no annual contributions were required from the participating employers to support the present benefit levels under the General Church Plan's actuarial cost method.

3. *Combined Plan*

The participating employers' funding policy is to make annual contributions to the Plan in amounts such that all participants' benefits will be fully provided for by the time they retire. For the Plan calendar years beginning January 1, 2014 and 2013, the net annual contributions required from the participating employers to support the present benefit levels under the Plan's actuarial cost method totaled \$13,961,016 in 2014 and \$17,632,032 in 2013 based on the fair value of the Plan's net assets. Management is actively working to fund the obligation and has implemented an increased funding plan. Based on current funding continuing at the levels of the increased funding plan and actuarial projected benefit payments, the Plan's net assets are projected to reach fully funded levels by 2039. Management continues to monitor the funded status of the plan and will continue to update its funding plan to meet the plan objectives and funding requirements. During the years ended September 30, 2014 and 2013, The Church (Plan Sponsor) made underfunding contributions to the Plan in the amount of \$2,446,028 and \$1,163,135, respectively.

The following table presents the Plan's unfunded liability as of September 30,

	<u>2014</u>	<u>2013</u>
Net assets available for plan benefits	<u>\$ 108,796,509</u>	<u>\$ 104,236,555</u>
Actuarial present value of accumulated plan benefits	<u>(168,041,849)</u>	<u>(174,894,550)</u>
	<u>\$ (59,245,340)</u>	<u>\$ (70,657,995)</u>

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan
NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE E - INTEREST IN PENSION INVESTMENT TRUST

1. *Description of Pension Investment Trust*

The entirety of the Plan's investments is in the Pension Investment Trust which was established for the investment of assets of the Plan and the World Mission Pension Plans. Each participating retirement plan has an undivided interest in the Pension Investment Trust. The assets of the Pension Investment Trust are held by The Northern Trust Company (the Custodian).

The value of the Plan's interest in the Pension Investment Trust is based on the beginning of year value of the Plan's interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. At September 30, 2014 and 2013, the Plan's interest in the net assets of the Pension Investment Trust was approximately 90%. There are no restrictions on the redemption of the Plan's interest in the net assets of the Pension Investment Trust as of September 30, 2014 and 2013, respectively. Investment income and administrative expenses relating to the Pension Investment Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

The following table presents the assets, including investments, of the Pension Investment Trust as of September 30,

	<u>2014</u>	<u>2013</u>
Money market funds	\$ 979,603	\$ 1,055,165
U.S. common stocks	62,980,116	59,890,591
U.S. government obligations and agency securities	1,475	1,917
Mutual funds	56,354,168	54,529,609
	<u>\$ 120,315,362</u>	<u>\$ 115,477,282</u>
 Plan interest in Pension Investment Trust	 \$ 108,422,618	 \$ 103,907,055

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

September 30, 2014 and 2013

NOTE E - INTEREST IN PENSION INVESTMENT TRUST - Continued

1. *Description of Pension Investment Trust - Continued*

Investment income for the Pension Investment Trust is comprised of the following as of September 30,

	<u>2014</u>	<u>2013</u>
Investment income:		
Net appreciation (depreciation) in fair value of investments:		
U.S. common stocks	\$ 8,793,167	\$ 10,934,643
U.S. government and agency securities	(10)	(140)
Mutual funds	<u>1,496,212</u>	<u>782,259</u>
	<u>10,289,369</u>	<u>11,716,762</u>
Interest	778,993	1,249,263
Dividends	1,375,647	1,317,925
Investment expenses	<u>(513,245)</u>	<u>(482,326)</u>
	<u>\$ 11,930,764</u>	<u>\$ 13,801,624</u>
 Plan interest in Pension Investment Trust income	 \$ 10,743,411	 \$ 12,364,094

2. *Fair Value Measurements of Pension Investment Trust*

ASC Topic 820, *Fair Value Measurements and Disclosures*, (ASC 820) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below.

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.

Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

September 30, 2014 and 2013

NOTE E - INTEREST IN PENSION INVESTMENT TRUST - Continued

2. *Fair Value Measurements of Pension Investment Trust – Continued*

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The closing prices reported in the active markets in which the securities are traded are used to value the investments in the Pension Investment Trust. The following table sets forth, by level within the fair value hierarchy, the Pension Investment Trust's assets at fair value as of September 30, 2014:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 979,603	\$ -	\$ -	\$ 979,603
U.S. common stocks	62,980,116	-	-	62,980,116
U.S. government obligations and agency securities	1,475	-	-	1,475
Mutual funds				
Intermediate - term bond	41,682,880	-	-	41,682,880
Equities ETF	59,478	-	-	59,478
International funds	14,611,810	-	-	14,611,810
Total assets, at fair value	<u>\$ 120,315,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,315,362</u>

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan
NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE E - INTEREST IN PENSION INVESTMENT TRUST - Continued

2. *Fair Value Measurements of Pension Investment Trust - Continued*

The closing prices reported in the active markets in which the securities are traded are used to value the investments in the Pension Investment Trust. The following table sets forth, by level within the fair value hierarchy, the Pension Investment Trust's assets at fair value as of September 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,055,165	\$ -	\$ -	\$ 1,055,165
U.S. common stocks	59,890,591	-	-	59,890,591
U.S. government obligations and agency securities	1,917	-	-	1,917
Mutual funds				
Intermediate - term bond	40,386,406	-	-	40,386,406
International funds	14,143,203	-	-	14,143,203
Total assets, at fair value	<u>\$ 115,477,282</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,477,282</u>

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Plan evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended September 30, 2014, there were no significant transfers in or out of levels 1, 2 or 3.

NOTE F - RISKS AND UNCERTAINTIES

The Plan invests in various securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Pension Plan
NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE F - RISKS AND UNCERTAINTIES - Continued

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE G - PLAN TERMINATION

Although it has not expressed any intent to do so, the Administrator has the right to terminate the Plan subject to the provisions of the plan document and the Merger Agreement. Should the Plan terminate at some future time, a particular participant's accumulated plan benefits will be dependent on the priority of those benefits at that time as set forth in the plan document and the Merger Agreement, at which time a separate extensive actuarial analysis would be required to determine liabilities on a plan termination basis.

NOTE H - INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Administrator by letter that the Basic Plan, the General Church Plan, and the related trusts were designed in accordance with applicable sections of the Internal Revenue Code (the IRC). There have been amendments since the Administrator received those determination letters; however, the Administrator believes that the Plan, which encompasses both the Basic Pension Plan and the General Church Pension Plan, is designed and is currently being operated in compliance with the applicable requirements of the IRC.

Financial Statements and Report of Independent Certified Public Accountants
Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund
September 30, 2014 and 2013

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund

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Report on the financial statements

We have audited the accompanying financial statements of Board of Pensions and Benefits USA of the Church of the Nazarene Pensions and Benefits Fund, which comprise the statements of financial position as of September 30, 2014 and 2013, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pensions and Benefits Fund as of September 30, 2014 and 2013, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Kansas City, Missouri
February 21, 2015

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund
STATEMENTS OF FINANCIAL POSITION**

September 30,

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash	\$ 850,048	\$ 1,079,672
Investments, at fair value	1,530,103	1,715,163
Accounts receivable	146,918	128,069
	2,527,069	2,922,904
Equipment	531,257	534,757
Less accumulated depreciation	(510,145)	(504,318)
	21,112	30,439
	\$ 2,548,181	\$ 2,953,343
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 190,268	\$ 337,107
Deferred revenue	58,230	60,464
	248,498	397,571
DEATH BENEFIT BENEVOLENCE PLAN	263,642	322,350
NET ASSETS, unrestricted	2,036,041	2,233,422
	\$ 2,548,181	\$ 2,953,343

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund
STATEMENTS OF ACTIVITIES

Year ended September 30,

	2014	2013
Income		
Insurance and benevolence program contributions		
from local churches	\$ 13,472,256	\$ 13,810,605
Other insurance premiums income	661,966	684,728
Trust administration fees	2,127	2,442
Investment income, net	70,998	30,881
Realized/unrealized gain (loss)	154,360	(85,662)
Administrative fees income	515,318	513,871
Other income	3,202	1,491
Total income	14,880,227	14,958,356
Expenses		
Program expenses		
Single Defined Benefit Pension Plan contributions	8,500,000	9,100,000
403(b) Plan contributions	3,166,428	2,114,924
Minister group life insurance premiums expense	870,103	947,789
Other insurance premiums expense	654,594	660,473
Benevolence payments	114,458	134,071
Total program expenses	13,305,583	12,957,257
Administrative expenses		
Salaries and benefits	759,549	775,476
Office operations	50,313	59,037
403(b) record keeping fees	386,164	383,112
Professional services	148,181	104,764
Conferences/committees	70,215	92,712
Rent	43,956	44,145
Travel and entertainment	34,028	37,054
Depreciation	10,499	16,726
Miscellaneous	29,000	29,768
Contracted services	240,120	74,417
Total administrative expenses	1,772,025	1,617,211
Total expenses	15,077,608	14,574,468
Change in unrestricted net assets	(197,381)	383,888
Unrestricted net assets, beginning of year	2,233,422	1,849,534
Unrestricted net assets, end of year	\$ 2,036,041	\$ 2,233,422

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund
STATEMENTS OF CASH FLOWS

Year ended September 30,

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in unrestricted net assets	\$ (197,381)	\$ 383,888
Adjustments to reconcile change in unrestricted net assets to net cash (used in) provided by operating activities		
Depreciation	10,499	16,726
(Gain) loss on sale of equipment	(110)	2,380
Net realized (gain) loss on sale of investments	(68,053)	22,909
Unrealized (gain) loss on investments	(86,307)	20,028
Changes in assets and liabilities		
Accounts receivable	(18,849)	(121,319)
Accounts payable	(146,839)	145,488
Deferred revenue	(2,234)	(6,026)
Death benefit benevolence plan liability	(58,708)	(41,050)
Net cash (used in) provided by operating activities	<u>(567,982)</u>	<u>423,024</u>
Cash flows from investing activities		
Purchases of equipment	(1,173)	(23,506)
Proceeds from sale of equipment	110	2,025
Purchases of investments	(7,305,385)	(6,000,000)
Proceeds from sale of investments	7,644,806	4,241,900
Net cash provided by (used in) investing activities	<u>338,358</u>	<u>(1,779,581)</u>
Net change in cash	(229,624)	(1,356,557)
Cash, beginning of year	1,079,672	2,436,229
Cash, end of year	<u>\$ 850,048</u>	<u>\$ 1,079,672</u>

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund
NOTES TO FINANCIAL STATEMENTS
September 30, 2014 and 2013

NOTE A - DESCRIPTION OF THE PENSIONS AND BENEFITS FUND

The Board of Pensions and Benefits USA of the Church of the Nazarene (the Board or the Administrator) established the Pensions and Benefits Fund (the Fund) to provide various benevolence, retirement, and insurance programs to Nazarene ministers, their spouses, and their surviving family members. All of the programs are self-funded through contributions made by the local churches. The Fund is administered by the Board on behalf of the Church of the Nazarene, Inc. (the Church). The Fund provides administrative services and certain specific funding amounts as determined by the Board to the Church of the Nazarene Single Defined Benefit Pension Plan (the Single Defined Benefit Pension Plan) and the Nazarene 403(b) Retirement Savings Plan (the 403(b) Plan).

Benevolence programs - The Fund provides benevolence programs, including death benefit benevolence, emergency medical assistance, temporary monthly disability assistance, administrative benefit adjustment, and funeral assistance. These programs provide various kinds of benevolence assistance payments to ministers, their spouses, and their surviving family members upon the recommendation of their district advisory boards. A more comprehensive description of the Fund's benevolence programs is contained in the benefits summary brochure.

Pastors Life Insurance Plan - The Pastors Life Insurance Plan is a group term life insurance plan for district-licensed and ordained clergy or district-credentialed laypersons who are currently serving in U.S. districts in qualified assignments and who have not begun receiving retirement benefits.

Pensioners Death Benefit Plan - The Pensioners Death Benefit Plan provides death benefits to district-licensed and ordained ministers who are currently receiving a monthly benefit from the Basic Pension Plan portion of the Single Defined Benefit Pension Plan based on years of service or, alternatively, who are vested Plan participants aged 70 1/2 or older and who have not chosen to begin receiving a monthly retirement benefit.

Church of the Nazarene Single Defined Benefit Pension Plan - Effective January 1, 1996, the Basic Pension Plan and the General Church Pension Plan were merged to form the Single Defined Benefit Pension Plan. After January 1, 1996, there were no new entrants in the Basic Pension Plan or the General Church Pension Plan. Participants in both plans were grandfathered in so that no one who had been credited with years of service under the predecessor plans would receive less under the Single Defined Benefit Pension Plan than what would have been paid under the former defined benefit plans had membership in those plans continued unchanged.

Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2014 and 2013

NOTE A - DESCRIPTION OF THE PENSIONS AND BENEFITS FUND - Continued

Nazarene 403(b) Retirement Savings Plan - Effective January 1, 1996, the 403(b) Plan was established for all U.S. ministers and laypersons serving local congregations and districts, as well as for general church employees. The annual pension supplement (APS) contribution is deposited into individual accounts for each eligible U.S. clergy member and layperson from Fund receipts or agency funds, depending upon the participant's employer. Some years, an additional bonus amount is deposited for eligible participants whose local congregation pays 100% of their Fund amount or whose district pays 100% of their Fund amount. The 2014 APS contribution for eligible senior pastors and associates was established using an agreed-upon schedule to be based on the amounts paid to the Fund by eligible participants' local congregations during the 2013-2014 assembly year. The 2013 APS contribution for eligible senior pastors and associates was established using an agreed-upon schedule to be based on the amounts paid to the Fund by eligible participants' local congregations during the 2012-2013 assembly year. The 2014 and 2013 APS contribution for eligible district superintendents, district-assigned, and evangelists was \$1,000.

Employees may elect to participate in the 403(b) Plan through salary-reduction contributions. Employers make matching contributions to their respective participating employees' accounts. Local church and agency employers are encouraged to establish policies to match amounts of voluntary salary-reduction contributions up to at least 3% of salary. Contributions are made directly to Fidelity Investments. The cash value of all participant accounts that were not included in the Fund was \$353,304,839 and \$335,607,068 as of September 30, 2014 and 2013, respectively.

Effective October 1, 2012, Fidelity Investments lowered their per participant record keeping fee from \$39 to \$29 per quarter. Based upon action by the Board, in order to provide additional income to the Fund to assist with administrative expenses for the 403(b) Plan, Fidelity Investments continues to collect the \$39 record keeping fee from the participants of the 403(b) plan and remits the fees collected to the Fund. Fidelity Investments invoices the Fund each quarter for the \$29 per-participant recordkeeping fee. The Fund retains the net \$10 per-participant recordkeeping fee. For the years ended September 30, 2014 and 2013, the Fund had administrative fees income of \$515,318 and \$513,871 and recordkeeping fees for the 403(b) Plan of \$386,164 and \$383,112, respectively, which are reflected in the statement of activities.

Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2014 and 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The accompanying financial statements were prepared on the accrual basis of accounting.

2. *Revenue Recognition*

Insurance premiums received are deferred and recognized as revenue ratably over the term of the insurance policy.

3. *Investments*

Investments consist primarily of fixed income, real estate investment trust (REIT), and equity mutual funds that are carried at fair value with realized and unrealized gains and losses included in the statement of activities. Fair values are based on quoted market prices or dealer quotes, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

4. *Fair Value Measurements*

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures* (ASC 820) establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of ASC 820 apply to all financial instruments that are being measured and reported on a fair-value basis and items disclosed at fair value in the notes to the financial statements.

ASC 820 defines fair value as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The exit price is based on the amount that the holder of the asset or liability would receive or pay in an actual transaction (or in a hypothetical transaction if an actual transaction does not exist) at the measurement date.

Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2014 and 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. *Equipment*

Equipment is carried at cost. Depreciation is computed using the straight-line method and is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, which range from four to eight years.

6. *Impairment of Long-Lived Assets*

The Fund periodically reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Assets to be disposed of are reported at the lower of carrying amount or fair value, less costs to sell. No amounts have been recorded at September 30, 2014 and 2013 with respect to impairment of long-lived assets.

7. *Payment of Benefits*

Benefits are recorded when paid, except for the death benefit benevolence plan payments, for which the liability is reduced when paid.

8. *Use of Estimates*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. *Income Taxes*

The Fund is exempt from federal and state income taxes since it is an entity organized under the Church, which holds a group exemption.

Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2014 and 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. *Income Taxes - Continued*

The Fund applies the provisions of ASC Topic 740, *Income Taxes*, (ASC 740) with respect to uncertain tax positions. ASC 740 requires that all tax positions be evaluated using a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return. Differences between positions taken in a tax return and amounts recognized in the financial statements are recorded as adjustments to income taxes payable or receivable, or adjustments to deferred income taxes, or both. ASC 740 also requires expanded disclosures at the end of each annual reporting period. No amounts have been recorded at September 30, 2014 and 2013 with respect to uncertain tax positions.

10. *Subsequent Events*

The Fund has evaluated subsequent events through February 21, 2015, which is the date these financial statements were available to be issued.

NOTE C - CONCENTRATIONS OF CREDIT RISK

From time to time, the Fund maintains cash balances in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. Management evaluates the financial stability of these financial institutions and considers the risk to be minimal. Effective January 1, 2013, FDIC coverage has been limited for interest bearing and non-interest bearing accounts. At September 30, 2014 and 2013, the Plan had approximately \$820,000 and \$1,010,000, respectively, in excess of FDIC insured limits.

NOTE D - INVESTMENTS AND RELATED PARTY TRANSACTIONS

During June 2013, the Fund invested in a portfolio of mutual funds administered by the Church of the Nazarene Foundation (the Foundation). The investments are managed by Kaspick, the Investment Manager. The underlying investments are bond and equity mutual funds and reported at fair value.

Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2014 and 2013

NOTE D - INVESTMENTS AND RELATED PARTY TRANSACTIONS - Continued

The Fund's investment in the portfolio consisted of the following as of September 30,

	<u>2014</u>		<u>2013</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Cash	\$ 51,328	\$ 51,328	\$ 65,326	\$ 65,326
Fixed income mutual funds				
High quality bond	154,679	153,097	174,326	170,886
Investment grade bond	833,989	825,696	934,321	925,145
International bond	324,397	330,450	368,133	365,051
High yield bond	58,391	56,616	64,258	63,378
REIT mutual funds				
Domestic REITs	62,355	60,035	70,186	66,733
Equity mutual funds				
Large company	52,552	52,881	56,427	58,644
	<u>\$ 1,537,691</u>	<u>\$ 1,530,103</u>	<u>\$ 1,732,977</u>	<u>\$ 1,715,163</u>

Net investment gain (loss) consisted of the following as of September 30,

	<u>2014</u>	<u>2013</u>
Realized losses on sale of investments	\$ 68,053	\$ (62,753)
Unrealized loss on investments	86,307	(22,909)
Investment income	105,385	42,725
Investment fees	(34,387)	(11,844)
	<u>\$ 225,358</u>	<u>\$ (54,781)</u>

The investment fees are netted against the proceeds from sale of investments in the statements of cash flows and included in investment income, net in the statements of activities.

Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2014 and 2013

NOTE E - FAIR VALUE MEASUREMENTS

ASC 820 establishes a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and management's assumptions (unobservable inputs). Where an asset or a liability falls within that hierarchy depends on the lowest-level input which is significant to the fair value measurements as a whole. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy. The hierarchy consists of three broad levels as follows:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.
- Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

The determination of where an asset or a liability falls in the hierarchy requires significant judgment. The Fund evaluates its hierarchy disclosures for each reporting period; based on various factors; it is possible that an asset or a liability may be classified differently from one reporting period to another. However, the Fund expects that changes in classifications between different levels will be rare.

The following is a description of the valuation methodologies used for assets measured at fair value:

Investment in pooled investment funds - Valued based on an allocation of quoted market prices for the underlying investments of the portfolio. The fair values of individual holdings in the portfolio are determined via various inputs ranging from level 1 to level 2 securities.

Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2014 and 2013

NOTE E - FAIR VALUE MEASUREMENTS - Continued

The following table sets forth information about the level within the fair value hierarchy at which the Plan's investments are measured on a recurring basis at September 30, 2014:

	<u>Fair value measurements at report date using</u>			Total fair value
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash	\$ -	\$ -	\$ 51,328	\$ 51,328
Fixed income mutual funds				
High quality bond	-	-	153,097	153,097
Investment grade bond	-	-	825,696	825,696
International bond	-	-	330,450	330,450
High yield bond	-	-	56,616	56,616
REIT mutual funds				
Domestic REITs	-	-	60,035	60,035
Equity mutual funds				
Large company	-	-	52,881	52,881
Investments, at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,530,103</u>	<u>\$ 1,530,103</u>

The following is a reconciliation of the beginning and ending balances of financial assets measured on a recurring basis using significant unobservable inputs (Level 3) during the year ended September 30, 2014:

	Portfolio investments
Fair value, September 30, 2013	\$ 1,715,163
Purchases	7,200,000
Issuances, settlements	(7,610,418)
Interest and dividends	105,385
Unrealized gains	86,307
Realized gains	68,053
Fees and expenses	(34,387)
Fair value, September 30, 2014	<u>\$ 1,530,103</u>

Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2014 and 2013

NOTE E - FAIR VALUE MEASUREMENTS - Continued

The following table sets forth information about the level within the fair value hierarchy at which the Plan's investments are measured on a recurring basis at September 30, 2013:

	<u>Fair value measurements at report date using</u>			Total Fair value
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash	\$ -	\$ -	\$ 65,326	\$ 65,326
Fixed income mutual funds				
High quality bond	-	-	170,886	170,886
Investment grade bond	-	-	925,145	925,145
International bond	-	-	365,051	365,051
High yield bond	-	-	63,378	63,378
REIT mutual funds				
Domestic REITs	-	-	66,733	66,733
Equity mutual funds				
Large company	-	-	58,644	58,644
Investments, at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,715,163</u>	<u>\$ 1,715,163</u>

NOTE F - FUNDING POLICY

The allocation of total Fund contributions received from local churches in 2014 and 2013, including amounts contributed to the Single Defined Benefit Pension Plan and the 403(b) Plan, is as follows. Fund reserves from prior year contributions were contributed to the Single Defined Benefit Plan during the year ended September 30, 2014. Separate financial statements are provided for the Single Defined Benefit Pension Plan and the 403(b) Plan.

Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2014 and 2013

NOTE F - FUNDING POLICY - Continued

	<u>2014</u>	<u>2013</u>
Income		
Total Pensions and Benefits Fund contributions received		
from local churches	\$ 13,472,256	\$ 13,810,605
Other insurance premiums collected	661,966	684,728
Other income	746,005	463,023
Total income	<u>14,880,227</u>	<u>14,958,356</u>
Expenses		
403(b) Plan contributions	3,166,428	2,114,924
Single Defined Benefit Pension Plan contributions	8,500,000	9,100,000
Insurance and benevolence program expenses of		
the Pensions and Benefits Fund	1,639,155	1,742,333
Administrative expenses of the Pensions and Benefits Fund	1,772,025	1,617,211
Total expenses	<u>15,077,608</u>	<u>14,574,468</u>
Increase (decrease) in net assets of the Pensions and		
Benefits Fund	<u>\$ (197,381)</u>	<u>\$ 383,888</u>

Financial Statements and Report of Independent Certified Public Accountants
Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
September 30, 2014 and 2013

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees
Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans

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We have audited the accompanying financial statements of the Church of the Nazarene World Mission Pension Plans (the “Plan”) which comprise the statements of net assets available for plan benefits as of September 30, 2014 and 2013 and the related statements of changes in net assets available for plan benefits for the years then ended, and the statements of accumulated plan benefits as of September 30, 2014 and 2013 and the related statement of changes in accumulated plan benefits for the years then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Church of the Nazarene World Mission Pension Plans as of September 30, 2014 and 2013, and the changes in its financial status for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Johnston LLP

Kansas City, Missouri
February 21, 2015

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

September 30,

	2014	2013
ASSETS		
Cash	\$ 20,076	\$ 11,735
Investments, at fair value <i>(note E)</i>		
Plan interest in Pension Investment Trust	9,316,571	9,175,089
Accrued interest receivable	4,745	2,230
Total assets	9,341,392	9,189,054
LIABILITIES		
Accounts payable	11,026	14,136
Due to the Church	18,273	15,220
	29,299	29,356
Net assets available for plan benefits	\$ 9,312,093	\$ 9,159,698

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Year ended September 30,

	2014	2013
Additions		
Investment income		
Plan interest in Pension Investment Trust income	\$ 958,449	\$ 1,141,131
Contributions	160,957	163,868
	1,119,406	1,304,999
Deductions		
Benefits paid directly to participants	888,713	898,124
Administrative, legal, and actuarial expenses	78,298	76,079
	967,011	974,203
Net increase in net assets available for plan benefits	152,395	330,796
Net assets available for plan benefits, beginning of year	9,159,698	8,828,902
Net assets available for plan benefits, end of year	\$ 9,312,093	\$ 9,159,698

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
STATEMENTS OF ACCUMULATED PLAN BENEFITS

September 30,

	2014	2013
Actuarial present value of accumulated plan benefits		
Vested benefits		
Participants currently receiving payments	\$ 6,196,632	\$ 6,321,043
Other participants	1,948,160	2,165,012
	8,144,792	8,486,055
Nonvested benefits	5,397	8,317
Total actuarial present value of accumulated plan benefits	\$ 8,150,189	\$ 8,494,372

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
STATEMENTS OF CHANGES IN ACCUMULATED PLAN BENEFITS
Year ended September 30,

	2014	2013
Actuarial present value of accumulated plan benefits, beginning of year	\$ 8,494,372	\$ 8,911,167
Increase (decrease) during the year attributable to		
Benefits accumulated and actuarial net loss	(18,971)	(111,018)
Increase for interest due to decrease in discount period	563,501	592,347
Benefits paid to participants	(888,713)	(898,124)
Net decrease	(344,183)	(416,795)
Actuarial present value of accumulated plan benefits, end of year	<u>\$ 8,150,189</u>	<u>\$ 8,494,372</u>

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

NOTE A - DESCRIPTION OF THE PLANS

The following brief description of the Church of the Nazarene World Mission Pension Plans, consisting of the World Mission Non-Qualified Pension Plan and the World Mission Pension Plan (collectively, the Plans), is provided for general information purposes only. Participants should refer to their respective plan's documents for more complete information. New participation was frozen such that there were no new entrants effective January 1, 1998.

1. *General*

The Plans are noncontributory defined benefit pension plans administered by the Board of Pensions and Benefits USA of the Church of the Nazarene (the Administrator and Trustee) on behalf of the Church of the Nazarene, Inc. (the Church and Plan Sponsor). The Plans provide retirement benefits at age 65 to missionaries under contract with the Church. The Plans are church plans that have not elected to be governed by the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and are not subject to Pension Benefit Guaranty Corporation insurance coverage.

The World Mission Pension Plan (the qualified plan) integrates its benefit formula with that of the total pension benefit provided by the World Mission Non-Qualified Pension Plan (the non-qualified plan). All benefits payable under the non-qualified plan are offset by any benefits paid under the qualified plan.

2. *Pension Benefits - World Mission Pension Plan*

Missionaries with 10 or more years of service are entitled to pension benefits beginning at the normal retirement age of 65. The pension benefits are calculated at an amount equal to the greater of (a) and (b) minus (c), where (a) is the sum of (1) \$2.50 per month for each year of service (to a maximum of 50 years) plus (2) \$100 per month for participants with 25 or more years of service, or \$75 per month for participants with 20, but less than 25, years of service; (b) is \$5.00 per month for each year of service with a bonus of 0.5% for each year of service in excess of 10; and (c) is the pension provided by the amount in the participant's account with the Nazarene 403(b) Retirement Savings Plan derived from deposits equal to an amount determined each plan year by the Plans' Trustee.

For purposes of determining the bonus amount, and only for such purposes, years of service credited under the provisions of the Church of the Nazarene Single Defined Benefit Pension Plan's (Single Defined Pension Plan) grandfathered Basic Pension Plan shall be included in the calculation of years of service under the qualified plan.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE A - DESCRIPTION OF THE PLANS - Continued

3. *Pension Benefits - World Mission Non-Qualified Pension Plan*

Missionaries with 10 or more years of service are entitled to pension benefits beginning at the normal retirement age of 65. The pension benefits are calculated at an amount equal to the greater of (a) and (b) minus (c), where (a) is the sum of (1) \$5.00 per month for each year of service (to a maximum of 50 years) for married or unmarried (single) participants plus (2) \$200 per month for married participants and \$140 per month for single participants, widows, or widowers with 25 or more years of missionary service, or \$150 or \$100 per month, respectively, with at least 20, but less than 25, years of missionary service or \$0 with less than 20 years of missionary service; (b) is \$10.00 per month for each year of service with a bonus of 0.5% for each year of service in excess of 10; and (c) is the pension provided by the amount in the participant's 403(b) plan derived from deposits equal to an amount determined each plan year by the Plans' Trustee. For purposes of determining the bonus amount, and only for such purposes, all years of service credited under this plan and under the Single Defined Pension Plan's grandfathered Basic Pension Plan provisions shall be included. Amounts payable under the non-qualified plan are also reduced by the extent of any payments made under the qualified plan.

4. *Disability Benefits*

Active missionaries with five or more years of service who become totally disabled receive annual disability benefits based on years of service to the date of disability, plus an additional year of service credit for each two years between the date of disability and the normal retirement date.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The accompanying financial statements were prepared on the accrual basis of accounting.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. *Investment Valuation and Income Recognition*

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Church's Investment Committee determines the Plans' valuation policies utilizing information provided by the Trustee and Custodian, Northern Trust Company. See Note E for discussion of the Pension Investment Trust and fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plans' gains and losses on investments bought and sold as well as held during the year.

3. *Payment of Benefits*

Benefits are recorded when paid.

4. *Actuarial Present Value of Accumulated Plan Benefits*

Accumulated plan benefits are those future periodic payments that are attributable under the Plans' provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to the following: (a) retired or terminated employees or their beneficiaries; (b) beneficiaries of employees who have died; and (c) current employees or their beneficiaries. Benefits payable under all circumstances (retirement, death, disability, or termination of employment) are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by actuaries from Towers Watson as of September 30, 2014 and is that amount which results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Actuarial Present Value of Accumulated Plan Benefits - Continued*

The significant actuarial assumptions used in the valuations for the plan year beginning January 1, 2014 and 2013 were as follows: (a) life expectancy of participants (based on the RP-2000 Combined Mortality Table in 2014; (b) retirement age assumptions (the assumed retirement age ranges from 65 to 70); and (c) investment return. The valuations from the actuary assumed (1) an average rate of return of 6.75%, compounded annually, (2) discount rates of 7.00%, and (3) a basis for actuarial equivalence for conversion between Annual Pension Supplement balances and annuities of 6.50% for 2014 and 2013.

In 2014, the actuarial assumption for the assumed mortality rates for all members was changed which did not have an effect on the actuarial present value of accumulated plan benefits (to the RP-2000 Combined Mortality Table, male and female, projected to 2014 using Scale AA in 2014 from the RP-2000 Combined Mortality Table, male and female projected to 2013 using Scale AA in 2013).

In 2013, the actuarial assumption for the assumed mortality rates for all members was changed which did not have an effect on the actuarial present value of accumulated plan benefits (to the RP-2000 Combined Mortality Table, male and female, projected to 2013 using Scale AA in 2013 from the RP-2000 Combined Mortality Table, male and female projected to 2012 using Scale AA in 2012).

The foregoing actuarial assumptions are based on the presumption that the Plans will continue. Were the Plans to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

5. *Administrative Expenses*

Certain directly related administrative, accounting, legal, and actuarial expenses are allocated to the Plans by the Administrator. All other expenses are paid by the Pensions and Benefits Fund.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

September 30, 2014 and 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. *Use of Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

7. *Subsequent Events*

The Plans have evaluated subsequent events through February 21, 2015, which is the date these financial statements were available to be issued.

NOTE C - CONCENTRATIONS OF CREDIT RISK

From time to time, the Plans may maintain cash balances in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. Management evaluates the financial stability of these financial institutions and considers the risk to be minimal. There were no uninsured balances at September 30, 2014 or 2013.

NOTE D - FUNDING POLICY

The Church's funding policy is to make annual contributions to the Plans in amounts such that all participants' benefits will be fully provided for by the time they retire. For the Plans' calendar years beginning January 1, 2014 and 2013, there were no net annual contributions required from the Church to support the present benefit levels under the Plans' actuarial cost method.

The following table shows the Plans' unfunded or overfunded amount as of September 30,

	<u>2014</u>	<u>2013</u>
Net assets available for plan benefits	\$ 9,312,093	\$ 9,159,698
Actuarial present value of accumulated plan benefits	<u>(8,150,189)</u>	<u>(8,494,372)</u>
Funded status - over funded	<u>\$ 1,161,904</u>	<u>\$ 665,326</u>

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST

1. *Description of Pension Investment Trust*

The entirety of the Plans' investments is in the Pension Investment Trust, which was established for the investment of assets of the Plans and the Single Defined Benefit Pension Plan. Each participating retirement plan has an undivided interest in the Pension Investment Trust. The assets of the Pension Investment Trust are held by Northern Trust Company, as Custodian.

The value of the Plans' interest in the Pension Investment Trust is based on the beginning of year value of the Plan's interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. At September 30, 2014 and 2013, the Plans' interest in the net assets of the Pension Investment Trust was approximately 8.00%. There are no restrictions on the redemption of the Plans' interest in the net assets of the Pension Investment Trust as of September 30, 2014 and 2013, respectively. Investment income and administrative expenses relating to the Pension Investment Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

The following table presents the assets, including investments, of the Pension Investment Trust as of September 30,

	<u>2014</u>	<u>2013</u>
Money market funds	\$ 979,603	\$ 1,055,165
U.S. common stocks	62,980,116	59,890,591
U.S. government and agency securities	1,475	1,917
Mutual funds	56,354,168	54,529,609
	<u>\$ 120,315,362</u>	<u>\$ 115,477,282</u>
 Plans' interest in Pension Investment Trust	 \$ 9,316,571	 \$ 9,175,089

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

September 30, 2014 and 2013

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST - Continued

1. Description of Pension Investment Trust - Continued

Investment income for the Pension Investment Trust is comprised of the following as of September 30,

	2014	2013
Investment income		
Net appreciation (depreciation) in fair value of investments		
Common stocks	\$ 8,793,167	\$ 10,934,643
U.S. government and agency securities	(10)	(140)
Mutual funds	1,496,212	782,259
	10,289,369	11,716,762
Interest	778,993	1,249,263
Dividends	1,375,647	1,317,925
Expenses	(513,245)	(482,326)
	\$ 11,930,764	\$ 13,801,624
Plans' interest in Pension Investment Trust income	\$ 958,449	\$ 1,141,131

2. Fair Value Measurements of Pension Investment Trust

ASC Topic 820, *Fair Value Measurements and Disclosures* (ASC 820) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below.

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.

Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

September 30, 2014 and 2013

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST - Continued

2. Fair Value Measurements of Pension Investment Trust - Continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plans believe its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The closing prices reported in the active markets in which the securities are traded are used to value the investments in the Pension Investment Trust. The following table sets forth by level, within the fair value hierarchy, the Pension Investment Trust's assets at fair value as of September 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 979,603	-	-	\$ 979,603
U.S. common stocks	62,980,116	-	-	62,980,116
U.S. government obligations and agency securities	1,475	-	-	1,475
Mutual funds				
Intermediate - term bond	41,682,880	-	-	41,682,880
Equities ETF	59,478	-	-	59,478
International funds	14,611,810	-	-	14,611,810
Total assets at fair value	<u>\$ 120,315,362</u>	<u>-</u>	<u>-</u>	<u>\$ 120,315,362</u>

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

September 30, 2014 and 2013

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST - Continued

2. Fair Value Measurements of Pension Investment Trust - Continued

The following table sets forth by level, within the fair value hierarchy, the Pension Investment Trust's assets at fair value as of September 30, 2013:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 1,055,165	-	-	\$ 1,055,165
U.S. common stocks	59,890,591	-	-	59,890,591
U.S. government obligations and agency securities	1,917	-	-	1,917
Mutual funds				
Intermediate - term bond	40,386,406	-	-	40,386,406
International funds	14,143,203	-	-	14,143,203
Total assets at fair value	<u>\$ 115,477,282</u>	<u>-</u>	<u>-</u>	<u>\$ 115,477,282</u>

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Plans evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended September 30, 2014, there were no significant transfers in or out of levels 1, 2, or 3.

NOTE F - RISKS AND UNCERTAINTIES

The Plans invest in various securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2014 and 2013

NOTE F - RISKS AND UNCERTAINTIES - Continued

Plan contributions are made, and the actuarial present value of accumulated plan benefits are reported, based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE G - PLAN TERMINATION

Although it has not expressed any intent to do so, the Administrator has the right to discontinue its contributions at any time and to terminate the Plans subject to the provisions of the plan documents. Should the Plans terminate at some future time, a particular participant's accumulated plan benefits will be dependent on the priority of those benefits at that time, as set forth in the Plans' documents, at which time a separate extensive actuarial analysis would be required to determine liabilities on a plan termination basis.

NOTE H - TAX STATUS

The Internal Revenue Service has determined and informed the Administrator by a letter that the World Mission Pension Plan (the qualified plan) and the related trust were designed in accordance with applicable sections of the Internal Revenue Code (the IRC). There have been amendments since the Administrator received the determination letter; however, the Administrator believes that the Plans are designed and are currently being operated in compliance with the applicable requirements of the IRC.

Financial Statements and Report of Independent Certified Public Accountants
Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene Health and Hospitalization Program
September 30, 2014 and 2013

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees

Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene Health and Hospitalization Program

Report on the financial statements

We have audited the accompanying financial statements of the Nazarene Health and Hospitalization Program (the “Program”), which comprise the statements of financial position as of September 30, 2014 and 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Program’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nazarene Health and Hospitalization Program as of September 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Johnston LLP

Kansas City, Missouri
February 21, 2015

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene Health and Hospitalization Program
STATEMENTS OF FINANCIAL POSITION**

September 30,

	General Church Medical Plan	Missionary Medical Plan	Total	
			2014	2013
ASSETS				
Cash	\$ 1,141,727	\$ 60,503	\$ 1,202,230	\$ 1,462,518
Premiums receivable	-	-	-	155,638
Investments, at fair value	2,833,528	894,884	3,728,412	3,752,857
Investments - other	147,761	457,332	605,093	539,853
Prepaid expenses	1,047	1,406	2,453	2,643
Accrued interest receivable	-	119	119	37
Total assets	<u>\$ 4,124,063</u>	<u>\$ 1,414,244</u>	<u>\$ 5,538,307</u>	<u>\$ 5,913,546</u>
LIABILITIES AND NET ASSETS				
Accounts payable	\$ 9,357	\$ 6,417	\$ 15,774	\$ 32,873
Claims incurred but not reported	358,611	237,600	596,211	447,163
Total liabilities	<u>367,968</u>	<u>244,017</u>	<u>611,985</u>	<u>480,036</u>
Net assets, unrestricted	<u>3,756,017</u>	<u>1,170,305</u>	<u>4,926,322</u>	<u>5,433,510</u>
	<u>\$ 4,123,985</u>	<u>\$ 1,414,322</u>	<u>\$ 5,538,307</u>	<u>\$ 5,913,546</u>

The accompanying notes are an integral part of these
statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene Health and Hospitalization Program
STATEMENTS OF ACTIVITIES**

Year ended September 30,

	General Church Medical Plan	Missionary Medical Plan	Total	
			2014	2013
Income				
Premium payments received	\$ 3,494,034	\$ 1,462,046	\$ 4,956,080	\$ 5,705,365
Investment income, net	68,822	25,026	93,848	59,482
Dividend income	-	4,266	4,266	3,818
Realized/unrealized gain	14,128	32,104	46,232	5,969
Miscellaneous income	-	-	-	56
Total income	<u>3,576,984</u>	<u>1,523,442</u>	<u>5,100,426</u>	<u>5,774,690</u>
Expenses				
Program expenses				
Medical and dental claims	3,111,612	1,614,434	4,726,046	4,234,572
Reinsurance premiums paid	156,677	156,677	313,354	327,134
Total program expenses	<u>3,268,289</u>	<u>1,771,111</u>	<u>5,039,400</u>	<u>4,561,706</u>
Administrative expenses				
Administrative service fees	152,426	125,321	277,747	299,377
Salaries and benefits	93,229	34,724	127,953	124,144
Rent	2,125	925	3,050	3,050
Professional services	83,649	40,315	123,964	174,409
Miscellaneous	26,894	8,606	35,500	14,349
Total administrative expenses	<u>358,323</u>	<u>209,891</u>	<u>568,214</u>	<u>615,329</u>
Total expenses	<u>3,626,612</u>	<u>1,981,002</u>	<u>5,607,614</u>	<u>5,177,035</u>
Change in unrestricted net assets	(49,628)	(457,560)	(507,188)	597,655
Unrestricted net assets, beginning of year	3,805,645	1,627,865	5,433,510	4,835,855
Unrestricted net assets, end of year	<u>\$ 3,756,017</u>	<u>\$ 1,170,305</u>	<u>\$ 4,926,322</u>	<u>\$ 5,433,510</u>

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene Health and Hospitalization Program
STATEMENTS OF CASH FLOWS**

Year ended September 30,

	2014	2013
Cash flows from operating activities		
Change in unrestricted net assets	\$ (507,188)	\$ 597,655
Adjustments to reconcile change in unrestricted net assets to net cash (used in) provided by operating activities		
Net realized and unrealized gain on investments	(46,232)	(5,969)
Changes in assets and liabilities		
Prepaid expenses	155,828	18,520
Accrued interest receivable	(82)	11
Accounts payable	(17,099)	16,332
Claims incurred but not reported	149,048	10,772
Net cash (used in) provided by operating activities	(265,725)	637,321
 Cash flows from investing activities		
Purchases of investments and investments-other	(127,564)	(2,006,356)
Proceeds from sales and maturities of investments and investments - other	133,001	119
Net cash provided by (used in) investing activities	5,437	(2,006,237)
 Net change in cash	(260,288)	(1,368,916)
Cash, beginning of year	1,462,518	2,831,434
Cash, end of year	\$ 1,202,230	\$ 1,462,518

The accompanying notes are an integral part of these
statements.

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program**

NOTES TO FINANCIAL STATEMENTS

September 30, 2014 and 2013

NOTE A - DESCRIPTION OF THE PROGRAM

The Board of Pensions and Benefits USA of the Church of the Nazarene (the Administrator) established the Health and Hospitalization Program (the Program) to administer, on behalf of the Church of the Nazarene, Inc. (the Church), medical, dental, and vision benefits under two separate plans: the General Church Medical Plan and the Missionary Medical Plan (collectively, the Plans). These financial statements present the fiduciary activities of the Program's Administrator and do not purport to present the financial status of the Plans. These statements do not contain certain information regarding benefit obligations and other disclosures necessary for a fair presentation of the financial status of the Plans in conformity with accounting principles generally accepted in the United States of America.

1. *Benefits*

The Program administers the provision of medical, dental, and vision benefits to full-time employees (defined as those working at least 30 hours per week) of the Church and related employers and their beneficiaries and covered dependents (the General Church Medical Plan) and to missionaries under contract with the Church and their beneficiaries and covered dependents (the Missionary Medical Plan). Medical and dental benefits in excess of Medicare coverage may also be extended to retired participants and their beneficiaries and covered dependents pursuant to the provisions of each plan's document and/or the policies of the participating employers.

The medical, dental, and vision benefits are similar under both plans, which pay a major portion of medical, dental, and vision expense after the satisfaction of a calendar-year deductible.

Effective March 1, 2013, retirees were no longer covered under the medical and dental benefits of the General Church Medical Plan. Seven participants were grandfathered under this coverage and will be removed from the plan once they are eligible for Medicare coverage.

Medical and vision claims of active and retired participants, dependents and beneficiaries covered by the Program are processed by UMR. Dental claims of active and retired participants, dependents, and beneficiaries are processed by Delta Dental Company. The responsibility for administration of payments to participants and providers is retained by the Administrator.

Participants should refer to the plan documents for a complete description of the Plans' provisions.

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2014 and 2013**

NOTE A - DESCRIPTION OF THE PROGRAM - Continued

2. *Contributions*

Not less than one-half of the contributions for participant coverage are paid by the Church-related employers. The Program is self-funded with specific and aggregate reinsurance limits.

3. *Plan Termination*

Although it has not expressed any intent to do so, the Administrator has the right under the Plans to modify the benefits provided to active participants, to discontinue contributions at any time, and to terminate the Plans subject to the Plans' provisions.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The financial statements are prepared on the accrual basis of accounting.

2. *Revenue Recognition*

Insurance premiums received are deferred and recognized as revenue ratably over the term of the insurance policy.

3. *Investments*

Investments consist primarily of marketable debt, equity securities, and fixed income and equity mutual funds that are carried at fair value with realized and unrealized gains and losses included in the statement of activities. Fair values are based on quoted market prices or dealer quotes, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2014 and 2013**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. *Investments - other*

Investments - other consists of certificates of deposit with original maturities greater than three months and is carried at amortized cost.

4. *Claims Incurred but Not Reported (IBNR)*

Other obligations for current benefit coverage at September 30, 2014 and 2013 include IBNR amounts, which represent estimated medical and dental costs for services performed in the Plan year that have not yet been submitted for payment by Plan participants. The IBNR amounts are estimated based on historical lag factors between the date of service and the date of payment.

5. *Investment and Dividend Income*

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Program's gains and losses on investments bought and sold as well as held during the year.

6. *Administrative Expenses*

Directly related administrative and other expenses of the Administrator are allocated to the Program.

7. *Investment Risks*

The Program invests in funds that hold various securities which may include U.S. government securities, corporate debt instruments, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2014 and 2013**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. *Use of Estimates*

The preparation of financial statements in accordance with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

9. *Subsequent Events*

The Program has evaluated subsequent events through February 21, 2015, which is the date these financial statements were available to be issued.

NOTE C - CONCENTRATION OF RISK

From time to time, the Program maintains cash balances in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. Management evaluates the financial stability of these financial institutions and considers the risk to be minimal. Effective January 1, 2013, FDIC coverage has been limited for interest bearing and non-interest bearing accounts. At September 30, 2014 and 2013, the Program had approximately \$904,000 and \$1,120,000, respectively, in excess of FDIC insured limits.

NOTE D - INVESTMENTS AND RELATED PARTY TRANSACTIONS

The Program's investments, at fair value, consist of equity securities and other investments maintained in pooled investment funds (the PIF) administered by the Church and a portfolio of bond and equity mutual funds (the Funds) administered by the Church of the Nazarene Foundation (CNF), a related party.

At September 30, 2014 and 2013, the Program's investment in the PIF was reported at a fair value of \$1,750,517 and \$1,781,163, respectively. The Program's investment in the PIF had a cost basis of \$1,718,647 and \$1,785,229 at September 30, 2014 and 2013, respectively. Other investments were reported at amortized cost approximating fair value and had a cost basis of \$605,093 and \$539,853 at September 30, 2014 and 2013, respectively.

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2014 and 2013**

NOTE D - INVESTMENTS AND RELATED PARTY TRANSACTIONS - Continued

During June 2013, the Program invested \$2,000,000 in a portfolio of mutual funds administered by CNF. The investments are managed by Kaspick, the Investment Manager. The underlying investments are bond and equity mutual funds and reported at fair value. At September 30, 2014 and 2013, the Program's investment in the Funds with CNF was reported at a fair value of \$1,977,895 and \$1,971,694, respectively, and had a cost basis of \$2,000,000.

Investment income consisted of \$162,262 and \$75,002 of allocated income and \$17,916 and \$5,733 of allocated investment management fees for the years ended September 30, 2014 and 2013, respectively. These fees are netted against the proceeds from sale of investments in the statements of cash flows and included in investment income on the statements of activities.

NOTE E - FAIR VALUE MEASUREMENTS

The Program applies the provisions of Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are described below.

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.

Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2014 and 2013

NOTE E - FAIR VALUE MEASUREMENTS - Continued

Following is a description of the valuation methodologies used for the Level 3 assets measured at fair value:

Investment in pooled investment funds - Valued based on an allocation of quoted market prices for the underlying investments of the portfolio. The fair values of individual holdings in the portfolio are determined via various inputs ranging from level 1 to level 2 securities.

Investments in mutual fund portfolio - Valued based on an allocation of quoted market prices for the underlying investments of the portfolio. The fair values of individual holdings in the portfolio are determined via various inputs ranging from level 1 to level 2 securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Program believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table sets forth, by level within the fair value hierarchy, the Program's assets at fair value as of September 30, 2014:

	Fair value measurements at September 30, 2014			
	Level 1	Level 2	Level 3	Total
Investments, at fair value				
Bonds				
Tax exempt bonds	\$ -	\$ -	\$ 599,043	\$ 599,043
Common stock				
U.S. common stock	-	-	205,196	205,196
Fixed income				
Corporate bonds	-	-	2,914,223	2,914,223
Other	-	-	9,950	9,950
Total assets at fair value	\$ -	\$ -	\$ 3,728,412	\$ 3,728,412

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

September 30, 2014 and 2013

NOTE E - FAIR VALUE MEASUREMENTS - Continued

The following is a reconciliation of the beginning and ending balances of financial assets measured on a recurring basis using significant unobservable inputs (Level 3) during the year ended September 30, 2014:

	Pooled investment funds
Fair value, September 30, 2013	\$ 3,752,857
Purchases	-
Issuances, settlements	(115,085)
Interest and dividends	62,324
Unrealized losses	(72,493)
Realized gains	118,725
Fees and expenses	(17,916)
Fair value, September 30, 2014	\$ 3,728,412

The following table sets forth, by level within the fair value hierarchy, the Program's assets at fair value as of September 30, 2013:

	Fair value measurements at September 30, 2013			
	Level 1	Level 2	Level 3	Total
Investments, at fair value				
Bonds				
Tax exempt bonds	\$ -	\$ -	\$ 896,154	\$ 896,154
Common stock				
U.S. common stock	-	-	179,646	179,646
Fixed income				
Corporate bonds	-	-	2,388,541	2,388,541
Other	-	-	288,516	288,516
Total assets at fair value	-	-	\$ 3,752,857	\$ 3,752,857

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2014 and 2013

**NOTE F - MEDICARE PRESCRIPTION DRUG, IMPROVEMENT, AND
MODERNIZATION ACT OF 2003**

The Program applies the provisions of ASC Topic 715, *Medicare Prescription Drug, Improvement, and Modernization* (ASC 715). ASC 715 provides guidance on accounting for the effects of a subsidy available, under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the Act) to companies that sponsor retiree medical programs with drug benefits which are at least actuarially equivalent to those available under Medicare. In addition to the direct benefit to a company from qualifying for and receiving the subsidy, the effects would include expected changes in retiree participation rates and changes in estimated health care costs that result from the Act.

The Administrator believes that its postretirement benefit plans currently provide prescription drug coverage which is at least actuarially equivalent to the new benefit available under the Act and it will therefore qualify for the subsidy for an initial period of time after the Act is implemented until actuarial equivalency changes as a result of existing limits on the Plans' cost of providing the benefit. During the years ended September 30, 2014 and 2013, the Program's sponsor received a subsidy of approximately \$48,350 and \$40,900, respectively, under the Act.

NOTE G - INCOME TAX STATUS

The Program is exempt from federal and state income taxes because it is an entity organized under the Church, which holds a group exemption. The Administrator has not obtained a determination letter from the Internal Revenue Service for the Plans. However, the Administrator believes the Plans are designed and are currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

Consolidated Financial Statements and Report of Independent Certified Public Accountants
The Church of the Nazarene, Inc., Subsidiaries and Affiliate
September 30, 2015 and 2014

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Audit Committee
General Board of the Church of the Nazarene, Inc.

Grant Thornton LLP
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We have audited the accompanying consolidated financial statements of The Church of the Nazarene, Inc. and its subsidiaries and affiliate (the “Organization”), which comprise the consolidated statements of financial position as of September 30, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Church of the Nazarene, Inc. and its subsidiaries and affiliate as of September 30, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities and cash flows, on pages 58 through 63, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Thornton LLP

Kansas City, Missouri
February 19, 2016

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30,

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 24,346,521	\$ 22,271,891
Investments, at fair value	170,317,646	176,034,356
Investments - other	7,957,797	7,417,149
Receivables - other	3,251,767	4,253,306
Property and equipment, net	47,463,629	49,633,214
Beneficial interest in charitable remainder trusts	861,558	1,183,083
Notes receivable	559,024	702,756
Inventories, net	2,544,555	3,671,684
Other assets	2,086,279	2,057,410
Total assets	\$ 259,388,776	\$ 267,224,849
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 3,852,118	\$ 4,335,821
Deferred gift agreements	12,741,769	14,542,777
Funds held in trust	56,190,068	56,397,260
Pension obligation	9,663,150	6,421,963
Postretirement benefit obligation	21,970,135	23,565,126
Total liabilities	104,417,240	105,262,947
 COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted - undesignated	116,465,921	121,055,754
Unrestricted - unamortized pension liability	(10,268,857)	(7,139,302)
Temporarily restricted	41,763,306	41,486,500
Permanently restricted	7,011,166	6,558,950
Total net assets	154,971,536	161,961,902
Total liabilities and net assets	\$ 259,388,776	\$ 267,224,849

The accompanying notes are an integral part of these statements.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended September 30, 2015

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and gains				
Contribution revenue				
World Evangelism Fund	\$ 38,705,012	\$ -	\$ -	\$ 38,705,012
Mission specials	26,357,740	3,610,996	7,993	29,976,729
Legacy, gifts, and charitable remainders	3,164,259	(66,903)	285,482	3,382,838
Gifts-in-kind	6,780,194	-	-	6,780,194
Net sales revenue	10,819,209	-	-	10,819,209
Other revenue	6,348,530	-	-	6,348,530
Revenues and gains	<u>92,174,944</u>	<u>3,544,093</u>	<u>293,475</u>	<u>96,012,512</u>
Net assets released from restrictions	<u>2,629,455</u>	<u>(2,789,147)</u>	<u>159,692</u>	<u>-</u>
Total revenues and gains	<u>94,804,399</u>	<u>754,946</u>	<u>453,167</u>	<u>96,012,512</u>
Expenses				
Program services				
Global Mission	63,101,102	-	-	63,101,102
International Board of Education	3,365,017	-	-	3,365,017
Sunday School and Discipleship Ministries	475,834	-	-	475,834
Nazarene Youth International	442,946	-	-	442,946
Board of General Superintendents	2,454,112	-	-	2,454,112
Nazarene communication services	13,042,737	-	-	13,042,737
Church of the Nazarene Foundation	1,052,706	-	-	1,052,706
Other program services, net	45,192	-	-	45,192
Total program services	<u>83,979,646</u>	<u>-</u>	<u>-</u>	<u>83,979,646</u>
Support services				
General and administrative services	15,104,264	33,090	931	15,138,285
Total support services	<u>15,104,264</u>	<u>33,090</u>	<u>931</u>	<u>15,138,285</u>
Total expenses	<u>99,083,910</u>	<u>33,090</u>	<u>931</u>	<u>99,117,931</u>
Change in net assets from operations	(4,279,511)	721,856	452,236	(3,105,419)
Non-operating income (expense)				
Net investment income	(441,712)	(557,892)	(3)	(999,607)
Foreign currency loss	140,217	-	-	140,217
Other income	351,556	-	-	351,556
Actuarial adjustment of deferred gift agreements	-	149,990	-	149,990
Other expenses	(364,649)	(37,148)	(17)	(401,814)
Total non-operating income (expense)	<u>(314,588)</u>	<u>(445,050)</u>	<u>(20)</u>	<u>(759,658)</u>
Change in net assets before unamortized pension liability	(4,594,099)	276,806	452,216	(3,865,077)
Change in unamortized pension liability not included in pension expense	<u>(3,125,289)</u>	<u>-</u>	<u>-</u>	<u>(3,125,289)</u>
Change in net assets	<u>(7,719,388)</u>	<u>276,806</u>	<u>452,216</u>	<u>(6,990,366)</u>
Net assets, beginning of year	113,916,452	41,486,500	6,558,950	161,961,902
Net assets, end of year	<u>\$ 106,197,064</u>	<u>\$ 41,763,306</u>	<u>\$ 7,011,166</u>	<u>\$ 154,971,536</u>

The accompanying notes are an integral part of these statements.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended September 30, 2014

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Revenues and gains				
Contribution revenue				
World Evangelism Fund	\$ 37,745,715	\$ -	\$ -	\$ 37,745,715
Mission specials	6,629,213	22,394,794	16,516	29,040,523
Legacy, gifts, and charitable remainders	3,440,917	1,100,245	396,162	4,937,324
Gifts-in-kind	4,323,301	-	-	4,323,301
Net sales revenue	14,682,848	-	-	14,682,848
Other revenue	3,125,245	-	-	3,125,245
Revenues and gains	<u>69,947,239</u>	<u>23,495,039</u>	<u>412,678</u>	<u>93,854,956</u>
Net assets released from restrictions	<u>1,449,068</u>	<u>(788,287)</u>	<u>(660,781)</u>	<u>-</u>
Total revenues and gains	<u>71,396,307</u>	<u>22,706,752</u>	<u>(248,103)</u>	<u>93,854,956</u>
Expenses				
Program services				
Global Mission	53,157,405	-	-	53,157,405
International Board of Education	3,915,954	-	-	3,915,954
Sunday School and Discipleship Ministries	401,444	-	-	401,444
Nazarene Youth International	438,031	-	-	438,031
Board of General Superintendents	2,471,923	-	-	2,471,923
Nazarene communication services	17,695,714	-	-	17,695,714
Church of the Nazarene Foundation	1,684,108	-	-	1,684,108
Other program services, net	38,245	-	-	38,245
Total program services	<u>79,802,824</u>	<u>-</u>	<u>-</u>	<u>79,802,824</u>
Support services				
General and administrative services	18,971,388	2,530	1,240	18,975,158
Total support services	<u>18,971,388</u>	<u>2,530</u>	<u>1,240</u>	<u>18,975,158</u>
Total expenses	<u>98,774,212</u>	<u>2,530</u>	<u>1,240</u>	<u>98,777,982</u>
Change in net assets from operations	<u>(27,377,905)</u>	<u>22,704,222</u>	<u>(249,343)</u>	<u>(4,923,026)</u>
Non-operating income (expense)				
Net investment income	7,520,433	894,770	234	8,415,437
Foreign currency loss	(64,048)	-	-	(64,048)
Other income	377,147	-	-	377,147
Actuarial adjustment of deferred gift agreements	-	(702,342)	-	(702,342)
Other expenses	(372,616)	(42,530)	(17)	(415,163)
Total non-operating income (expense)	<u>7,460,916</u>	<u>149,898</u>	<u>217</u>	<u>7,611,031</u>
Change in net assets before unamortized pension liability	<u>(19,916,989)</u>	<u>22,854,120</u>	<u>(249,126)</u>	<u>2,688,005</u>
Change in unamortized pension liability not included in pension expense	<u>(2,242,793)</u>	<u>-</u>	<u>-</u>	<u>(2,242,793)</u>
Change in net assets	<u>(22,159,782)</u>	<u>22,854,120</u>	<u>(249,126)</u>	<u>445,212</u>
Net assets, beginning of year	136,076,234	18,632,380	6,808,076	161,516,690
Net assets, end of year	<u>\$ 113,916,452</u>	<u>\$ 41,486,500</u>	<u>\$ 6,558,950</u>	<u>\$ 161,961,902</u>

The accompanying notes are an integral part of these statements.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended September 30,

	2015	2014
Cash flows from operating activities		
Change in net assets	\$ (6,990,366)	\$ 445,212
Adjustments to reconcile increase in net assets to net cash used in operating activities		
Depreciation	2,534,748	2,513,672
Net realized and unrealized gains on investments	2,216,417	(7,112,599)
Contributions restricted for long-term investment	(285,482)	(396,162)
Discount amortization on notes receivable	(28,545)	(32,386)
Beneficial interest in charitable trusts	373,205	644,623
Gain on disposal of property and equipment	76,086	31,121
Inventory write-off	898,000	423,020
Pension obligation	3,236,921	2,091,508
Postretirement benefit obligation	(1,590,725)	(1,502,131)
Changes in		
Other receivables	924,890	877,388
Inventories	292,242	2,839,478
Other assets	187,710	1,267,108
Accounts payable and accrued liabilities	(648,494)	(3,518,691)
Net cash provided by (used in) operating activities	1,196,607	(1,428,839)
Cash flows from investing activities		
Purchases of property and equipment	(636,894)	(1,795,210)
Proceeds from disposal of property and equipment	156,827	28,110
Proceeds from sales and maturities of investments and investments - other	9,646,055	122,134,086
Purchases of investments and investments - other	(9,749,946)	(123,327,802)
Net cash used in investing activities	(583,958)	(2,960,816)
Cash flows from financing activities		
Change in deferred gift agreements and funds held in trust	561,487	3,648,287
Proceeds on contributions restricted for long-term investment	285,482	396,162
Payments on notes receivable	172,277	291,617
Payments on debt	-	(1,792,111)
Net cash provided by financing activities	1,019,246	2,543,955
Effect of exchange rate changes on cash and cash equivalents	442,735	297,914
Net decrease in cash and cash equivalents	2,074,630	(1,547,786)
Cash and cash equivalents, beginning of year	22,271,891	23,819,677
Cash and cash equivalents, end of year	\$ 24,346,521	\$ 22,271,891
 Supplemental schedule of cash flow information		
Cash paid during the year for interest	\$ -	\$ 52,798
Noncash investment activities that increased liabilities for deferred gift agreements and funds held in trust		
Investments received	22,974	688,020
Net realized and unrealized gains on investments	(6,780,467)	4,312,632

The accompanying notes are an integral part of these statements.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2015 and 2014

NOTE A - NATURE OF ORGANIZATION

The Church of the Nazarene, Inc. (the “Church”) is organized and shall be operated exclusively for religious purposes including, but not limited to, disseminating the truths and principles of the Holy Bible, and diffusing more generally the blessings of Christian benevolence and charity, Christian education and the Christian religion, through the Nations. The specific purposes and objectives of the Church shall include, but not be limited to the following:

- establishing local churches
- establishing and operating Christian educational institutions, projects and activities for the religious instruction of children and adults
- engaging in missionary activities to establish churches and otherwise to spread the Gospel of Jesus Christ globally
- publishing and distributing Christian religious literature and materials in any and all formats
- rendering Christian aid and service to the elderly, the disabled, sick and impoverished and to others with material and spiritual needs
- engaging in any and all activities appropriate to sustain and support the ministries of the Church
- supporting other organizations, associations, projects, and individuals organized and operated for similar purposes throughout the world.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

1. *Basis of Presentation*

The accompanying consolidated financial statements are prepared on the accrual basis of accounting and present the activities and operations of The Church of the Nazarene, Inc., including the Global Ministry Center, its Global Mission regional offices, its wholly owned subsidiaries Church of the Nazarene Foundation (the Foundation), Harvest Partners, and Nazarene Compassionate Ministries, Inc. (NCM, Inc.), as well as its affiliate Nazarene Publishing House (NPH) (collectively, the Organization). Individual congregations and related service corporations are not included herein.

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, resources are classified for accounting and financial reporting purposes into categories established according to their nature and purpose. The assets, liabilities and net assets of the Organization are reported in three categories as follows:

Unrestricted Net Assets - Unrestricted net assets are resources that are neither permanently nor temporarily restricted by donor-imposed stipulations. The only limits on unrestricted net assets are those resulting from the nature of the Organization and its purposes.

Temporarily Restricted Net Assets - Temporarily restricted net assets are resources whose use by the Organization is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled by actions of the Organization. Donor-restricted investments which are temporarily restricted consist primarily of the Organization's interest in endowments, charitable gift annuities, and beneficial interest in charitable remainder trusts.

Permanently Restricted Net Assets - Permanently restricted net assets are those whose use by the Organization is limited by donor-imposed stipulations requiring that the corpus be maintained in perpetuity. Generally, income earned on related investments, if any, may be restricted by donors or used for unrestricted purposes in the absence of donor restrictions. Interest and dividends from permanently restricted investments are credited to temporarily restricted net assets until they are released for expenditure.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. *Principles of Consolidation*

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The consolidated financial statements include the accounts of The Church of the Nazarene, Inc., including the Global Ministry Center, its Global Mission regional offices, its wholly owned subsidiaries the Foundation, Harvest Partners, and NCM, Inc., as well as its affiliate NPH. NPH is consolidated because The Church of the Nazarene, Inc. has economic interest and control of the majority of voting interest for the NPH board. All material intercompany balances and transactions have been eliminated in consolidation.

3. *Change in Fiscal Year End*

During 2014, the fiscal year end of NPH and NCM, Inc. was changed from December 31 to September 30 so as to coincide with the fiscal year end of The Church of the Nazarene, Inc. Accordingly, the 2014 financial statements of NPH and NCM, Inc. were prepared for the twelve months from October 1, 2013 to September 30, 2014.

4. *Foreign Operations*

The books of record of certain Global Mission regional offices of the Organization which are domiciled and incorporated in a foreign location are kept using the local currency of each respective foreign domicile. However, the U.S dollar is the functional currency of such Global Mission regional offices and the books of record are remeasured into the functional currency for the years ended September 30, 2015 and 2014.

5. *Cash and Cash Equivalents*

Cash and cash equivalents include only funds and overnight investments held in banks for operating purposes. The Organization monitors all major banking relationships in the United States for safety ratings. At September 30, 2015 and 2014, there was approximately \$22,244,000 and \$17,498,000, respectively, held in banks in excess of federally insured limits. Foreign bank balances were approximately \$3,014,000 and \$4,453,000 as of September 30, 2015 and 2014, respectively.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. *Contributions*

Contributions received, including unconditional promises to give, are recognized as revenues when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless restricted by the donor for specific purposes other than for general use by the Organization. Amounts received that are designated for future periods or restricted by the donor for specific purposes outside the general nature of the Organization are reported as temporarily restricted or permanently restricted support which increases those net asset classes. However, if a restriction is fulfilled in the same reporting period in which the contribution is received, the Organization reports the support as unrestricted.

The Organization reports gifts of land, buildings, and equipment at the fair value of the gift on the date received as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used and thus are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed into service.

7. *Gifts-in-Kind*

The financial statements reflect the value of equipment supplies and other items received and distributed in connection with the programs and activities. Their value is determined by estimating the fair value at the date of receipt. In addition, the Organization received the free use of warehouse space from other organizations for storage of inventory. The Organization recognizes the fair value of donated facilities. The actual benefit of the donated facilities and the fair values of these items have been reflected in the consolidated statement of activities as gifts-in-kind.

8. *Net Sales Revenue*

Revenues are earned from the printing and sale of religious books, periodicals, curriculum, music, and merchandise, primarily for the Church, book dealers, and churches located through the United States of America.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. *Investments*

Investments consist primarily of marketable securities and alternative investments that are carried at fair value with realized and unrealized gains and losses included in the consolidated statement of activities. The Organization's investment policy for marketable securities is to maintain a target allocation between 50% - 70% of assets in equity securities and 34% - 42% of assets in bond or other fixed-income securities.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

10. *Investments - Other*

The Organization has investments in certificates of deposit and money market accounts with original maturities three months or less that are restricted for long-term purposes and are not available for day to day operations, and thus do not qualify as cash and cash equivalents.

11. *Accounts Receivables*

Receivables are stated at the amount management expects to collect from outstanding balances. The Organization maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Balances become past due according to contractual terms, generally 90 days. Management considers the following factors when determining the collectibility of specific customer accounts: customer credit-worthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Past due balances over 90 days and other higher risk amounts are reviewed individually for collectibility. If the financial condition of a customer were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts and collectibility. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. *Property and Equipment*

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the depreciable assets. The Organization's policy is to capitalize property and equipment with original cost greater than \$500. Estimated useful lives of property and equipment are as follows:

Buildings and improvements	10-50 years
Furniture and equipment	4-8 years

Assets to be disposed of are reported at the lower of carrying amount or fair value, less costs to sell. Expenditures for repairs and maintenance, which do not improve or extend the expected useful lives of the assets, are expensed as incurred while major replacements and improvements are capitalized.

13. *Long-Lived Assets*

The Organization periodically reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset with estimated future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects as well as the effects of obsolescence, demand, competition and other economic factors. For purposes of determining impairment, the Organization groups assets by category. During the years ended September 30, 2015 and 2014, the Organization recognized no such impairment expense.

14. *Deferred Gift/Planned Giving Agreements*

The Organization is a party to various deferred gift and planned giving agreements, including gift annuities, unitrusts, and revocable and irrevocable trusts, whereby the Organization receives funds or assets for which it has fiduciary responsibility for the safekeeping, investment management, and distribution of funds to donor-designated beneficiaries.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

14. *Deferred Gift/Planned Giving Agreements - Continued*

The Organization recognizes an asset and a liability for funds or assets received pursuant to revocable and irrevocable deferred gift agreements for which the Organization is not the donor-designated beneficiary. In certain cases, the Organization is the donor-designated beneficiary and recognizes the receipt of funds or assets as temporarily restricted revenues for irrevocable deferred gift agreements.

Certain agreements may contain an annuity feature, whereby the Organization will pay a fixed annuity to the donor or donor's beneficiary over specified periods of time. At the inception of the agreement, the Organization recognizes a liability equal to the present value of the expected annuity obligation, at the current discount rate of 5%, over the remaining expected life of the annuitant based on established mortality tables. The excess of the value of the funds or assets received over the present value of the annuity obligation is recognized as temporarily restricted net assets of the Organization if the Organization is the designated recipient of the corpus remaining upon the death of the annuitant. The annuity obligation is recalculated on an annual basis to take into consideration changes in the discount period (due to the passage of time) and mortality rates.

Adjustments to the liability to reflect amortization of the discount, re-evaluations of the present value of the estimated future payments to the donor or beneficiary, and changes in actuarial assumptions are recognized in the statement of activities as actuarial adjustment of deferred gift agreements in temporarily restricted net assets based on the donor's restrictions.

From time to time, the assets in a gift annuity contract are exhausted and the Organization uses unrestricted funds to pay the annuity until termination of the contract. Following an evaluation of the Organization's gift annuity contracts over the life of the gift annuity pool by Kaspick & Company, the Organization set aside a reserve of \$1 million in December 2013 to fund underwater gift annuity payments for these contracts. The amount reserved as of September 30, 2015 and 2014 is \$952,389 and \$984,366, respectively. Any amounts not needed from this reserve will be transferred to the Organization's Operating Reserve.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

15. *Income Taxes*

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization would be subject to federal income taxes on the net income from certain operations if such operations generated unrelated business income. The Organization did not report any such unrelated business during 2015 or 2014. Therefore, no provision for income tax has been made in the accompanying financial statements.

The Financial Accounting Standards Board issued guidance that requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no such positions as of September 30, 2015 or 2014 and, accordingly, no liability has been accrued with respect to uncertain tax positions.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2012.

16. *Fair Value Measurements*

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The exit price is based on the amount that the holder of the asset or liability would receive or pay in an actual transaction (or in a hypothetical transaction if an actual transaction does not exist) at the measurement date.

The carrying amounts of cash and cash equivalents are a reasonable estimate of their fair value because of the highly liquid status and short maturities. The carrying amounts of investments - other and accounts payable are a reasonable estimate of their fair value because of their short-term nature.

Fair value is generally determined based on quoted market prices in active markets for identical assets or liabilities. If quoted market prices are not available, the Organization uses valuation techniques that place greater reliance on observable inputs and less reliance on unobservable inputs (see Note D). In measuring fair value, the Organization may make adjustments for risks and uncertainties if a market participant would include such an adjustment in its pricing.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

17. *Endowment Funds*

Interpretation of Relevant Law

The State of Missouri applies the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Based on its interpretation of the provisions of UPMIFA, the Organization is required to act prudently when making decisions to spend or accumulate donor-restricted endowment assets and, in doing so, to consider a number of factors including the duration and preservation of its donor-restricted endowment funds. As a result of this interpretation, the Organization classified as permanently restricted net assets the original value of the gifts donated to the permanent endowment. The remaining portion of the endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, unless otherwise directed by the applicable donor, until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard prudence prescribed by UPMIFA. The Organization's endowments are invested in institutional funds that incurred an average gain of 5% for the years ended September 30, 2015 and 2014.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration of the fund
- The purposes of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the General Board, the endowment assets are invested with the following objectives in priority order: (1) longer-term capital appreciation; and (2) prudent investment risk.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

18. *Endowment Funds - Continued*

Strategies Employed for Achieving Objectives

The Organization's goal for the investment of non-pension assets is to provide the highest level of appreciation in market value consistent with a prudent level of risk, while taking into consideration the planned duration of the investment. The Investment Committee of the Organization develops and maintains asset mix guidelines for each of the categories of assets taking into consideration the planned duration of the investments. The asset mix guidelines are reviewed by the Investment Committee at least once a year with a formal review every three years. The Investment Committee may change the asset mix at any time.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy which permits annual spending of an approved percentage of 5%, multiplied by the fiscal year end fair market value of endowment, with a six month proration for contributions received during the year. Endowment contributions must be received by March 31 of a given year in order to be included in that year's distribution calculation. In the event that the rate of return does not meet expected benchmarks in any given year, endowments which must maintain a minimum historic dollar value will not distribute the full amount if that distribution would cause the endowment's value to drop below its minimum required level. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

19. *Notes Receivable*

From time to time, the Foundation receives gifts of property and stock from donors. The Foundation will sell these assets and enter into a promissory note with the buyer for all or a portion of the proceeds of the assets. Such promissory notes receivable are recorded at the estimated collectible amounts, and a portion of these notes is secured by real property. Interest income on notes is recognized using the interest method. Interest income on impaired notes is recognized on the accrual basis until the account becomes severely delinquent, at which time the notes are placed on non-accrual status. Interest income is subsequently recognized to the extent cash payments are received. The accrual of interest resumes when the notes are brought current and removed from non-accrual status.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

20. *Inventory Pricing*

Inventories, which consist primarily of finished goods, are stated at the lower of cost or market and are determined under the average cost method. An allowance for inventory valuation is recorded for finished goods inventory, other than non-periodical finished goods inventory.

21. *Advertising*

Advertising costs are expensed as incurred. Advertising costs of \$189,303 and \$723,992 were expensed in 2015 and 2014, respectively. These costs are included in program services in the consolidated statement of activities.

22. *Shipping and Handling Costs*

Shipping and handling costs totaled \$436,522 and \$745,242 for the years ended September 30, 2015 and 2014, respectively. These costs are included in program services in the consolidated statement of activities.

23. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Significant estimates included in the consolidated financial statements are the inventory allowance, valuations of pension and postretirement benefit obligations, deferred gift agreements, fair value of investments, and useful lives of property and equipment. Actual results could differ from those estimates.

24. *Subsequent Events*

Management has evaluated events and transactions that have occurred since September 30, 2015 and reflected their effects, if any, in these consolidated financial statements through February 19, 2016, the date the consolidated financial statements were available to be issued.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE C - INVESTMENTS, AT FAIR VALUE

Investments consisted of the following at September 30,

	2015		2014	
	Cost	Fair value	Cost	Fair value
Money market funds	\$ 9,159,047	\$ 9,159,047	\$ 7,081,776	\$ 7,081,776
Certificates of deposit	3,001,174	3,001,174	3,302,630	3,302,630
Mutual funds				
Large blend	13,532,342	17,748,861	11,535,403	18,229,289
Medium blend	920,240	1,020,172	980,588	1,130,535
Foreign large blend	16,924,948	15,894,701	15,316,878	16,581,252
Foreign mid/small value	656,257	709,996	547,392	665,184
Emerging markets	1,980,806	1,635,753	1,418,493	1,480,739
Domestic REITs	4,564,321	4,688,272	3,966,587	4,448,378
International REITs	2,688,140	2,794,767	2,296,430	2,626,517
Intermediate-term bond	30,379,446	30,444,915	31,622,193	31,896,185
Foreign bond	8,584,022	8,489,205	8,593,118	8,932,696
High quality bond	6,468,227	6,435,052	6,515,589	6,326,202
Investment grade bond	17,023,521	16,224,288	16,541,007	16,680,013
High yield bond	4,501,867	4,343,863	6,918,444	6,907,961
Common stocks				
Large cap core	19,877,213	18,524,824	18,261,285	21,618,087
Large cap growth	8,759,790	10,715,808	8,030,986	11,091,357
Small cap growth	3,775,908	4,038,620	3,638,292	4,135,248
Small cap value	4,243,667	3,995,255	4,434,159	4,119,671
U.S. government obligations	141,703	139,436	367,988	435,312
Corporate bonds	8,111,119	8,106,998	5,610,871	5,643,474
Alternative investments				
Real assets	694,202	891,271	735,883	966,650
Mineral rights	1,207,994	1,276,741	1,209,797	1,696,573
Mortgages	38,627	38,627	38,627	38,627
	\$ 167,234,581	\$ 170,317,646	\$ 158,964,416	\$ 176,034,356

Included in the investment totals above are investments held in trust for affiliated organizations and investments held pursuant to deferred gift and planned giving agreements. The fair value of those investments amounted to \$68,938,809 and \$70,940,037 as of September 30, 2015 and 2014, respectively.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE C - INVESTMENTS, AT FAIR VALUE - Continued

Net investment income consisted of the following for the year ended September 30,

	<u>2015</u>	<u>2014</u>
Net realized and unrealized gain (loss) on investments	\$ (2,216,417)	\$ 7,112,599
Interest, dividends, and other income	1,552,383	1,639,157
Investment fees	(335,573)	(336,319)
	<u>\$ (999,607)</u>	<u>\$ 8,415,437</u>

Investment fees paid for the year ended September 30, 2015 and 2014, as shown above, are netted against the proceeds from sale of investments in the statement of cash flows.

NOTE D - FAIR VALUE MEASUREMENTS

The fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and management's assumptions (unobservable inputs). Where an asset or a liability falls within that hierarchy depends on the lowest-level input which is significant to the fair value measurements as a whole. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy. The hierarchy consists of three broad levels as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.

Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

The determination of where an asset or a liability falls in the hierarchy requires significant judgment. The Organization evaluates its hierarchy disclosures for each reporting period based on various factors. It is possible that an asset or a liability may be classified differently from one reporting period to another. However, the Organization expects that changes in classifications between different levels will be rare.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE D - FAIR VALUE MEASUREMENTS - Continued

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Money market funds, common stocks and mutual funds - Valued based on quoted market prices.

U.S. government obligations - Valued at the last traded price by obtaining feeds from a number of live data sources including active market makers and inter-dealer brokers.

Certificates of deposit and corporate bonds - Determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest rate curves and referenced credit spreads, and estimated prepayment rates, where applicable, are used for valuation purposes provided by third-party pricing services where quoted market values are not available.

Alternative investments - Consists of investments aggregated into real assets, mineral rights and mortgages based upon their underlying investments. The fair values of real assets and mortgages are based on realtor estimates, comparable sales data, and tax assessments. The fair values of mineral rights are based upon the expected future cash flows of the mineral assets. These investments are classified within Level 3 of the fair value hierarchy. Additionally, these assets are not limited to when redeemed and do not have any lockup provisions.

Beneficial interest in charitable remainder trusts, net - Valued based on the fair value of the underlying trust assets less a payment liability. The value is determined by calculating the present value of the expected future income and distributions, using published life expectancy tables and a 5% rate of return.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The Organization's financial assets and liabilities measured at fair value on a recurring basis were as follows at September 30, 2015:

	<u>Fair value measurements at reporting date using</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Money market funds	\$ 9,159,047	\$ -	\$ -	\$ 9,159,047
Certificates of deposit	3,001,174	-	-	3,001,174
Mutual funds				
Large blend	17,748,861	-	-	17,748,861
Medium blend	1,020,172	-	-	1,020,172
Foreign large blend	15,894,701	-	-	15,894,701
Foreign mid/small value	709,996	-	-	709,996
Emerging markets	1,635,753	-	-	1,635,753
Domestic REITs	4,688,272	-	-	4,688,272
International REITs	2,794,767	-	-	2,794,767
Intermediate-term bond	30,444,915	-	-	30,444,915
Foreign bond	8,489,205	-	-	8,489,205
High quality bond	6,435,052	-	-	6,435,052
Investment grade bond	16,224,288	-	-	16,224,288
High yield bond	4,343,863	-	-	4,343,863
Common stocks				
Large cap core	18,524,824	-	-	18,524,824
Large cap growth	10,715,808	-	-	10,715,808
Small cap growth	4,038,620	-	-	4,038,620
Small cap value	3,995,255	-	-	3,995,255
U.S. government obligations	-	139,436	-	139,436
Corporate bonds	-	8,106,998	-	8,106,998
Alternative investments				
Real assets	-	-	891,271	891,271
Mineral rights	-	-	1,276,741	1,276,741
Mortgages	-	-	38,627	38,627
Total investments	159,864,573	8,246,434	2,206,639	170,317,646
Beneficial interest in charitable remainder trusts, net	-	-	861,558	861,558
	<u>\$ 159,864,573</u>	<u>\$ 8,246,434</u>	<u>\$ 3,068,197</u>	<u>\$ 171,179,204</u>

Included in the investment balances noted above, are Funds Held for Others (See Note H).

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The Organization's financial assets and liabilities measured at fair value on a recurring basis were as follows at September 30, 2014:

	Fair value measurements at reporting date using			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 7,081,776	\$ -	\$ -	\$ 7,081,776
Certificates of deposit	3,302,630	-	-	3,302,630
Mutual funds				
Large blend	18,229,289	-	-	18,229,289
Medium blend	1,130,535	-	-	1,130,535
Foreign large blend	16,581,252	-	-	16,581,252
Foreign mid/small value	665,184	-	-	665,184
Emerging markets	1,480,739	-	-	1,480,739
Domestic REITs	4,448,378	-	-	4,448,378
International REITs	2,626,517	-	-	2,626,517
Intermediate-term bond	31,896,185	-	-	31,896,185
Foreign bond	8,932,696	-	-	8,932,696
High quality bond	6,326,202	-	-	6,326,202
Investment grade bond	16,680,013	-	-	16,680,013
High yield bond	6,907,961	-	-	6,907,961
Common stocks				
Large cap core	21,618,087	-	-	21,618,087
Large cap growth	11,091,357	-	-	11,091,357
Small cap growth	4,135,248	-	-	4,135,248
Small cap value	4,119,671	-	-	4,119,671
U.S. government obligations	-	435,312	-	435,312
Corporate bonds	-	5,643,474	-	5,643,474
Alternative investments				
Real assets	-	-	966,650	966,650
Mineral rights	-	-	1,696,573	1,696,573
Mortgages	-	-	38,627	38,627
Total investments	<u>167,253,720</u>	<u>6,078,786</u>	<u>2,701,850</u>	<u>176,034,356</u>
Beneficial interest in charitable remainder trusts, net	-	-	1,183,083	1,183,083
	<u>\$ 167,253,720</u>	<u>\$ 6,078,786</u>	<u>\$ 3,884,933</u>	<u>\$ 177,217,439</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The following is a reconciliation of the beginning and ending balances of financial assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended September 30, 2015.

	Real assets	Mineral rights	Mortgages	Beneficial interest in charitable remainder trusts	Total
Fair value, October 1, 2013	\$ 1,066,014	\$ 439,525	\$ 38,627	\$ 1,828,928	\$ 3,373,094
Gains (losses)					
Realized	(81,093)	-	-	-	(81,093)
Unrealized	1,500	569,028	-	5,771	576,299
Contributions	825,680	688,020	-	-	1,513,700
Sales/transfers/payments	(845,451)	-	-	(651,616)	(1,497,067)
Fair value, September 30, 2014	966,650	1,696,573	38,627	1,183,083	3,884,933
Gains (losses)					
Realized	1,309	-	-	-	1,309
Unrealized	(1,100)	(419,832)	-	(270,380)	(691,312)
Contributions	363,845	-	-	-	363,845
Sales/transfers/payments	(439,433)	-	-	(51,145)	(490,578)
Fair value, September 30, 2015	<u>\$ 891,271</u>	<u>\$ 1,276,741</u>	<u>\$ 38,627</u>	<u>\$ 861,558</u>	<u>\$ 3,068,197</u>

The following table represents the quantitative information about Level 3 fair value measurements as of September 30, 2015:

	Fair value	Valuation technique	Significant Unobservable	Inputs
Real assets	\$ 891,271	Sales comparison	Realtor estimates	N/A
Mineral rights	\$ 1,276,741	Discounted cash flow	Discount rate	6%
Mortgages	\$ 38,627	Sales comparison	Realtor estimates	N/A
Beneficial interest in charitable remainder trusts	\$ 861,558	Discounted cash flow	Discount rate	5%

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE E - PROPERTY AND EQUIPMENT

Major classifications of property and equipment consisted of the following at September 30,

	<u>2015</u>	<u>2014</u>
Buildings and improvements	\$ 54,587,585	\$ 54,531,068
Furniture and equipment	20,802,501	21,106,310
Construction in progress	<u>265,669</u>	<u>265,669</u>
	75,655,755	75,903,047
Accumulated depreciation	<u>(35,428,274)</u>	<u>(33,666,435)</u>
	40,227,481	42,236,612
Land	<u>7,236,148</u>	<u>7,396,602</u>
	<u>\$ 47,463,629</u>	<u>\$ 49,633,214</u>

Depreciation expense amounted to \$2,534,748 and \$2,513,672 for the years ended September 30, 2015 and 2014, respectively.

NOTE F - DEFERRED GIFT AGREEMENTS OUTSTANDING

Deferred gift agreements outstanding represent the liability for various planned giving and revocable and irrevocable trust instruments for which the Organization has fiduciary responsibility for the safekeeping, investment management, and distribution of such funds to donor-designated Church ministries at the termination of such instruments.

NOTE G - FUNDS HELD IN TRUST

Funds held in trust consist of deposits made with the Organization by affiliated organizations for investment purposes and other miscellaneous deposits. Income earned from the investment of these deposits serves to increase the funds held in trust.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE H - NET ASSETS

1. *Temporarily Restricted Net Assets*

Temporarily restricted net assets were available for the following purposes or periods as of September 30,

	<u>2015</u>	<u>2014</u>
Deferred gift/planned giving agreements	\$ 4,638,000	\$ 5,386,505
Endowments	2,744,191	3,380,743
Compassionate Ministries	7,849,289	7,009,063
Nazarene Missions International	416,808	449,455
Harvest Partners	1,271,450	1,506,210
International Board of Education	949,217	1,011,830
Global Mission Ministries	23,155,368	22,137,109
Donor advised funds	568,245	434,845
Other	170,738	170,740
	<u>\$ 41,763,306</u>	<u>\$ 41,486,500</u>

Net assets amounting to \$2,789,147 and \$788,287 for the years ended September 30, 2015 and 2014, respectively, were released from temporary restrictions into unrestricted net assets primarily due to the termination of the related planned giving agreements or otherwise in accordance with donor instructions.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE H - NET ASSETS - Continued

2. *Permanently Restricted Net Assets*

Permanently restricted net assets consisted of the following as of September 30,

	<u>2015</u>	<u>2014</u>
Investment in perpetuity, the income from which is expendable to support		
Global Mission	\$ 4,202,839	\$ 3,767,971
International Board of Education	1,099,102	1,083,174
Undesignated	16,797	16,797
Certain local Nazarene churches	424,571	424,571
Church of the Nazarene Foundation	37,679	37,451
Nazarene Youth International	137,852	137,852
Seminary, university, and colleges	100,000	100,000
Other Nazarene ministries	121,243	121,252
Endowments requiring a portion of the income to be added to the principal, with the remaining income distributed to Global Mission	<u>871,082</u>	<u>869,882</u>
	<u>\$ 7,011,165</u>	<u>\$ 6,558,950</u>

Net assets amounting to \$0 and \$660,781 for the years ended September 30, 2015 and 2014, respectively, were released by the Foundation from permanently restricted net assets into unrestricted net assets in accordance with donor instructions.

NOTE I - PENSIONS AND BENEFITS FUND

The Pensions and Benefits Fund (the Fund) provides various retirement, insurance, and benevolence programs to ministers and their spouses or surviving family members. The Fund is funded by local churches participating in the programs. The Fund is administered by the Board of Pensions and Benefits USA (the Board of Pensions) on behalf of the Organization. The assets of the Fund are included in separate financial statements.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE J - NAZARENE HEALTH AND HOSPITALIZATION PROGRAM

The Nazarene Health and Hospitalization Program (the NHHP) was established to provide health care benefits. The NHHP includes coverage under two separate plan documents identified as the Missionary Medical Plan (the Missionary Plan) and the General Church Medical Plan (the General Church Plan). The plans are administered by the Board of Pensions on behalf of the Organization.

Not less than one-half of the contributions for participant coverage are paid by the respective employers. All medical and dental benefits of the two plans are self-funded through specific and aggregate reinsurance policies.

The Organization contributed \$1,645,091 and \$1,462,046 to the Missionary Plan and \$2,636,294 and \$3,155,841 to the General Church Plan for the years ended September 30, 2015 and 2014, respectively.

The assets of the NHHP are included in separate financial statements.

NOTE K - PENSION AND POSTRETIREMENT BENEFITS

1. *World Mission Pension Plans*

The Organization maintains the World Mission Pension Plans (the Plans) noncontributory defined benefit pension plans covering missionaries under contract with the Organization prior to December 31, 1997. New participation was frozen such that there were no new entrants after December 31, 1997. The benefits are based on years of service. The Organization's funding policy is to contribute annually the amount needed to provide not only for benefits for service to date, but also for those benefits expected to be earned in the future. For new missionaries under contract after December 31, 1997, retirement benefits are provided by the Nazarene 403(b) Retirement Savings Plan.

The Organization's projected benefit obligation under the Plans exceeded the fair value of Plan assets by \$2,138,722 and \$994,374 at September 30, 2015 and 2014, respectively, therefore, the Plans are underfunded.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans - Continued*

The amounts recognized for the Plans in the Organization's unamortized pension liability consisted of the following at September 30,

	<u>2015</u>	<u>2014</u>
Prior service cost	\$ 28,793	\$ 52,785
Net actuarial loss	<u>3,286,514</u>	<u>1,859,391</u>
	<u>\$ 3,315,307</u>	<u>\$ 1,912,176</u>

The amounts for the Plans included in the Organization's unamortized pension liability at September 30, 2015 and expected to be amortized in net periodic pension cost for fiscal 2016 are as follows:

Prior service cost	\$ 23,992
Net actuarial loss	<u>312,025</u>
	<u>\$ 336,017</u>

The following table presents the benefit obligation, the fair value of Plan assets, the funded status of the Plans, and the principal weighted-average assumptions used as of September 30,

	<u>2015</u>	<u>2014</u>
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 10,309,026	\$ 10,456,962
Service cost	6,718	8,015
Interest cost	379,352	424,742
Benefits paid	(879,948)	(888,713)
Actuarial loss	<u>852,425</u>	<u>308,020</u>
Benefit obligation, end of year	<u>10,667,573</u>	<u>10,309,026</u>
Change in Plan assets		
Fair value of Plan assets, beginning of year	9,314,652	9,159,754
Actual return (loss) on Plan assets	(60,231)	882,654
Employer contributions	154,378	160,957
Benefits paid	(879,948)	(888,713)
Fair value of Plan assets, end of year	<u>8,528,851</u>	<u>9,314,652</u>
Underfunded status, end of year	<u>\$ (2,138,722)</u>	<u>\$ (994,374)</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans - Continued*

	2015	2014
Measurement date and weighted-average assumptions		
Used to determine benefit obligation		
Measurement date	9/30/15	9/30/14
Discount rate	3.90%	3.85%
Used to determine net periodic benefit cost		
Measurement date	10/1/14	10/1/13
Discount rate	3.85%	4.25%
Expected return on Plan assets	7.00%	7.00%

Net periodic pension cost included the following components as of September 30,

	2015	2014
Service cost	\$ 6,718	\$ 8,015
Interest cost	379,352	424,742
Expected return on Plan assets	(625,899)	(614,895)
Amortization of		
Prior service cost	23,992	23,992
Net actuarial loss	111,432	112,412
	\$ (104,405)	\$ (45,734)

The Organization's investment policy for the Plans is to maintain a target allocation between 50% - 70% of Plan assets in equity securities and 34% - 42% of Plan assets in bond or other fixed-income securities. Contributions and benefit payments are used to maintain the actual asset allocation as close as is practicable to the target allocation. Plan assets are broadly diversified to limit the impact of losses in individual investments on the total portfolio.

Actual allocation of Plan assets by percentage was as follows at September 30,

	2015	2014
Equity securities	62%	62%
Debt securities	38%	38%
	100%	100%

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans - Continued*

The fair value hierarchy for classifying fair value measurements of assets and liabilities, as set forth in ASC 820, is as follows:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.
- Level 3 - Unobservable inputs developed using the Organization's estimates and assumptions, which reflect those which market participants would use.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

A description of the valuation methodologies used for assets measured at fair value is disclosed in Note D.

The entirety of the Plans' investments is in the Pension Investment Trust (the Trust), which was established for the investment of assets of the Plans and the Single Defined Benefit Pension Plan. Each participating retirement plan has an undivided interest in the Trust. The assets of the Trust are held by Northern Trust Company (the Custodian).

The value of the Plans' interest in the Trust is based on the beginning-of-year value of the Plans' interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. At September 30, 2015 and 2014, the Plans' interest in the net assets of the Trust was approximately 7% and 8%, respectively. There are no restrictions on the redemption of the Plans' interest in the net assets of the Trust as of September 30, 2015 and 2014. Investment income and administrative expenses relating to the Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans - Continued*

The Trust's assets are eligible to be measured at net asset value as a practical expedient and those investments are not required to be categorized in the fair value hierarchy. The Trust's net assets are measured at fair value on a recurring basis, subject to the disclosure requirements of ASC 715, *Compensation Retirement Benefits*, (ASC 715) were as follows at September 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 3,055,485	\$ -	\$ -	\$ 3,055,485
U.S. common stocks	27,446,164	-	-	27,446,164
U.S. government obligations and agency securities	1,043	-	-	1,043
Rights/Warrants	425	-	-	425
Mutual funds	37,074,358	-	-	37,074,358
Total assets in the fair value hierarchy	<u>\$ 67,577,475</u>	<u>\$ -</u>	<u>\$ -</u>	67,577,475
Collective investment funds measured at net asset value				47,870,370
Investments at fair value				<u>\$ 115,447,845</u>

The Trust's assets measured at fair value on a recurring basis, subject to the disclosure requirements of ASC 715, *Compensation Retirement Benefits*, (ASC 715) were as follows at September 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 979,603	\$ -	\$ -	\$ 979,603
U.S. common stocks	62,980,116	-	-	62,980,116
U.S. government obligations and agency securities	1,475	-	-	1,475
Mutual funds	41,742,358	-	-	41,742,358
Total assets in the fair value hierarchy	<u>\$ 105,703,552</u>	<u>\$ -</u>	<u>\$ -</u>	105,703,552
Collective investment funds measured at net asset value				14,611,810
Investments at fair value				<u>\$ 120,315,362</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans – Continued*

During the year ending September 30, 2016, employer contributions to the Plans are expected to be approximately \$155,000.

Benefits reflecting future service are expected to be paid as follows for the year ending September 30,

<u>Year ending September 30,</u>	<u>Amount</u>
2016	\$ 893,932
2017	887,060
2018	872,107
2019	853,682
2020	830,571
21-2025	3,703,900

2. *Postretirement Benefits*

In conjunction with the NHHP, the Organization has plans that provide postretirement health care benefits for certain groups of retired employees. The Organization's postretirement benefit health care plans are not currently funded.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

2. *Postretirement Benefits - Continued*

The following table sets forth the other postretirement benefit plans' status as of September 30,

	<u>2015</u>	<u>2014</u>
Benefit obligation	<u>\$ (12,313,661)</u>	<u>\$ (13,725,415)</u>
Fair value of Plan assets	<u>-</u>	<u>-</u>
Unfunded status	<u>(12,313,661)</u>	<u>(13,725,415)</u>
Unrecognized net actuarial gain (loss)	<u>(4,222,500)</u>	<u>(3,843,949)</u>
Unrecognized prior service cost	<u>(4,872,351)</u>	<u>(5,496,703)</u>
Benefit liability recognized in the statement of financial position	<u><u>\$ (21,408,512)</u></u>	<u><u>\$ (23,066,067)</u></u>
Benefit (income) cost recognized in the statement of activities	<u><u>\$ (652,959)</u></u>	<u><u>\$ (609,097)</u></u>
	<u>2015</u>	<u>2014</u>
Weighted-average assumptions used to determine benefit obligation discount rate	3.75%	3.65%

During the year ending September 30, 2016, employer contributions to other postretirement benefit plans are expected to be approximately \$1,134,391.

Benefits, net of Medicare Part D subsidy, reflecting future service are expected to be paid as follows for the year ending September 30,

<u>Year ending</u>	<u>Amount</u>
2016	\$ 1,134,391
2017	1,117,775
2018	1,096,326
2019	1,069,290
2020	1,047,488
2021-2028	4,998,107

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

2. *Postretirement Benefits - Continued*

For measurement purposes, an annual rate of increase of 7.5% in the per capita cost of covered health care benefits was assumed for 2015 and 2014. The rate was assumed to decrease by 0.5% per year thereafter, to become 5% in 2020.

Selected components of net periodic benefit cost were as follows at September 30

	<u>2015</u>	<u>2014</u>
Current service cost	\$ 96,475	\$ 87,451
Employer contributions	1,014,904	968,961
Benefits paid	(1,014,904)	(968,961)

3. *Single Defined Benefit Pension Plan*

The Basic Pension Plan and the General Church Pension Plan have been merged to form the Single Defined Benefit Pension Plan (the Single Defined Plan), and no new entrants were admitted into the Single Benefit Plan after December 31, 1995. Participants in the Single Defined Plan have been grandfathered in so that no one having years of service under the predecessor plans will receive less under the Single Defined Plan than what would have been paid under the predecessor plans had they continued unchanged. The Single Defined Plan is a multiemployer plan that provides retirement benefits at age 65 to qualified full-time employees, pastors, evangelists, and district-licensed laypersons serving organized churches. The Single Defined Plan is a defined benefit plan and is administered by the Board of Pensions on behalf of the Organization. The assets are held in trust by the Board of Pensions, and separate financial statements are prepared for the Single Defined Plan. Contributions of \$9,000,000 and \$8,500,000 were made by the employers to the Single Defined Plan for the years ended September 30, 2015 and 2014, respectively.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

4. *Nazarene 403(b) Retirement Savings Plan*

The Nazarene 403(b) Retirement Savings Plan (the 403(b) Plan) was established for all U.S. ministers and laypersons serving local congregations and districts, as well as for general church employees. The annual pension supplement amount contributed from the Fund receipts or agency funds is determined annually by the Board of Pensions. Ministerial employees may receive a bonus if their local church or district pays 100% of their allocated Fund amounts. The bonus amount is determined annually by the Board of Pensions.

Employees may elect to participate in the 403(b) Plan through salary-reduction contributions. Employers make matching contributions to their respective participating employees' accounts. Local church and agency employers are encouraged to establish policies to match amounts of voluntary salary-reduction contributions up to at least 3% of salary. Contributions are made directly to Fidelity Investments.

The total cost of contributions made to the 403(b) Plan through the Fund and NPH was \$1,796,348 for the year ended September 30, 2015 and \$3,300,005 for the year ended September 30, 2014. The cash value of all participant accounts was \$366,683,776 and \$353,304,839 as of September 30, 2015 and 2014, respectively.

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN

1. *Defined Benefit Plan*

Effective January 1, 1987, NPH was an adopting employer of a plan sponsored by the General Board of the Church of the Nazarene. The Nazarene Publishing House Pension Plan (the NPH Pension Plan) is a qualified contributory defined benefit plan covering substantially all full-time employees with six months of service. The NPH Pension Plan provides benefits based on years of service and an employee's highest average compensation over any five-year period. Participants must contribute 2% of compensation to the Pension Plan. All participants in the NPH Pension Plan are retired and receiving benefits and no new participants were eligible for the plan after April 1, 2013. NPH's funding policy is based on actuarial valuations and recommendations as to the amounts required to fund benefits under the NPH Pension Plan. Effective December 1, 2014, benefits under the NPH Pension Plan were frozen as well as participation such that there are no new entrants after December 1, 2014.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. Defined Benefit Plan - Continued

The Organization's projected benefit obligation under the Plan exceeded the fair value of Plan assets by \$7,524,428 at September 30, 2015, therefore, the Plan is underfunded.

The annual measurement date for the NPH Pension Plan is December 31. The financial disclosure information for the fiscal year ending September 30, 2015 and the net periodic benefit cost for fiscal 2016 were prepared as of and for the period ended September 30, 2015. The following tables provide further information about NPH's pension plan:

	<u>2015</u>	<u>2014</u>
Weighted-average assumptions used to determine benefit obligations at September 30		
Discount rate	4.20%	4.30%
Rate of compensation increase	3.50%	3.50%
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 29,846,322	\$ 27,576,368
Service cost	101,303	262,549
Interest cost	1,182,502	961,944
Actuarial loss	2,683,090	2,033,708
Plan participants contributions	11,148	46,589
Benefits paid	(2,153,369)	(1,034,836)
Curtailments	(2,252,310)	-
Termination Benefits	658,419	-
Benefit obligation, end of year	<u>\$ 30,077,105</u>	<u>\$ 29,846,322</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. Defined Benefit Plan - Continued

	2015	2014
Change in plan assets		
Fair value of plan assets, beginning of year	\$ 24,418,733	\$ 24,387,705
Actual return on plan assets	276,165	1,019,275
Employer contribution	-	-
Plan participants contribution	11,148	46,589
Benefits paid	<u>(2,153,369)</u>	<u>(1,034,836)</u>
Fair value of plan assets , end of year	<u>\$ 22,552,677</u>	<u>\$ 24,418,733</u>
Net amount recognized, end of year		
Fair value of plan assets	\$ 22,552,677	\$ 24,418,733
Benefit obligations	<u>30,077,105</u>	<u>29,846,322</u>
Net amount recognized	<u>\$ (7,524,428)</u>	<u>\$ (5,427,589)</u>
Amounts recognized in the statement of financial position consist of		
Noncurrent asset	\$ -	\$ -
Noncurrent liability	<u>(7,524,428)</u>	<u>(5,427,589)</u>
	<u>\$ (7,524,428)</u>	<u>\$ (5,427,589)</u>
Amounts not yet reflected in net periodic benefit cost and included in changes in unrestricted net assets consist of		
Net actuarial loss	<u>\$ 6,953,550</u>	<u>\$ 5,227,126</u>
Accumulated benefit obligation	<u>\$ 30,077,105</u>	<u>\$ 27,633,686</u>
Other changes in plan assets and benefit obligations included in unrestricted net assets during the year		
Current-year actuarial loss	\$ 1,817,375	\$ 2,348,708
Amortization of actuarial loss	(90,951)	(9,772)
Amortization of prior service cost	-	-
	<u>\$ 1,726,424</u>	<u>\$ 2,338,936</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. Defined Benefit Plan - Continued

	<u>2015</u>	<u>2014</u>
Weighted-average assumptions used to determine net periodic pension cost		
Discount rate	4.30%/4.00%	4.70%
Expected return on plan assets	7.00%	7.50%
Rate of compensation increase	3.50%	3.50%

The expected rate of return on pension plan assets is determined by the historical long-term investment performance of those assets, current asset allocation, and estimates of future long-term returns by asset class.

	<u>2015</u>	<u>2014</u>
Components of net periodic pension cost		
Service cost	\$ 101,303	\$ 262,549
Interest cost	1,182,502	961,944
Expected return on plan assets	(1,662,760)	(1,334,275)
Amortization of prior service credit	-	-
Recognized net actuarial loss	90,951	9,772
Net periodic pension cost	<u><u>\$ (288,004)</u></u>	<u><u>\$ (100,010)</u></u>

Plan assets

The fair value of assets was \$22,552,677 and \$24,418,733 as of September 30, 2015 and 2014, respectively.

The NPH Pension Plan's weighted-average asset allocations at September 30, 2015, by asset category, are as follows:

<u>Asset category</u>	<u>2015</u>	<u>2014</u>
Debt securities	5.51%	5.50%
Equity securities	94.49%	94.50%
	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. *Defined Benefit Plan - Continued*

NPH's investment strategy is based on an expectation that equity securities will outperform debt securities over the long term. Accordingly, the composition of NPH's plan assets is broadly characterized as a 60%/40% allocation between equity and debt securities.

NPH attempts to mitigate investment risk by rebalancing between equity and debt classes as its contributions and monthly benefit payments are made. Although changes in interest rates may affect the fair value of a portion of the investment portfolio and cause unrealized gains or losses, such gains or losses would not be realized unless the investments are sold.

The fair values of the Pension plan's assets at September 30, 2015, by category, are as follows:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Fair value
Bonds and mortgages	\$ -	\$ 1,242,729	\$ -	\$ 1,242,729
Money market and mutual funds	21,309,948	-	-	21,309,948
	<u>\$ 21,309,948</u>	<u>\$ 1,242,729</u>	<u>\$ -</u>	<u>\$ 22,552,677</u>

The fair values of the Pension plan's assets at September 30, 2014, by category, are as follows:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Fair value
Bonds and mortgages	\$ -	\$ 1,344,260	\$ -	\$ 1,344,260
Money market and mutual funds	23,074,473	-	-	23,074,473
	<u>\$ 23,074,473</u>	<u>\$ 1,344,260</u>	<u>\$ -</u>	<u>\$ 24,418,733</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. *Defined Benefit Plan - Continued*

The inputs and valuation methods used to determine fair values for Level 2 assets were determined as follows:

The Bond and Mortgage Fund is a pooled separate account in which the NPH Pension Plan owns units of participation, while Principal Life Insurance Company owns the investments. The value of this separate account, which invests in multiple securities, is the fair value, or market value, of the underlying investments, adjusted for expenses. Inputs rely significantly on observable interactive data, which include (in the approximate order of priority for use when available) benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data, and industry and economic events.

Valuation techniques incorporate a multidimensional spread/prepayment model or, for a smaller number of securities, interactive data will rely on actual broker quotes.

Cash flows

Contributions - Expected employer contributions for the 2016 fiscal year total \$0.

Estimated future benefit payments - The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year ended	
2016	\$ 1,708,982
2017	1,671,322
2018	1,685,577
2019	1,741,489
2020	1,765,274
2021-2025	9,247,870

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. *Defined Benefit Plan - Continued*

The amount in unrestricted net assets expected to be recognized in 2016 consists of the components presented below:

Service cost	\$ -
Interest cost	1,227,350
Expected return on assets	(1,518,873)
Amortization of accumulated losses	188,846
Net periodic pension cost	<u><u>\$ (102,677)</u></u>
Discount rate	4.20%
Expected return on plan assets	7.00%
Rate of compensation increase	3.50%

NOTE M - NAZARENE PUBLISHING HOUSE DEFINED BENEFIT POST-RETIREMENT MEDICAL BENEFITS PLAN

NPH does not provide a medical insurance program for retirees; however, all persons who retire from NPH who are Medicare eligible, who have been employed by a NHHP partner at least 10 years and who are listed in NPH's By-Laws as an officer of NPH shall be provided a subsidy to assist with the purchase of a personal retirement medical insurance policy. The subsidy will be provided in cash (with the commensurate tax consequence) or via a health reimbursement account. Currently, that monthly subsidy is approximately \$217 for an individual and \$433 for a couple. Should an officer retire after age 62 but prior to age 65, this benefit will begin once the retiree reaches age 65 and is, therefore, Medicare eligible.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

**NOTE M - NAZARENE PUBLISHING HOUSE DEFINED BENEFIT POST-RETIREMENT
MEDICAL BENEFITS PLAN - Continued**

Due to minimal changes in participants in the plan and relative immateriality, NPH has decided to obtain an actuarial calculation on the consolidated statement of financial position only every three years. The latest calculation and adjustment was as of and for the year ended December 31, 2012. The post-retirement medical benefits liability will be reported at the same balance as of September 30, 2015. The required disclosures under U.S. GAAP as of September 30, 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Change in plan assets		
Fair value of plan assets, beginning of year	\$ -	\$ -
Employer contributions	-	22,581
Plan participants' contributions	-	-
Benefits paid	-	(22,581)
Fair value of assets, end of year	-	-
Benefit obligation, end of year	<u>(494,793)</u>	<u>(499,059)</u>
Funded status	<u>\$ (494,793)</u>	<u>\$ (499,059)</u>
	<u>2015</u>	<u>2014</u>
Disclosed benefit cost		
Employer service cost	\$ 95,152	\$ 95,152
Interest cost	97,765	97,765
Net prior service credit amortization	(174,821)	(174,821)
Net gain amortization	(453)	(453)
Net periodic post-retirement benefit cost	<u>\$ 17,643</u>	<u>\$ 17,643</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

**NOTE M - NAZARENE PUBLISHING HOUSE DEFINED BENEFIT POST-RETIREMENT
MEDICAL BENEFITS PLAN - Continued**

	2015	2014
Assumptions used to determine benefit cost		
Discount rate	4.90%	4.90%
Long-term rate of return on assets	N/A	N/A
Rate of compensation/salary increase	N/A	N/A
Current health care cost trend rate	6.00%	7.50%
Ultimate health care cost trend rate	5.00%	5.00%
Year of ultimate trend rate	2017	2017
Effect of 1% increase in health care cost trend rates		
Employer service cost	119,384	119,384
Interest cost	115,201	115,201
Amount change	41,668	41,668
Percentage change	21.599%	21.599%
Effect of 1% decrease in health care cost trend rates		
Employer service cost	76,995	76,995
Interest cost	83,929	83,929
Amount change	(31,993)	(31,996)
Percentage change	(16.584%)	(16.584%)
Change in benefit obligation		
Benefit obligation, beginning of year	\$ (499,059)	\$ (499,059)
Employer service cost	(480,758)	-
Interest cost	7,416	-
Plan amendments	-	-
Actuarial gain	477,608	-
Benefitis paid directly by NPH	-	-
Benefit obligation, end of year	\$ (494,793)	\$ (499,059)

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

**NOTE M - NAZARENE PUBLISHING HOUSE DEFINED BENEFIT POST-RETIREMENT
MEDICAL BENEFITS PLAN - Continued**

	<u>2015</u>	<u>2014</u>
Assumptions and dates used at disclosure		
Discount rate	4.55%	4.10%
Rate of compensation/salary increase	N/A	N/A
Current health care cost trend rate	N/A	7.50%
Ultimate health care cost trend rate	N/A	5.00%
Year of ultimate trend rate	N/A	2018
Census date	10/1/2015	1/1/12
Effect of 1% increase in health care cost trend rates		
Accumulated post-retirement benefit obligation (APBO)	N/A	\$ 499,235
Amount change	N/A	176
Percentage change	N/A	0.035%
Effect of 1% decrease in health care cost trend rates		
Accumulated post-retirement benefit obligation (APBO)	N/A	\$ 498,880
Amount change	N/A	(179)
Percentage change	N/A	(0.036%)
Accumulated change in net assets		
Net prior service credit	\$ (2,255,854)	\$ (2,736,612)
Net gain	(568,114)	(90,506)
Accumulated change in net assets	<u>\$ (2,823,968)</u>	<u>\$ (2,827,118)</u>
Development of accumulated change in net assets (ACNA)		
ACNA, beginning of year	\$ (2,827,118)	\$ (530,018)
Amounts amortized during the year		
Net prior service credit	174,821	174,821
Net gain	453	453
Occurring during the year		
Net prior service credit	305,937	(1,851,742)
Net gain	(478,061)	(620,632)
ACNA, end of year	<u>\$ (2,823,968)</u>	<u>\$ (2,827,118)</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

**NOTE M - NAZARENE PUBLISHING HOUSE DEFINED BENEFIT POST-RETIREMENT
MEDICAL BENEFITS PLAN - Continued**

Benefit payments and Medicare Part D subsidies, reflecting future service are expected to be paid as follows for the year ending September 30,

<u>Year ending</u>	<u>Amount</u>
2016	\$ 22,133
2017	22,454
2018	21,812
2019	21,262
2020	20,623
2021-2024	109,013

Estimated APBO during the year ending September 30,

<u>Year ending</u>	<u>Amount</u>
2016	\$ 507,751
2017	521,564
2018	537,293
2019	552,268

During the year ending September 30, 2016, the employer contribution to the defined benefit post-retirement medical benefits plan is expected to be approximately \$22,133.

The amounts expected to be amortized during the year ending September 30, 2016 are as follows:

Prior service credit	\$ 396,030
Net actuarial gain	43,871
	<u>\$ 439,901</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE N - NOTES RECEIVABLE

	2015	2014
Note receivable dated December 10, 2010, payable in 5 annual installments of \$21,954 beginning December 10, 2011 (discount is based on imputed interest of 3%)	\$ 21,315	\$ 42,008
Note receivable dated December 10, 2010, payable in 5 annual installments of \$150,323 beginning December 10, 2011 (discount is based on imputed interest of 3%)	145,944	287,638
Note receivable of \$500,000 dated in 2005, payable in 2020 (discount is based on imputed interest of 5%)	391,765	373,110
	\$ 559,024	\$ 702,756

Remaining maturities of notes receivable are as follows:

Year ending September 30,	Amount
2016	\$ 167,259
Thereafter	391,765
	\$ 559,024

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE O - OTHER REVENUE

Other revenue consisted of the following during the years ended September 30,

	<u>2015</u>	<u>2014</u>
Nazarene Youth Conference	\$ 308,741	\$ -
Event registrations	3,465,692	634,154
Mid-Quad Evangelism Conference	40,524	-
Subscriptions and literature sales	319,229	268,020
W&W participant insurance funds	142,960	126,054
Casa Robles	188,683	168,793
American Bible Society	-	38,398
Trustee fees	656,153	594,076
Global Mission activities	982,019	1,058,098
Miscellaneous	244,529	237,652
	<u>\$ 6,348,530</u>	<u>\$ 3,125,245</u>

NOTE P - ENDOWMENT FUNDS

1. *Endowment Composition*

The Organization applies the provisions of ASC Topic 958, *Not-for-Profit Entities* (ASC 958). A key component of ASC 958 is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure.

The Organization's endowment consists of 212 individual funds, a majority of which were established for the benefit of the Organization and local church ministries. Its endowment consists of perpetual and term endowments. As required by generally accepted accounting principles, net assets associated with endowments funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE P - ENDOWMENT FUNDS - Continued

1. *Endowment Composition - Continued*

	September 30, 2015			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Endowment composition by net asset category				
Board designated endowment funds	\$ 2,393,972	\$ -	\$ -	\$ 2,393,972
Donor restricted endowment funds	(17,687)	1,881,150	5,862,050	7,725,513
	<u>\$ 2,376,285</u>	<u>\$ 1,881,150</u>	<u>\$ 5,862,050</u>	<u>\$10,119,485</u>
Change in endowment net assets				
Endowment net assets, October 1, 2014	\$ 2,429,992	\$ 2,289,768	\$ 5,417,829	\$10,137,589
Investment return				
Investment income	107,483	320,613	194	428,290
Appreciation, net (realized and unrealized)	(71,949)	(474,064)	(199)	(546,212)
Total investment return	35,534	(153,451)	(5)	(117,922)
Contributions	2,500	106,000	285,482	393,982
Organization ministries expenses	(49,603)	-	-	(49,603)
Administrative fees	(23,560)	(23,685)	(947)	(48,192)
Appropriation of endowment net assets for expenditure	(18,578)	(337,481)	159,692	(196,367)
Endowment net assets, September 30, 2015	<u>\$ 2,376,285</u>	<u>\$ 1,881,151</u>	<u>\$ 5,862,051</u>	<u>\$10,119,487</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE P - ENDOWMENT FUNDS - Continued

1. *Endowment Composition - Continued*

	September 30, 2014			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment composition by net asset category				
Board designated endowment funds	\$ 2,429,992	\$ -	\$ -	\$ 2,429,992
Donor restricted endowment funds	-	2,289,768	5,417,829	7,707,597
	<u>\$ 2,429,992</u>	<u>\$ 2,289,768</u>	<u>\$ 5,417,829</u>	<u>\$ 10,137,589</u>
Change in endowment net assets				
Endowment net assets, October 1, 2013	\$ 2,381,245	\$ 2,072,269	\$ 5,538,469	\$ 9,991,983
Investment return				
Investment income	77,507	228,527	140	306,174
Appreciation, net (realized and unrealized)	11,664	302,470	94	314,228
Total investment return	89,171	530,997	234	620,402
Contributions	4	62,304	541,162	603,470
Organization ministries expenses	(640,259)	-	-	(640,259)
Administrative fees	(22,819)	(25,521)	(1,257)	(49,597)
Appropriation of endowment net assets for expenditure	622,650	(350,281)	(660,779)	(388,410)
Endowment net assets, September 30, 2014	<u>\$ 2,429,992</u>	<u>\$ 2,289,768</u>	<u>\$ 5,417,829</u>	<u>\$ 10,137,589</u>

2. *Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles accepted in the United States of America, deficiencies of this nature are reported in unrestricted net assets and were \$17,687 and \$56,107 as of September 30, 2015 and 2014, respectively. These deficiencies resulted from unfavorable market fluctuations.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE Q - RELATED PARTY TRANSACTIONS

Certain affiliated organizations deposit excess funds with the Organization for investment purposes. As of September 30, 2015 and 2014, funds held in trust totaled \$56,190,068 and \$56,397,260, respectively. See Note G.

The Organization guaranteed debt on real property related to the worldwide missionary and church growth programs. See Note R.

As of September 30, 2015 and 2014, the Board of Pensions and Benefits USA of the Church of the Nazarene World Mission Pension Plans owed \$13,825 and \$18,273, respectively, to the Organization. As of September 30, 2015 and 2014, the Board of Pensions and Benefits USA of the Church of the Nazarene Single Defined Benefit Pension Plan owed \$50,071 and \$53,928, respectively, to the Organization.

The Organization provides monthly allocations to certain affiliated organizations for support which are included in International Board of Education expense on the statements of activities. Allocations made to Nazarene Bible College for the years ended September 30, 2015 and 2014 totaled \$943,833 and \$880,596, respectively. Allocations made to Nazarene Theological Seminary for the years ended September 30, 2015 and 2014 totaled \$1,249,527 and \$1,165,808, respectively.

NOTE R - COMMITMENTS AND CONTINGENCIES

The Organization is a party to various legal actions arising in the ordinary course of its operations. In management's opinion, the Organization has adequate legal defenses and/or insurance coverage respecting each of these actions and does not believe that they will materially affect the Organization's financial position, changes in net assets, or cash flows.

Debt in the amount of \$739,193 was outstanding on real property related to the worldwide missionary programs as of September 30, 2014. The Organization was the guarantor on \$739,193 of this debt. All of the debt was collateralized by real property, for which management estimated the fair value to approximate \$12,413,794 as of September 30, 2014. The debt and related property are excluded from the Organization's consolidated financial statements. The property was sold during the year ended September 30, 2015.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE S - FUNCTIONAL EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the corresponding program and support services. Fundraising costs were \$2,663,546 and \$2,399,562 for the years ended September 30, 2015 and 2014, respectively.

NOTE T - INVENTORIES

Inventories were as follows at September 30,

	2015	2014
Finished goods	\$ 5,646,282	\$ 6,751,262
Work in process	321,968	536,470
Raw materials	5,032	38,298
Allowance for inventory valuation	(3,428,727)	(3,654,346)
	\$ 2,544,555	\$ 3,671,684

At September 30, 2015 and 2014, the allowance for inventory valuation was \$3,428,727 and \$3,654,346, respectively. The allowance decreased by \$225,619 and increased by \$1,206,152 for the years ended September 30, 2015 and 2014, respectively. Additionally, the allowance was reduced, due to inventory written off, by \$898,000 for 2015 and \$423,020 for 2014.

NOTE U - NAZARENE PUBLISHING HOUSE LEASE WITH DEXTER FULFILLMENT

Effective January 1, 2014, NPH leased certain software and information technology, copyrights, trademarks, equipment and real estate to Dexter Fulfillment Services, LLC (Dexter Fulfillment) as part of an agreement to outsource printing, warehousing and distribution of certain products. The equipment lease term is five years and gives Dexter Fulfillment the right to purchase the equipment at the end of the lease for \$1. The real estate lease term is ten years with annual rents ranging from \$100,000 per year in 2014 to \$565,704 in 2023. Any royalties earned by NPH under the lease of the intellectual property and equipment noted above are deemed to be included in the real estate rental payments. The agreement also permits Dexter Fulfillment to bill NPH at a cost plus 15% for the services enumerated above. As part of the agreement, Dexter agrees to attempt to employ for at least one year 80% of NPH's non-executive employees working in related printing, warehousing and distribution functions.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE U - NAZARENE PUBLISHING HOUSE LEASE WITH DEXTER FULFILLMENT
- Continued

Depreciation expense for assets subject to the lease with Dexter Fulfillment is provided primarily on the straight-line method over the term of the lease in amounts necessary to reduce the carrying amount of the asset to its estimated residual value. Estimated and actual residual values are reviewed on a regular basis to determine that depreciation amounts are appropriate. Depreciation expense relating to property and equipment subject to this leasing arrangement was \$359,649 and \$284,907 for the years ended September 30, 2015 and 2014, respectively, and is included in other expense on the consolidated statement of activities. Rental income from this leasing arrangement was \$474,373 and \$350,734 for the years ended September 30, 2015 and 2014, respectively, and is included in other income on the consolidated statement of activities.

NOTE V - OPERATING LEASES

The Organization leases office equipment under noncancelable operating leases with maturity dates ranging from September 2017 to February 2020.

Minimum lease commitments are as follows:

Year ending September 30,	Amount
2016	\$ 24,326
2017	19,694
2018	2,244
2019	2,244
2020	935
	<u>\$ 49,443</u>

Total lease expense was \$24,787 for 2015 and \$27,531 for 2014.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE V - OPERATING LEASES - Continued

Additionally, NPH leases office equipment under noncancelable leases, accounted for as operating leases, which have various expiration dates through December 2016. Also, during the year ending September 30, 2014, Premier leased a building in Lenexa, Kansas, from Wolf Creek LLC under a noncancelable 10-year lease accounted for as an operating lease. Rental expenses from these leases consisted of \$0 and \$419,258 for the lease of the building and \$0 and \$3,730 for the lease of office equipment for the years ended September 30, 2015 and 2014, respectively. The lease with Wolf Creek LLC was terminated on October 1, 2014 upon the cessation of Premier Studio's operations and no further obligations under the lease are anticipated.

NOTE W - TEMPORARILY RESTRICTED NET ASSETS HELD BY THIRD-PARTY TRUSTEES

The Organization was informed that certain assets in amounts totaling \$818,689 and \$1,086,635 were being held on its behalf by third-party trustees at September 30, 2015 and 2014, respectively. The donors of these assets have designated the Organization as the principal beneficiary of the charitable remainder. These assets are included in temporarily restricted net assets and are invested primarily in fixed money market accounts and land. Because the Organization does not know when conditions will be met for the collection of the charitable remainder, there were no plans as of September 30, 2015 or 2014 for use of the assets.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2015

	Global Ministry Center	Global Regions	Other Entities	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 8,504,836	\$ 12,582,086	\$ 4,406,084	\$ (1,146,485)	\$ 24,346,521
Investments, at fair value	103,529,330	13,989,974	61,961,698	(9,163,356)	170,317,646
Investments - other	4,753,141	96,387	3,108,269	-	7,957,797
Receivables - other	914,888	285,619	2,193,660	(142,400)	3,251,767
Property and equipment, net	30,117,243	11,211,956	6,134,430	-	47,463,629
Beneficial interest in charitable remainder trusts	1,842,585	-	185,898	(1,166,925)	861,558
Notes receivable	-	-	559,024	-	559,024
Inventories, net	-	-	2,544,555	-	2,544,555
Other assets	670,134	138,013	1,278,700	(568)	2,086,279
Total assets	<u>\$ 150,332,157</u>	<u>\$ 38,304,035</u>	<u>\$ 82,372,318</u>	<u>\$ (11,619,734)</u>	<u>\$ 259,388,776</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable and accrued expenses	\$ 3,464,294	\$ 545,973	\$ 1,093,167	\$ (1,251,316)	\$ 3,852,118
Due to The Church of the Nazarene, Inc.	-	-	37,569	(37,569)	-
Deferred gift agreements	7,749,508	-	5,135,289	(143,028)	12,741,769
Funds held in trust	16,149,663	809,864	49,418,362	(10,187,821)	56,190,068
Pension obligation	2,138,722	-	7,524,428	-	9,663,150
Postretirement benefit obligation	21,475,342	-	494,793	-	21,970,135
Total liabilities	<u>50,977,529</u>	<u>1,355,837</u>	<u>63,703,608</u>	<u>(11,619,734)</u>	<u>104,417,240</u>
COMMITMENTS AND CONTINGENCIES					
NET ASSETS					
Unrestricted - undesignated	70,151,779	27,409,559	18,904,583	-	116,465,921
Unrestricted - unamortized pension liability	(3,315,307)	-	(6,953,550)	-	(10,268,857)
Temporarily restricted	29,364,151	8,389,523	4,009,632	-	41,763,306
Permanently restricted	3,154,005	1,149,116	2,708,045	-	7,011,166
Total net assets	<u>99,354,628</u>	<u>36,948,198</u>	<u>18,668,710</u>	<u>-</u>	<u>154,971,536</u>
Total liabilities and net assets	<u>\$ 150,332,157</u>	<u>\$ 38,304,035</u>	<u>\$ 82,372,318</u>	<u>\$ (11,619,734)</u>	<u>\$ 259,388,776</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended September 30, 2015

	Global Ministry Center			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Changes in net assets				
Revenues and gains				
World Evangelism Fund	\$ 38,705,012	\$ -	\$ -	\$ 38,705,012
Mission specials	24,168,168	3,483,261	-	27,651,429
Legacy, gifts, and charitable remainders	1,727,850	(423,230)	17,947	1,322,567
Subsidy from The Church of the Nazarene, Inc.	-	-	-	-
Gifts-in-kind	-	-	-	-
Net sales revenue	-	-	-	-
Other revenue	4,815,423	-	-	4,815,423
Revenues and gains	69,416,453	3,060,031	17,947	72,494,431
Net assets released from restrictions	310,365	(310,365)	-	-
Total revenues and gains	69,726,818	2,749,666	17,947	72,494,431
Expenses				
Program services				
Global Mission	50,771,910	-	-	50,771,910
International Board of Education	3,515,347	-	-	3,515,347
Sunday School and Discipleship Ministries	528,843	-	-	528,843
Nazarene Youth International	548,752	-	-	548,752
Board of General Superintendents	2,570,034	-	-	2,570,034
Nazarene communication services	951,134	-	-	951,134
Church of the Nazarene Foundation	-	-	-	-
Other program services, net	46,073	-	-	46,073
Total program services	58,932,093	-	-	58,932,093
Support services				
General and administrative services	10,668,013	-	-	10,668,013
Fundraising*	2,620,527	-	-	2,620,527
Total support services	13,288,540	-	-	13,288,540
Total expenses	72,220,633	-	-	72,220,633
Change in net assets from operations	(2,493,815)	2,749,666	17,947	273,798
Non-operating income (expense)				
Net investment income	(203,188)	(242,696)	(5)	(445,889)
Foreign currency loss	(108,754)	-	-	(108,754)
Other income	871	-	-	871
Actuarial adjustment of deferred gift agreements	-	22,979	-	22,979
Other expenses	-	(37,148)	(17)	(37,165)
Total non-operating income (expense)	(311,071)	(256,865)	(22)	(567,958)
Change in net assets before unamortized pension liability adjustment	(2,804,886)	2,492,801	17,925	(294,160)
Changes in unamortized pension liability not included in pension expense	(1,403,131)	-	-	(1,403,131)
Increase in net assets	(4,208,017)	2,492,801	17,925	(1,697,291)
Net assets, beginning of year	71,044,488	26,871,351	3,136,080	101,051,919
Net assets, end of year	\$ 66,836,471	\$ 29,364,152	\$ 3,154,005	\$ 99,354,628

* The amounts of these accounts are presented differently in the consolidated statements of activities because fundraising and administrative expenses are combined.

Global Regions				Other Entities				Eliminations	Total
Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total		
\$ -	\$ -	\$ 7,993	\$ -	\$ 1,213,132	\$ -	\$ -	\$ -	\$ -	\$ 38,705,012
29,797,870	-	7,993	29,805,863	1,213,132	127,735	-	1,340,867	(28,821,430)	29,976,729
-	-	-	-	2,379,275	356,327	267,535	3,003,137	(942,866)	3,382,838
-	-	-	-	450,000	-	-	450,000	(450,000)	-
-	-	-	-	6,780,194	-	-	6,780,194	-	6,780,194
-	-	-	-	11,316,612	-	-	11,316,612	(497,403)	10,819,209
1,091,734	-	-	1,091,734	696,220	-	-	696,220	(254,847)	6,348,530
30,889,604	-	7,993	30,897,597	22,835,433	484,062	267,535	23,587,030	(30,966,546)	96,012,512
1,889,979	(1,889,979)	-	-	429,111	(588,803)	159,692	-	-	-
32,779,583	(1,889,979)	7,993	30,897,597	23,264,544	(104,741)	427,227	23,587,030	(30,966,546)	96,012,512
32,247,334	-	-	32,247,334	8,540,661	-	-	8,540,661	(28,458,803)	63,101,102
-	-	-	-	-	-	-	-	(150,330)	3,365,017
-	-	-	-	-	-	-	-	(53,009)	475,834
-	-	-	-	-	-	-	-	(105,806)	442,946
-	-	-	-	-	-	-	-	(115,922)	2,454,112
-	-	-	-	12,396,901	-	-	12,396,901	(305,298)	13,042,737
-	-	-	-	1,995,572	-	-	1,995,572	(942,866)	1,052,706
-	-	-	-	-	-	-	-	(881)	45,192
32,247,334	-	-	32,247,334	22,933,134	-	-	22,933,134	(30,132,915)	83,979,646
1,206,446	-	-	1,206,446	1,399,890	33,090	931	1,433,911	(833,631)	12,474,739
-	-	-	-	43,019	-	-	43,019	-	2,663,546
1,206,446	-	-	1,206,446	1,442,909	33,090	931	1,476,930	(833,631)	15,138,285
33,453,780	-	-	33,453,780	24,376,043	33,090	931	24,410,064	(30,966,546)	99,117,931
(674,197)	(1,889,979)	7,993	(2,556,183)	(1,111,499)	(137,831)	426,296	(823,034)	-	(3,105,419)
(203,275)	-	-	(203,275)	(35,250)	(315,193)	-	(350,443)	-	140,217
248,971	-	-	248,971	-	-	-	-	-	351,556
-	-	-	-	350,685	-	-	350,685	-	149,990
-	-	-	-	-	127,011	-	127,011	-	(401,814)
-	-	-	-	(364,649)	-	-	(364,649)	-	239,949
45,696	-	-	45,696	(49,214)	(188,182)	-	(237,396)	-	(2,865,470)
(628,501)	(1,889,979)	7,993	(2,510,487)	(1,160,713)	(326,013)	426,296	(1,060,430)	-	(3,125,289)
-	-	-	-	(1,722,158)	-	-	(1,722,158)	-	(5,990,759)
(628,501)	(1,889,979)	7,993	(2,510,487)	(2,882,871)	(326,013)	426,296	(2,782,588)	-	161,961,902
28,038,060	10,279,504	1,141,121	39,458,685	14,833,904	4,335,645	2,281,749	21,451,298	-	\$ 155,971,143
\$ 27,409,559	\$ 8,389,525	\$ 1,149,114	\$ 36,948,198	\$ 11,951,033	\$ 4,009,632	\$ 2,708,045	\$ 18,668,710	\$ -	

The Church of the Nazarene, Inc., Subsidiaries, and Affiliate
CONSOLIDATING STATEMENT OF CASH FLOWS
Year ended September 30, 2015

	Global Ministry Center	Global Regions	Other Entities	Eliminations	Total
Cash flows from operating activities					
Change in net assets	\$ (1,697,291)	\$ (2,510,487)	\$ (2,782,588)	\$ -	\$ (6,990,366)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities					
Depreciation	1,330,121	502,416	702,211	-	2,534,748
Net realized and unrealized gains on investments	1,583,565	44,857	587,995	-	2,216,417
Contributions restricted for long-term investment	(17,947)	-	(267,535)	-	(285,482)
Discount amortization on notes receivable	-	-	(28,545)	-	(28,545)
Beneficial interest in charitable trusts	413,120	-	59,000	(98,915)	373,205
Gain on disposal of property and equipment	(871)	76,957	-	-	76,086
Inventory write-off	-	-	898,000	-	898,000
Pension obligation	1,144,348	-	2,092,573	-	3,236,921
Postretirement benefit obligation	(1,590,725)	-	-	-	(1,590,725)
Changes in					
Other receivables	832,133	(15,801)	156,207	(47,649)	924,890
Inventories	-	-	292,242	-	292,242
Other assets	41,656	(95,469)	241,523	-	187,710
Accounts payable and accrued expenses	88,636	58,745	(916,224)	120,349	(648,494)
Net cash provided by (used in) operating activities	<u>2,126,745</u>	<u>(1,938,782)</u>	<u>1,034,859</u>	<u>(26,215)</u>	<u>1,196,607</u>
Cash flows from investing activities					
Purchases of property and equipment	(381,056)	(226,504)	(29,334)	-	(636,894)
Proceeds from disposal of property and equipment	2,511	9,283	145,033	-	156,827
Proceeds from sales and maturities of investments	57,498,020	2,222,770	(50,074,735)	-	9,646,055
Purchases of investments	(52,914,667)	(2,573,643)	45,738,364	-	(9,749,946)
Net cash provided by (used in) investing activities	<u>4,204,808</u>	<u>(568,094)</u>	<u>(4,220,672)</u>	<u>-</u>	<u>(583,958)</u>
Cash flows from financing activities					
Change in deferred gift agreements and funds held in trust	(4,095,089)	(99,273)	4,656,934	98,915	561,487
Proceeds on contributions restricted for investment in endowments	17,947	-	267,535	-	285,482
Payments on notes receivable	-	-	172,277	-	172,277
Payments on debt	-	-	-	-	-
Net cash (used in) provided by financing activities	<u>(4,077,142)</u>	<u>(99,273)</u>	<u>5,096,746</u>	<u>98,915</u>	<u>1,019,246</u>
Effect of exchange rate changes on cash and cash equivalents		442,735	-	-	442,735
Net increase (decrease) in cash and cash equivalents	2,254,411	(2,163,414)	1,910,933	72,700	2,074,630
Cash and cash equivalents, beginning of year	6,250,425	14,745,500	2,495,151	(1,219,185)	22,271,891
Cash and cash equivalents, end of year	<u>\$ 8,504,836</u>	<u>\$ 12,582,086</u>	<u>\$ 4,406,084</u>	<u>\$ (1,146,485)</u>	<u>\$ 24,346,521</u>
Supplemental schedule of cash flow information					
Cash paid during the year for interest	\$ -	\$ -	\$ -	\$ -	\$ -
Noncash investment activities that increased liabilities for deferred gift agreements and funds held in trust					
Investments received	22,974	-	-	-	22,974
Net realized and unrealized gains on investments	(3,367,536)	-	-	-	(3,367,536)

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2014

	Global Ministry Center	Global Regions	Other Entities	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 6,250,425	\$ 14,745,500	\$ 2,495,151	\$ (1,219,185)	\$ 22,271,891
Investments, at fair value	109,352,495	14,072,252	63,713,374	(11,103,765)	176,034,356
Investments - other	5,176,501	150,830	2,089,818	-	7,417,149
Receivables - other	1,747,021	271,012	2,453,011	(217,738)	4,253,306
Property and equipment, net	31,067,947	11,574,107	6,991,160	-	49,633,214
Beneficial interest in charitable remainder trusts	2,255,705	-	244,898	(1,317,520)	1,183,083
Notes receivable	-	-	702,756	-	702,756
Inventories, net	-	-	3,671,684	-	3,671,684
Other assets	711,790	38,631	1,306,989	-	2,057,410
Total assets	<u>\$ 156,561,884</u>	<u>\$ 40,852,332</u>	<u>\$ 83,668,841</u>	<u>\$ (13,858,208)</u>	<u>\$ 267,224,849</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable and accrued expenses	\$ 3,375,657	\$ 484,511	\$ 1,870,654	\$ (1,395,001)	\$ 4,335,821
Due to The Church of the Nazarene, Inc.	-	-	41,923	(41,923)	-
Deferred gift agreements	9,088,876	-	5,602,351	(148,450)	14,542,777
Funds held in trust	18,984,990	909,137	48,775,967	(12,272,834)	56,397,260
Pension obligation	994,374	-	5,427,589	-	6,421,963
Postretirement benefit obligation	23,066,067	-	499,059	-	23,565,126
Total liabilities	<u>55,509,964</u>	<u>1,393,648</u>	<u>62,217,543</u>	<u>(13,858,208)</u>	<u>105,262,947</u>
COMMITMENTS AND CONTINGENCIES					
NET ASSETS					
Unrestricted - undesignated	72,956,664	28,038,060	20,061,030	-	121,055,754
Unrestricted - unamortized pension liability	(1,912,176)	-	(5,227,126)	-	(7,139,302)
Temporarily restricted	26,871,353	10,279,502	4,335,645	-	41,486,500
Permanently restricted	3,136,079	1,141,122	2,281,749	-	6,558,950
Total net assets	<u>101,051,920</u>	<u>39,458,684</u>	<u>21,451,298</u>	<u>-</u>	<u>161,961,902</u>
Total liabilities and net assets	<u>\$ 156,561,884</u>	<u>\$ 40,852,332</u>	<u>\$ 83,668,841</u>	<u>\$ (13,858,208)</u>	<u>\$ 267,224,849</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended September 30, 2014

	Global Ministry Center			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Changes in net assets				
Revenues and gains				
World Evangelism Fund	\$ 37,745,715	\$ -	\$ -	\$ 37,745,715
Mission specials	6,386,248	20,321,668	-	26,707,916
Legacy, gifts, and charitable remainders	3,359,003	141,718	76,958	3,577,679
Subsidy from The Church of the Nazarene, Inc.	-	-	-	-
Gifts-in-kind	-	-	-	-
Net sales revenue	-	-	-	-
Other revenue	1,557,714	-	-	1,557,714
Revenues and gains	49,048,680	20,463,386	76,958	69,589,024
Net assets released from restrictions	383,802	(383,802)	-	-
Total revenues and gains	49,432,482	20,079,584	76,958	69,589,024
Expenses				
Program services				
Global Mission	46,983,791	-	-	46,983,791
International Board of Education	4,306,498	-	-	4,306,498
Sunday School and Discipleship Ministries	539,197	-	-	539,197
Nazarene Youth International	581,248	-	-	581,248
Board of General Superintendents	2,499,940	-	-	2,499,940
Nazarene communication services	805,353	-	-	805,353
Church of the Nazarene Foundation	-	-	-	-
Other program services, net	22,703	-	-	22,703
Total program services	55,738,730	-	-	55,738,730
Support services				
General and administrative services	8,709,847	-	-	8,709,847
Fundraising*	2,399,562	-	-	2,399,562
Total support services	11,109,409	-	-	11,109,409
Total expenses	66,848,139	-	-	66,848,139
Change in net assets from operations	(17,415,657)	20,079,584	76,958	2,740,885
Non-operating income (expense)				
Net investment income	6,425,416	539,777	234	6,965,427
Foreign currency loss	(84,738)	-	-	(84,738)
Other income	8,725	-	-	8,725
Actuarial adjustment of deferred gift agreements	-	(41,462)	-	(41,462)
Other expenses	-	(42,530)	(17)	(42,547)
Total non-operating income (expense)	6,349,403	455,785	217	6,805,405
Change in net assets before unamortized pension liability adjustment	(11,066,254)	20,535,369	77,175	9,546,290
Changes in unamortized pension liability not included in pension expense	96,143	-	-	96,143
Increase in net assets	(10,970,111)	20,535,369	77,175	9,642,433
Net assets, beginning of year	82,014,599	6,335,982	3,058,905	91,409,486
Net assets, end of year	\$ 71,044,488	\$ 26,871,351	\$ 3,136,080	\$ 101,051,919

* The amounts of these accounts are presented differently in the consolidated statements of activities because fundraising and administrative expenses are combined.

Global Regions				Other Entities				Eliminations	Total
Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,745,715
28,971,068	1,799,795	16,516	30,787,379	680,018	273,331	-	953,349	(29,408,121)	29,040,523
-	-	-	-	1,683,920	958,527	319,204	2,961,651	(1,602,006)	4,937,324
-	-	-	-	475,879	-	-	475,879	(475,879)	-
-	-	-	-	4,393,898	-	-	4,393,898	(70,597)	4,323,301
-	-	-	-	15,217,510	-	-	15,217,510	(534,662)	14,682,848
1,149,207	-	-	1,149,207	634,076	-	-	634,076	(215,752)	3,125,245
30,120,275	1,799,795	16,516	31,936,586	23,085,301	1,231,858	319,204	24,636,363	(32,307,017)	93,854,956
76,471	(76,471)	-	-	988,795	(328,016)	(660,779)	-	-	-
30,196,746	1,723,324	16,516	31,936,586	24,074,096	903,842	(341,575)	24,636,363	(32,307,017)	93,854,956
30,183,201	-	-	30,183,201	4,921,230	-	-	4,921,230	(28,930,817)	53,157,405
-	-	-	-	-	-	-	-	(390,544)	3,915,954
-	-	-	-	-	-	-	-	(137,753)	401,444
-	-	-	-	-	-	-	-	(143,217)	438,031
-	-	-	-	-	-	-	-	(28,017)	2,471,923
-	-	-	-	17,165,473	-	-	17,165,473	(275,112)	17,695,714
-	-	-	-	3,286,114	-	-	3,286,114	(1,602,006)	1,684,108
-	-	-	-	-	-	-	-	15,542	38,245
30,183,201	-	-	30,183,201	25,372,817	-	-	25,372,817	(31,491,924)	79,802,824
2,161,639	-	-	2,161,639	6,515,433	2,530	1,240	6,519,203	(815,093)	16,575,596
-	-	-	-	-	-	-	-	-	2,399,562
2,161,639	-	-	2,161,639	6,515,433	2,530	1,240	6,519,203	(815,093)	18,975,158
32,344,840	-	-	32,344,840	31,888,250	2,530	1,240	31,892,020	(32,307,017)	98,777,982
(2,148,094)	1,723,324	16,516	(408,254)	(7,814,154)	901,312	(342,815)	(7,255,657)	-	(4,923,026)
278,482	-	-	278,482	816,535	354,993	-	1,171,528	-	8,415,437
20,690	-	-	20,690	-	-	-	-	-	(64,048)
-	-	-	-	368,422	-	-	368,422	-	377,147
-	-	-	-	-	(660,880)	-	(660,880)	-	(702,342)
-	-	-	-	(372,616)	-	-	(372,616)	-	(415,163)
299,172	-	-	299,172	812,341	(305,887)	-	506,454	-	7,611,031
(1,848,922)	1,723,324	16,516	(109,082)	(7,001,813)	595,425	(342,815)	(6,749,203)	-	2,688,005
-	-	-	-	(2,338,936)	-	-	(2,338,936)	-	(2,242,793)
(1,848,922)	1,723,324	16,516	(109,082)	(9,340,749)	595,425	(342,815)	(9,088,139)	-	445,212
29,886,982	8,556,180	1,124,605	39,567,767	24,174,653	3,740,220	2,624,564	30,539,437	-	161,516,690
\$ 28,038,060	\$ 10,279,504	\$ 1,141,121	\$ 39,458,685	\$ 14,833,904	\$ 4,335,645	\$ 2,281,749	\$ 21,451,298	\$ -	\$ 161,961,902

The Church of the Nazarene, Inc., Subsidiaries, and Affiliate
CONSOLIDATING STATEMENT OF CASH FLOWS
Year ended September 30, 2014

	Global Ministry Center	Global Regions	Other Entities	Eliminations	Total
Cash flows from operating activities					
Change in net assets	\$ 9,642,432	\$ (109,081)	\$ (9,088,139)	\$ -	\$ 445,212
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities					
Depreciation	1,268,568	505,390	739,714	-	2,513,672
Net realized and unrealized gains on investments	(5,630,601)	(554,772)	(927,226)	-	(7,112,599)
Contributions restricted for long-term investment	(76,958)	-	(319,204)	-	(396,162)
Discount amortization on notes receivable	-	-	(32,386)	-	(32,386)
Beneficial interest in charitable trusts	(141,718)	-	648,545	137,796	644,623
Gain on disposal of property and equipment	(8,725)	39,846	-	-	31,121
Inventory write-off	-	-	423,020	-	423,020
Pension obligation	(302,834)	-	2,394,342	-	2,091,508
Postretirement benefit obligation	(1,502,131)	-	-	-	(1,502,131)
Changes in					
Other receivables	(75,527)	574,838	215,385	162,692	877,388
Inventories	-	-	2,839,478	-	2,839,478
Other assets	(50,010)	(38,631)	1,355,749	-	1,267,108
Accounts payable and accrued expenses	137,694	(279,165)	(1,995,343)	(1,381,877)	(3,518,691)
Net cash provided by (used in) operating activities	<u>3,260,190</u>	<u>138,425</u>	<u>(3,746,065)</u>	<u>(1,081,389)</u>	<u>(1,428,839)</u>
Cash flows from investing activities					
Purchases of property and equipment	(1,548,285)	(221,791)	(25,134)	-	(1,795,210)
Proceeds from disposal of property and equipment	28,110	-	1,098,761	(1,098,761)	28,110
Proceeds from sales and maturities of investments	83,577,346	4,295,007	38,261,629	(3,999,896)	122,134,086
Purchases of investments	(81,443,731)	(3,081,585)	(41,334,447)	2,531,961	(123,327,802)
Net cash provided by (used in) investing activities	<u>613,440</u>	<u>991,631</u>	<u>(1,999,191)</u>	<u>(2,566,696)</u>	<u>(2,960,816)</u>
Cash flows from financing activities					
Change in deferred gift agreements and funds held in trust	(6,046,898)	(324,845)	7,591,130	2,428,900	3,648,287
Proceeds on contributions restricted for investment in endowments	76,958	-	319,204	-	396,162
Payments on notes receivable	-	-	291,617	-	291,617
Payments on debt	-	-	(1,792,111)	-	(1,792,111)
Net cash (used in) provided by financing activities	<u>(5,969,940)</u>	<u>(324,845)</u>	<u>6,409,840</u>	<u>2,428,900</u>	<u>2,543,955</u>
Effect of exchange rate changes on cash and cash equivalents	-	297,914	-	-	297,914
Net increase (decrease) in cash and cash equivalents	(2,096,310)	1,103,125	664,584	(1,219,185)	(1,547,786)
Cash and cash equivalents, beginning of year	8,346,736	13,642,371	1,830,570	-	23,819,677
Cash and cash equivalents, end of year	<u>\$ 6,250,426</u>	<u>\$ 14,745,496</u>	<u>\$ 2,495,154</u>	<u>\$ (1,219,185)</u>	<u>\$ 22,271,891</u>
Supplemental schedule of cash flow information					
Cash paid during the year for interest	\$ -	\$ -	\$ 52,798	\$ -	\$ 52,798
Noncash investment activities that increased liabilities for deferred gift agreements and funds held in trust					
Investments received	688,020	-	-	-	688,020
Net realized and unrealized gains on investments	2,253,648	-	2,058,984	-	4,312,632

Financial Statements and Report of Independent Certified Public Accountants
Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan
September 30, 2015 and 2014

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees

Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan

We have audited the accompanying financial statements of Nazarene 403(b) Retirement Savings Plan (the “Plan”), which comprise the statements of net assets available for benefits – modified cash basis as of September 30, 2015 and 2014, and the related statement of changes in net assets available for benefits – modified cash basis for the years then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note B; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits – modified cash basis of Nazarene 403(b) Retirement Savings Plan as of September 30, 2015 and 2014, and the changes in net assets available for benefits – modified cash basis for the years then ended in accordance with the modified cash basis of accounting described in Note B.

Basis of accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Grant Johnston LLP

Kansas City, Missouri
February 19, 2016

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS –
MODIFIED CASH BASIS**

September 30,

	2015	2014
ASSETS		
Cash	\$ 510,425	\$ 1,395,735
Investments at fair value		
Mutual funds		
Fidelity Growth Company Fund	42,618,433	41,570,766
Fidelity Balanced Fund	22,606,084	24,147,356
Fidelity Contrafund	27,220,647	27,735,142
Fidelity Freedom Index Income	3,444,770	3,476,934
Fidelity Freedom Index 2005	3,047,474	3,386,036
Fidelity Freedom Index 2010	11,209,663	13,218,509
Fidelity Freedom Index 2015	20,016,442	20,402,708
Fidelity Freedom Index 2020	37,801,173	38,491,338
Fidelity Freedom Index 2025	23,952,506	24,285,079
Fidelity Freedom Index 2030	19,628,346	19,559,237
Fidelity Freedom Index 2035	10,643,831	10,504,947
Fidelity Freedom Index 2040	14,139,864	14,121,364
Fidelity Freedom Index 2045	6,496,921	6,321,144
Fidelity Freedom Index 2050	3,676,793	3,407,740
Fidelity Freedom Index 2055	574,534	342,847
Fidelity Freedom Index 2060	39,866	-
MSIF Small Company Growth Institutional Class B	3,254,658	3,926,411
DFA U.S. Small Cap Value	5,887,965	7,072,253
Guidestone Equity Index	1,184,423	904,007
Touchstone Value 1	6,328,046	6,542,353
Spartan Mid Cap Index ADV	5,360,945	4,874,532
Spartan 500 Index ADV	13,531,781	13,784,188
American Century Intntl Growth IS	10,823,378	11,283,465
Metwest Total Return Bond I	17,554,986	17,176,865
Total investments, at fair value	311,043,529	316,535,221
Investments at contract value		
Fidelity Fixed Fund	97,550,892	96,487,207
Receivables		
Notes receivable from participants	2,915,123	3,099,299
	412,019,969	417,517,462
LIABILITIES		
Excess contributions	53,000	-
Net assets available for benefits	\$ 411,966,969	\$ 417,517,462

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS -
MODIFIED CASH BASIS**

Year ended September 30,

	2015	2014
ADDITIONS		
Investment income		
Net (depreciation) appreciation in fair value of investment	\$ (12,555,359)	\$ 19,974,095
Interest and dividends	12,576,610	12,713,258
	21,251	32,687,353
Interest income on notes receivable from participants	132,160	123,260
Contributions		
Employer contributions	6,028,841	7,504,687
Participant contributions	8,236,176	7,894,249
Rollover contributions	1,878,225	1,168,523
	16,143,242	16,567,459
Total additions	16,296,653	49,378,072
DEDUCTIONS		
Benefits paid to participants	21,277,014	19,157,572
Administrative expenses	570,132	557,470
Total deductions	21,847,146	19,715,042
NET (DECREASE) INCREASE	(5,550,493)	29,663,030
Net assets available for benefits, beginning of year	417,517,462	387,854,432
Net assets available for benefits, end of year	\$ 411,966,969	\$ 417,517,462

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE A - DESCRIPTION OF PLAN

The following description of the Nazarene 403(b) Retirement Savings Plan (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

1. *General*

The Plan is for the benefit of all U.S. ministers and laypersons serving local congregations and districts, as well as general church employees. The Plan is a defined contribution plan established under Section 403(b) of the Internal Revenue Code (the IRC). Lay or ministerial employees of Nazarene churches or church-controlled agencies and registered Nazarene chaplains may participate in the Plan. Nazarene churches or church-controlled agencies include the Church of the Nazarene, Inc. (the Church), the Nazarene Publishing House, Church of the Nazarene Foundation, Nazarene Theological Seminary, Nazarene Bible College, Nazarene Compassionate Ministries, Inc., or the subsidiaries of these entities, including Nazarene-affiliated colleges or universities. The Board of Pensions and Benefits USA of the Church of the Nazarene serves as the plan administrator and trustee (the Administrator and the Trustee) on behalf of the Church, as plan sponsor. Fidelity Management Trust Company (Fidelity) serves as the custodian of the Plan.

The Pensions and Benefits Fund (the Fund), a related party, provides administrative services and certain specific funding amounts as determined by the Administrator. For the years ended September 30, 2015 and 2014, administrative fees paid to the Fund amounted to \$514,157 and \$515,318 and are included in administrative expenses on the statements of changes in net assets available for benefits - modified cash basis. In connection with the administrative services provided, amounts paid by the Fund on behalf of the Plan for recordkeeping fees amounted to \$385,135 and \$386,164 for the years ended September 30, 2015 and 2014, respectively. Additionally, contributions provided by the Fund and agencies amounted to \$3,132,655 and \$6,009,266, including amounts for the annual pension supplement as further described in Note A4, for the years ended September 30, 2015 and 2014, respectively and are included in employer contributions on the statements of changes in net assets available for benefits - modified cash basis.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE A - DESCRIPTION OF PLAN - Continued

2. *Plan Administration*

The Administrator is responsible for the day-to-day administration of the Plan. The Administrator is also responsible for maintaining accurate and detailed records and accounts of employees and of their rights under the Plan and all investments, receipts, disbursements, and other transactions. The Administrator is not responsible to determine that contributions made to the plan trust by a participating employer comply with the provisions of the Plan, nor does it have responsibility to collect or monitor the making of or the accuracy of any contributions payable or made by an employer to the plan trust.

The Administrator has the exclusive power and authority to control and manage the operation and administration of the Plan, including determining eligibility and participation in the Plan and overseeing benefit payment procedures.

3. *Contributions*

Contributions are made through either an employer-funded arrangement or a voluntary salary-reduction agreement with each participant's employer. Voluntary salary-reduction contributions are not permitted to exceed IRC limitations on an annual basis. Employers participating in the Plan are encouraged to match amounts totaling up to at least, but not limited to, 3% of the employee's voluntary salary-reduction contribution amounts.

4. *Contributions for Certain Employees*

The annual pension supplement (APS) is determined by the Administrator. The APS contribution is deposited into participant accounts for each eligible U.S. clergy member and layperson from Fund receipts or agency fund contributions, depending upon the participant's employer. The 2015 and 2014 APS contribution for eligible district superintendents, district assigned, and evangelists is \$1,000. Total APS contributions amounted to \$1,655,333 and \$2,925,338, including \$1,418,333 and \$2,842,838 from the Fund, for the years ended September 30, 2015 and 2014, respectively, and are included in employer contributions on the statements of changes in net assets available for benefits - modified cash basis.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE A - DESCRIPTION OF PLAN - Continued

5. *Participant Accounts*

Each participant's account is credited with the participant's and participating employer's contributions, as applicable, and allocations of (a) the Fund or agency fund contributions and (b) plan earnings or losses. Allocations are based on participant earnings or account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

6. *Vesting and Forfeitures*

Participants are immediately vested in all contributions plus actual earnings thereon.

7. *Investment Options*

Upon enrollment in the Plan, a participant may direct contributions to any of several investment options. All of the investment options are funds managed by Fidelity.

The funds offered by Fidelity as of September 30, 2015 were as follows:

- Fidelity Fixed Fund
- Fidelity Growth Company Fund
- Fidelity Balanced Fund
- Fidelity ContraFund
- Fidelity Freedom Index Income
- Fidelity Freedom Index 2005
- Fidelity Freedom Index 2010
- Fidelity Freedom Index 2015
- Fidelity Freedom Index 2020
- Fidelity Freedom Index 2025
- Fidelity Freedom Index 2030
- Fidelity Freedom Index 2035
- Fidelity Freedom Index 2040
- Fidelity Freedom Index 2045

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE A - DESCRIPTION OF PLAN - Continued

7. Investment Options - Continued

- Fidelity Freedom Index 2050
- Fidelity Freedom Index 2055
- Fidelity Freedom Index 2060
- MSIF Small Company Growth Institutional Class B
- DFA U.S. Small Cap Value
- Guidestone Equity Index Fund
- Touchstone Value I
- Spartan Mid Cap Index ADV
- Spartan 500 Index ADV
- American Century Intntl Growth IS
- Metwest Total Return Bond I

For additional information regarding the Plan's investment alternatives and fund performance, participants should refer to the Plan document and published information provided by such funds.

Participants may change or transfer their investment options on an as-needed basis.

8. Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000, up to the lesser of \$50,000 or 50% of their account balance. Note terms range from 1 to 5 years. The notes are secured by the balance in the participant's account and bear interest at prime plus 1%. Interest rates for participant notes ranged from 4.25% to 9.25%. Principal and interest are paid ratably through monthly or quarterly installments.

9. Administrative Expenses

Each participant account is responsible for paying plan level administrative expenses. Administrative expenses paid by participant accounts totaled \$570,132 and \$557,470 for the years ended September 30, 2015 and 2014, respectively.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The accompanying financial statements have been prepared on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Generally, under this basis, interest, dividends, and contributions are recognized when collected rather than when earned, and expenses are recognized when paid rather than when incurred. Investments are reported at fair value. Consequently, contributions receivable, accrued interest, dividends receivable and accrued expenses are not included in the financial statements.

2. *Investment Valuation and Income Recognition*

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Church's Investment Committee determines the Plan's valuation policies utilizing information provided by the Trustee and Custodian. See Note D for discussion of fair value measurements.

Fully benefit-responsive investment contracts held in the Fidelity Fixed Fund (the Fixed Fund) are reported at contract value in the statements of net assets available for benefits. These underlying investments, which are comprised of high quality fixed income securities, are held in various separate accounts that are "wrapped" by synthetic investment contracts issued by high quality financial institutions. Contract value is the relevant measurement attribute as these investment contracts are fully benefit-responsive. Contract value is the amount plan participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statements of changes in net assets available for benefits - modified cash basis is presented on a contract value basis (See Note C).

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. *Investment Valuation and Income Recognition - Continued*

Net (depreciation) appreciation in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year and consisted of the following for the year ended September 30,

	2015	2014
Net realized gain on sale of investments	\$ 439,151	\$ 2,050,593
Net unrealized (loss) gain on investments	(12,994,510)	17,923,502
	\$ (12,555,359)	\$ 19,974,095

3. *Investment Risks*

The Plan invests in mutual funds and a fully benefit-responsive synthetic guaranteed investment contract (GIC), which holds various securities that may include U.S. government securities, corporate fixed income securities, and mortgage backed securities. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for plan benefits - modified cash basis.

4. *Notes Receivable from Participants*

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent notes are reclassified as distributions based upon the terms of the Plan document.

5. *Payment of Benefits*

Benefits are recorded when paid.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. *Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

7. *Recent Accounting Pronouncements*

In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Plans (Topic 962), and Health and Welfare Benefit Plans (Topic 965): Part (I) Fully Benefit-Responsive Investment Contracts, Part (II) Plan Investment Disclosures, Part (III) Measurement Date Practical Expedient*. This three-part standard simplifies employee benefit plan reporting with respect to fully benefit-responsive investment contracts and plan investment disclosures, and provides for a measurement-date practical expedient. Parts I and II are effective for fiscal years beginning after December 15, 2015 and should be applied retrospectively, with early application permitted. Part III is effective for fiscal years beginning after December 15, 2015 and should be applied prospectively, with early application permitted.

Management has elected to adopt Parts I and II early. Part III is not applicable to this Plan. Accordingly, the amendments were retrospectively applied as follows:

- The fully benefit-responsive investment contract, which was reported at September 30, 2014 at fair value of \$98,306,702 is reported at contract value of \$96,487,207 (Part I).
- Investments are presented by general type in the fair value table instead of by nature, characteristics, and risk (Part II).
- Eliminated investment strategy disclosure for the fully benefit-responsive investment contract (Part I).
- Eliminated the average-yield disclosure related to the fully benefit-responsive investment contract (Part I).

8. *Subsequent Events*

The Plan has evaluated subsequent events through February 19, 2016, which is the date these financial statements were available to be issued.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE C - FULLY BENEFIT-RESPONSIVE INVESTMENT CONTRACTS

The Plan's Fidelity Fixed Fund invests in fully benefit-responsive synthetic guaranteed investment contracts (GIC). A synthetic GIC is an investment contract issued by an insurance company or other financial institution (wrap agreement), backed by a portfolio of various fixed income securities that are owned directly by the Plan. The realized and unrealized gains and losses on the underlying assets are not reflected immediately in the value of the contract, but rather are amortized, usually over time to maturity or the duration of the underlying investments, through adjustments to the future interest crediting rate.

The statements of net assets available for benefits - modified cash basis present the fully benefit-responsive investment contract at contract value. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal of all or a portion of their investment at contract value.

The Fixed Fund could be limited in its ability to transact at contract value if the Fixed Fund raises its risk profile or is subjected to a period of significant cash outflow. The Fixed Fund maintains strong risk parameters, internal cash flow, and a maturity ladder of investments to offset cash withdrawals. Further, the manager of the Fixed Fund may limit withdrawals in order to maintain sufficient liquidity. The Administrator does not believe that any events which would limit the Plan's ability to transact at contract value are probable of occurring.

NOTE D - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below.

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.

Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds - Valued based on quoted market prices.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table sets forth, by level within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2015:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 311,043,529	\$ -	\$ -	\$ 311,043,529

The following table sets forth, by level within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2014:

	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 316,535,221	\$ -	\$ -	\$ 316,535,221

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE E - TAX STATUS

The Plan is not subject to federal or state income taxes, since the Administrator and legal counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC under Section 403(b). The Administrator, with the direction of legal counsel, implemented additional compliance procedures for participating employers and individual participants as required by the revised IRS 403(b) Regulations.

NOTE F - PLAN TERMINATION

Although it has not expressed any intent to do so, the Administrator has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the terms of the plan agreement. In the event of termination of the Plan, the Trustee shall pay and discharge all expenses and, unless the Administrator elects to continue the trust, all benefits will be payable as soon as is administratively feasible under the terms of the Plan. The Trustee may either distribute the remaining assets of the plan trust or liquidate them and distribute the net proceeds to the participants in accordance with their respective account balances.

NOTE G - EXCESS CONTRIBUTIONS

To comply with IRS contribution limits, the Plan was required to refund a portion of contributions made by certain participants. The amounts due to the participants were \$53,000 at September 30, 2015 and will be refunded subsequent to year end.

Financial Statements and Report of Independent Certified Public Accountants

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

September 30, 2015 and 2014

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan

We have audited the accompanying financial statements of Church of the Nazarene Single Defined Benefit Plan (the “Plan”), which comprise the statements of net assets available for benefits as of September 30, 2015 and 2014 and the related statements of changes in net assets available for benefits for the years then ended, and the statements of accumulated plan benefits as of September 30, 2015 and 2014 and the related statements of changes in accumulated plan benefits for the years then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Church of the Nazarene Single Defined Benefit Plan as of September 30, 2015 and 2014 and the changes in financial status for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Johnston LLP

Kansas City, Missouri
February 19, 2016

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

September 30,

	2015	2014
ASSETS		
Cash	\$ 459,398	\$ 267,577
Investments, at fair value <i>(note E)</i>		
Plan interest in Pension Investment Trust	104,461,403	108,422,618
Receivables		
Accrued interest receivable	69,491	119,927
Contributions receivable	165	-
	69,656	119,927
Other assets	167,498	161,986
	105,157,955	108,972,108
LIABILITIES		
Accounts payable	61,777	121,671
Due to the Church	50,071	53,928
	111,848	175,599
Net assets available for benefits	\$ 105,046,107	\$ 108,796,509

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year ended September 30,

	2015	2014
Additions		
Investment income		
Plan interest in Pension Investment Trust income	\$ 491,119	\$ 10,743,411
Contributions		
Employer contributions - Pensions and Benefits Fund <i>(note D)</i>	9,000,000	8,500,000
Plan sponsor (the Church) underfunding contribution <i>(note D)</i>	3,939,460	2,446,953
Employee contributions	44,934	45,189
Other	-	84,767
Total additions	12,984,394	11,076,909
	13,475,513	21,820,320
Deductions		
Benefits paid directly to participants	16,938,775	16,954,993
Administrative, accounting, legal, and actuarial expenses	287,140	305,373
Total deductions	17,225,915	17,260,366
Net (decrease) increase in net assets available for benefits	(3,750,402)	4,559,954
Net assets available for benefits, beginning of year	108,796,509	104,236,555
Net assets available for benefits, end of year	\$ 105,046,107	\$ 108,796,509

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

STATEMENTS OF ACCUMULATED PLAN BENEFITS

September 30,

	2015	2014
Actuarial present value of accumulated plan benefits		
Vested benefits		
Participants currently receiving payments	\$ 121,893,674	\$ 123,612,160
Other participants	41,420,648	44,277,154
	163,314,322	167,889,314
Nonvested benefits	210,676	152,535
	\$ 163,524,998	\$ 168,041,849
Total actuarial present value of accumulated plan benefits	\$ 163,524,998	\$ 168,041,849

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan
STATEMENTS OF CHANGES IN ACCUMULATED PLAN BENEFITS
Year ended September 30,

	2015	2014
Actuarial present value of accumulated plan benefits, beginning of year	\$ 168,041,849	\$ 174,894,550
Decrease during the year attributable to		
Benefits accumulated and actuarial net gain (loss)	1,251,852	(1,546,902)
Increase for interest due to decrease in discount period	11,170,072	11,649,194
Benefits paid to participants	(16,938,775)	(16,954,993)
Net decrease	(4,516,851)	(6,852,701)
Actuarial present value of accumulated plan benefits, end of year	<u>\$ 163,524,998</u>	<u>\$ 168,041,849</u>

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE A - DESCRIPTION OF THE PLAN

1. *General*

The Board of Pensions and Benefits USA of the Church of the Nazarene (the Administrator and Trustee) established in 1996 the Church of the Nazarene Single Defined Benefit Plan (the Plan) on behalf of the Church of the Nazarene, Inc. (the Church and Plan Sponsor). The Administrator combined the assets while retaining the benefit formulas of the Basic Pension Plan and the General Church Pension Plan (collectively, the Predecessor Plans), which were both multiemployer plans. The Plan is also considered to be a multiemployer plan. Additionally, the Plan is a qualified church plan which has not elected to be governed by the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and is not subject to Pension Benefit Guaranty Corporation insurance coverage.

New participation was frozen effective January 1, 1996 and there were no new entrants into either of the Predecessor Plans. Participants in those plans have been grandfathered in so that no one having years of service under those plans will receive less under the Plan than what would have been paid under the Predecessor Plans had they continued unchanged.

Also, effective January 1, 1996, the Nazarene 403(b) Retirement Savings Plan [the 403(b) Plan, previously known as the Single Defined Contribution or TSA Plan] was established for all U.S. ministers and laypersons serving local congregations and districts, as well as general church employees.

The following brief description of the Plan is provided for general information purposes only. Participants should refer to their respective plan's documents for more complete information.

Prior Basic Pension Plan Participants

The Basic Pension Plan (the Basic Plan) was a noncontributory defined benefit pension plan. The Basic Plan provided retirement benefits at age 65 to full-time pastors, evangelists, and district-credentialed laypersons serving organized Nazarene churches in the U.S. and Canadian districts participating in the Pensions and Benefits Fund (the Fund). The Basic Plan was funded by contributions from participating local churches with no employee contributions.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE A - DESCRIPTION OF THE PLAN - Continued

1. *General - Continued*

Prior Basic Pension Plan Participants - Continued

The Basic Plan permits early retirement at ages 62 through 64. If employees terminate before rendering 10 years of service, they forfeit the right to receive the value of their accumulated plan benefits. Upon retirement, participants may elect to receive the value of their accumulated plan benefits as a life annuity with a 60% survivor benefit, or a reduced life annuity with a 100% survivor benefit.

If an active employee dies after rendering 10 or more years of service, a death benefit equal to 60% of the value of the employee's accumulated plan benefits is paid to the employee's beneficiary. Active employees who become totally disabled after rendering five or more years of service receive annual disability benefits based on years of service to the date of disability, plus a half-year of service credit for each year from the disability date to the retirement date.

Prior General Church Pension Plan Participants

The General Church Pension Plan (the General Church Plan) was a contributory defined benefit pension plan that provided retirement benefits to participating full-time employees of the Church (excluding missionaries), Nazarene Theological Seminary, and Nazarene Compassionate Ministries, Inc.

General Church Plan participants are entitled to receive pension benefits beginning at normal retirement age (65) equal to (a) minus (b), where (a) is the higher of (1) the monthly pension provided by the amount in the participant's account under the 403(b) Plan derived from contributions from the Pensions and Benefits Fund on or after January 1, 1996, plus earnings thereon accruing on or after January 1, 1996, or (2) a monthly pension equal to 2.0% of average monthly pay multiplied by years of credited service under the Plan; and (b) is the monthly pension provided in (1) above [the 403(b) offset].

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE A - DESCRIPTION OF THE PLAN - Continued

1. *General - Continued*

Prior General Church Pension Plan Participants - Continued

The General Church Plan permits early retirement at ages 60 through 64. Employees may elect to receive their pension benefits in the form of a life and survivor annuity. If employees terminate before rendering seven years of service, they forfeit the right to receive a portion of their accumulated plan benefits attributable to the participating employer's contributions, which are 20% vested after three years of service and increase in 20% increments for each year thereafter, for a total of 100%. If an active employee dies prior to his or her retirement date, a death benefit equal to the value of the employee's accumulated plan benefits is paid to the employee's beneficiary.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The accompanying financial statements were prepared on the accrual basis of accounting.

2. *Investment Valuation and Income Recognition*

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Church's Investment Committee determines the Plan's valuation policies utilizing information provided by the Trustee and Custodian, Northern Trust Company. See Note E for discussion of the Pension Investment Trust and fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

3. *Payment of Benefits*

Benefits are recorded when paid.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Actuarial Present Value of Accumulated Plan Benefits*

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, which are attributable under each Predecessor Plan's provisions for the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to the following: (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits payable under all circumstances such as retirement, death, disability and termination of employment are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from Plan assets are excluded from accumulated plan benefits.

The actuarial present value of accumulated plan benefits for the Plan is determined by actuaries from Towers Watson as of September 30, 2015 and 2014 and is that amount which results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuations for the plan year beginning January 1, 2015 and 2014 were as follows: (a) life expectancy of participants (based on the RP-2000 Combined Mortality Table, male and female, projected to 2015 with Scale AA for 2015 and the RP-2000 Combined Mortality Table, male and female, projected to 2014 with Scale AA for 2014,) (b) retirement age assumptions (the assumed retirement age was 65 for the General Church Plan and 62-70 for the Basic Pension Plan based on a table of age group ranges with an associated percentage retiring during the year with 100% retired by age 70), and (c) investment return. The valuations from the actuary assumed (1) an average rate of return of 6.75%, compounded annually, (2) discount rates of 7.00%, and (3) a basis for actuarial equivalence for conversion between Annual Pension Supplement (APS) balances and annuities of 6.50%

In 2015, certain actuarial assumptions were changed which did not have an effect on the actuarial present value of accumulated plan benefits. Those changes include the assumed mortality rates for all members to the RP-2000 Combined Mortality Table, male and female, projected to 2015 with Scale AA for 2015 from the RP-2000 Combined Mortality Table, male and female, projected to 2014 with Scale AA for 2014.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Actuarial Present Value of Accumulated Plan Benefits - Continued*

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

5. *Administrative Expenses*

Certain directly related administrative, accounting, legal, and actuarial expenses are allocated to the Plan by the Administrator. All other expenses are paid by the Pensions and Benefits Fund.

6. *Use of Estimates*

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

7. *Recent Accounting Pronouncements*

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which exempts investments measured using the net asset value (NAV) practical expedient in ASC 820, *Fair Value Measurement*, from categorization with the fair value hierarchy. The guidance requires retrospective application and is effective for fiscal years beginning after December 15, 2016. Early adoption is permitted. Management elected to early adopt the provisions of this new standard. Accordingly, the amendment was retrospectively applied thereby removing investments measured at NAV in the amount of \$14,611,810 from the fair value hierarchy disclosure in Note E at September 30, 2014 and presenting the amount separately so that total investments measured at fair value reconciles to total investments as presented in the statement of net assets available for benefits.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

7. Recent Accounting Pronouncements - Continued

In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Plans (Topic 962), and Health and Welfare Benefit Plans (Topic 965): Part (I) Fully Benefit-Responsive Investment Contracts, Part (II) Plan Investment Disclosures, Part (III) Measurement Date Practical Expedient*. This three-part standard simplifies employee benefit plan reporting with respect to fully benefit-responsive investment contracts and plan investment disclosures, and provides for a measurement-date practical expedient. Parts I and II are effective for fiscal years beginning after December 15, 2015 and should be applied retrospectively, with early application permitted. Part III is effective for fiscal years beginning after December 15, 2015 and should be applied prospectively, with early application permitted.

Management has elected to adopt Part II early. Parts I and III are not applicable to this Plan. Accordingly, the amendment was retrospectively applied as follows:

- Investments are presented by general type in the fair value table instead of by nature, characteristics, and risk (Part II).
- Net appreciation/depreciation is disclosed only in aggregate, not by investment type (Part II).

NOTE C - CONCENTRATIONS OF CREDIT RISK

From time to time, the Plan may maintain cash balances in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. Management evaluates the financial stability of these financial institutions and considers the risk to be minimal. At September 30, 2015 and 2014, the Plan had approximately \$246,000 and \$69,000, respectively, in excess of FDIC insured limits.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE D - FUNDING POLICY

1. *Basic Pension Plan*

The allocation of the total Fund contributions received from local churches in 2015 and 2014, including amounts contributed to the Fund and the 403(b) Plan, was as follows. Separate financial statements are provided for the Fund and the 403(b) Plan.

	2015	2014
Income		
Total Pensions and Benefits Fund contributions received		
from local churches	\$ 14,040,522	\$ 13,472,256
Other insurance premiums collected	642,474	661,966
Other income	365,533	746,005
Total income	15,048,529	14,880,227
Expenses		
403(b) Plan contributions	1,714,322	3,166,428
Single Defined Benefit Pension Plan contributions	9,000,000	8,500,000
Insurance and benevolence program expenses of the Pensions and Benefits Fund	1,568,473	1,639,155
Administrative expenses of the Pensions and Benefits Fund	1,842,152	1,772,025
Total expenses	14,124,947	15,077,608
Change in net assets of the Pensions and Benefits Fund	\$ 923,582	\$ (197,381)

2. *General Church Pension Plan*

As a condition of participation, employees are required to contribute 3.0% of their salary to the General Church Plan. Employees are immediately 100% vested in their contributions, plus interest credited thereon. For the Plan calendar year beginning January 1, 1997 and thereafter, no annual contributions were required from the participating employers to support the present benefit levels under the General Church Plan's actuarial cost method.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE D - FUNDING POLICY - Continued

3. *Combined Plan*

The participating employers' funding policy is to make annual contributions to the Plan in amounts such that all participants' benefits will be fully provided for by the time they retire. For the Plan calendar years beginning January 1, 2015 and 2014, the net annual contributions required from the participating employers to support the present benefit levels under the Plan's actuarial cost method totaled \$12,618,828 in 2015 and \$13,961,016 in 2014 based on the fair value of the Plan's net assets. Management is actively working to fund the obligation and has implemented an increased funding plan. Based on current funding continuing at the levels of the increased funding plan and actuarial projected benefit payments, the Plan's net assets are projected to reach fully funded levels by 2039. Management continues to monitor the funded status of the plan and will continue to update its funding plan to meet the plan objectives and funding requirements. During the years ended September 30, 2015 and 2014, The Church (Plan Sponsor) made underfunding contributions to the Plan in the amount of \$3,939,460 and \$2,446,953, respectively.

The following table presents the Plan's unfunded liability as of September 30,

	2015	2014
Net assets available for plan benefits	\$ 105,046,107	\$ 108,796,509
Actuarial present value of accumulated plan benefits	(163,524,998)	(168,041,849)
	\$ (58,478,891)	\$ (59,245,340)

NOTE E - INTEREST IN PENSION INVESTMENT TRUST

1. *Description of Pension Investment Trust*

The entirety of the Plan's investments is in the Pension Investment Trust which was established for the investment of assets of the Plan and the World Mission Pension Plans. Each participating retirement plan has an undivided interest in the Pension Investment Trust. The assets of the Pension Investment Trust are held by The Northern Trust Company (the Custodian).

The value of the Plan's interest in the Pension Investment Trust is based on the beginning of year value of the Plan's interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. At September 30, 2015 and 2014, the Plan's interest in the net assets of the Pension Investment Trust was approximately 90%.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE E - INTEREST IN PENSION INVESTMENT TRUST - Continued

1. *Description of Pension Investment Trust - Continued*

There are no restrictions on the redemption of the Plan's interest in the net assets of the Pension Investment Trust as of September 30, 2015 and 2014, respectively. Investment income and administrative expenses relating to the Pension Investment Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

The following table presents the assets, including investments, of the Pension Investment Trust as of September 30,

	<u>2015</u>	<u>2014</u>
Money market funds	\$ 3,055,485	\$ 979,603
U.S. common stocks	27,446,164	62,980,116
U.S. government obligations and agency securities	1,043	1,475
Rights/warrants	425	-
Mutual funds	37,074,358	41,742,358
Collective investment funds	47,870,370	14,611,810
	<u>\$ 115,447,845</u>	<u>\$ 120,315,362</u>
 Plan interest in Pension Investment Trust	 \$ 104,461,403	 \$ 108,422,618

Investment income for the Pension Investment Trust is comprised of the following as of September 30,

	<u>2015</u>	<u>2014</u>
Investment income:		
Net appreciation (depreciation) in fair value of investments:	\$ (533,089)	\$ 10,289,369
Interest	756,890	778,993
Dividends	840,168	1,375,647
Investment expenses	(540,829)	(513,245)
	<u>\$ 523,140</u>	<u>\$ 11,930,764</u>
 Plan interest in Pension Investment Trust income	 \$ 491,119	 \$ 10,743,411

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE E - INTEREST IN PENSION INVESTMENT TRUST – Continued

1. *Description of Pension Investment Trust - Continued*

The Plan measures the fair value of its investments that do not have a quoted market price but calculate NAV per share. The Plan applied the practical expedient to determine the fair values of collective investment funds (CIFs) of the Plan based on the NAV at September 30, 2015 and 2014. The Plan's CIFs are issued and redeemed daily at the NAV dollar amount per share. There are no unfunded commitments or redemption requirements.

2. *Fair Value Measurements of Pension Investment Trust*

ASC Topic 820, *Fair Value Measurements and Disclosures*, (ASC 820) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below.

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.

Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE E - INTEREST IN PENSION INVESTMENT TRUST - Continued

2. Fair Value Measurements of Pension Investment Trust - Continued

The closing prices reported in the active markets in which the securities are traded are used to value the investments in the Pension Investment Trust. The following table sets forth, by level within the fair value hierarchy, the Pension Investment Trust's assets at fair value as of September 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 3,055,485	\$ -	\$ -	\$ 3,055,485
U.S. common stocks	27,446,164	-	-	27,446,164
U.S. government obligations and agency securities	1,043	-	-	1,043
Rights/warrants	425	-	-	425
Mutual funds	37,074,358	-	-	37,074,358
Total assets in the fair value hierarchy	<u>\$ 67,577,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>67,577,475</u>
Collective investment funds measured at net asset value				<u>47,870,370</u>
Investments at fair value				<u>\$ 115,447,845</u>

The closing prices reported in the active markets in which the securities are traded are used to value the investments in the Pension Investment Trust. The following table sets forth, by level within the fair value hierarchy, the Pension Investment Trust's assets at fair value as of September 30, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 979,603	\$ -	\$ -	\$ 979,603
U.S. common stocks	62,980,116	-	-	62,980,116
U.S. government obligations and agency securities	1,475	-	-	1,475
Mutual funds	41,742,358	-	-	41,742,358
Total assets in the fair value hierarchy	<u>\$ 105,703,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>105,703,552</u>
Collective investment funds measured at net asset value				<u>14,611,810</u>
Investments at fair value				<u>\$ 120,315,362</u>

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE E - INTEREST IN PENSION INVESTMENT TRUST - Continued

2. *Fair Value Measurements of Pension Investment Trust - Continued*

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

NOTE F - RISKS AND UNCERTAINTIES

The Plan invests in various securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE G - PLAN TERMINATION

Although it has not expressed any intent to do so, the Administrator has the right to terminate the Plan subject to the provisions of the plan document. Should the Plan terminate at some future time, a particular participant's accumulated plan benefits will be dependent on the priority of those benefits at that time as set forth in the plan document, at which time a separate extensive actuarial analysis would be required to determine liabilities on a plan termination basis.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE H - INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Administrator by letter that the Basic Plan, the General Church Plan, and the related trusts were designed in accordance with applicable sections of the Internal Revenue Code (the IRC). There have been amendments since the Administrator received those determination letters; however, the Administrator believes that the Plan, which encompasses both the Basic Pension Plan and the General Church Pension Plan, is designed and is currently being operated in compliance with the applicable requirements of the IRC.

NOTE I – SUBSEQUENT EVENTS

The Plans have evaluated subsequent events through February 19, 2016, which is the date these financial statements were available to be issued. In October 2014, the American Society of Actuaries released the RP-2014 mortality table. During the current Plan year, the adoption of the new table was under consideration and was not included in the valuation of the present value of accumulated plan benefits. Preliminary estimates indicate the new tables would increase the actuarial present value of accumulated plan benefits approximately 5% - 8%.

Financial Statements and Report of Independent Certified Public Accountants

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

September 30, 2015 and 2014

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund

Report on the financial statements

We have audited the accompanying financial statements of Board of Pensions and Benefits USA of the Church of the Nazarene Pensions and Benefits Fund, which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pensions and Benefits Fund as of September 30, 2015 and 2014, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Kansas City, Missouri
February 19, 2016

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

STATEMENTS OF FINANCIAL POSITION

September 30,

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,647,854	\$ 850,048
Investments, at fair value	1,632,115	1,530,103
Accounts receivable	128,808	146,918
	3,408,777	2,527,069
Equipment	550,478	531,257
Less accumulated depreciation	(516,356)	(510,145)
	34,122	21,112
	\$ 3,442,899	\$ 2,548,181
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 231,370	\$ 190,268
Deferred revenue	51,481	58,230
	282,851	248,498
DEATH BENEFIT BENEVOLENCE PLAN	200,425	263,642
NET ASSETS, unrestricted	2,959,623	2,036,041
	\$ 3,442,899	\$ 2,548,181

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

STATEMENTS OF ACTIVITIES

Year ended September 30,

	2015	2014
Income		
Insurance and benevolence program contributions		
from local churches	\$ 14,040,522	\$ 13,472,256
Other insurance premiums income	642,474	661,966
Trust administration fees	1,931	2,127
Investment income, net	106,328	70,998
Realized/unrealized gain (loss)	(257,363)	154,360
Administrative fees income	514,157	515,318
Other income	480	3,202
Total income	15,048,529	14,880,227
Expenses		
Program expenses		
Single Defined Benefit Pension Plan contributions	9,000,000	8,500,000
403(b) Plan contributions	1,714,322	3,166,428
Minister group life insurance premiums expense	822,485	870,103
Other insurance premiums expense	647,223	654,594
Benevolence payments	98,765	114,458
Total program expenses	12,282,795	13,305,583
Administrative expenses		
Salaries and benefits	809,834	759,549
Office operations	49,709	50,313
403(b) record keeping fees	385,135	386,164
Professional services	312,797	148,181
Conferences/committees	75,548	70,215
Rent	47,746	43,956
Travel and entertainment	30,796	34,028
Depreciation	12,783	10,499
Miscellaneous	31,406	29,000
Contracted services	86,398	240,120
Total administrative expenses	1,842,152	1,772,025
Total expenses	14,124,947	15,077,608
Change in unrestricted net assets	923,582	(197,381)
Unrestricted net assets, beginning of year	2,036,041	2,233,422
Unrestricted net assets, end of year	\$ 2,959,623	\$ 2,036,041

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

STATEMENTS OF CASH FLOWS

Year ended September 30,

	2015	2014
Cash flows from operating activities		
Change in unrestricted net assets	\$ 923,582	\$ (197,381)
Adjustments to reconcile change in unrestricted net assets to net cash (used in) provided by operating activities		
Depreciation	12,783	10,499
Gain on sale of equipment	(325)	(110)
Net realized (gain) loss on sale of investments	94,472	(68,053)
Unrealized (gain) loss on investments	162,891	(86,307)
Changes in assets and liabilities		
Accounts receivable	18,110	(18,849)
Accounts payable	41,102	(146,839)
Deferred revenue	(6,749)	(2,234)
Death benefit benevolence plan liability	(63,217)	(58,708)
Net cash (used in) provided by operating activities	1,182,649	(567,982)
Cash flows from investing activities		
Purchases of equipment	(25,793)	(1,173)
Proceeds from sale of equipment	325	110
Purchases of investments	(8,948,072)	(7,305,385)
Proceeds from sale of investments	8,588,697	7,644,806
Net cash provided by (used in) investing activities	(384,843)	338,358
Net change in cash	797,806	(229,624)
Cash, beginning of year	850,048	1,079,672
Cash, end of year	\$ 1,647,854	\$ 850,048

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE A - DESCRIPTION OF THE PENSIONS AND BENEFITS FUND

The Board of Pensions and Benefits USA of the Church of the Nazarene (the Board or the Administrator) established the Pensions and Benefits Fund (the Fund) to provide various benevolence, retirement, and insurance programs to Nazarene ministers, their spouses, and their surviving family members. All of the programs are self-funded through contributions made by the local churches. The Fund is administered by the Board on behalf of the Church of the Nazarene, Inc. (the Church). The Fund provides administrative services and certain specific funding amounts as determined by the Board to the Church of the Nazarene Single Defined Benefit Pension Plan (the Single Defined Benefit Pension Plan) and the Nazarene 403(b) Retirement Savings Plan (the 403(b) Plan).

Benevolence programs - The Fund provides benevolence programs, including death benefit benevolence, emergency medical assistance, temporary monthly disability assistance, administrative benefit adjustment, and funeral assistance. These programs provide various kinds of benevolence assistance payments to ministers, their spouses, and their surviving family members upon the recommendation of their district advisory boards. A more comprehensive description of the Fund's benevolence programs is contained in the benefits summary brochure.

Pastors Life Insurance Plan - The Pastors Life Insurance Plan is a group term life insurance plan for district-licensed and ordained clergy or district-credentialed laypersons who are currently serving in U.S. districts in qualified assignments and who have not begun receiving retirement benefits.

Pensioners Death Benefit Plan - The Pensioners Death Benefit Plan provides death benefits to district-licensed and ordained ministers who are currently receiving a monthly benefit from the Basic Pension Plan portion of the Single Defined Benefit Pension Plan based on years of service or, alternatively, who are vested Plan participants aged 70 1/2 or older and who have not chosen to begin receiving a monthly retirement benefit.

Church of the Nazarene Single Defined Benefit Pension Plan - Effective January 1, 1996, the Basic Pension Plan and the General Church Pension Plan were merged to form the Single Defined Benefit Pension Plan. After January 1, 1996, there were no new entrants in the Basic Pension Plan or the General Church Pension Plan. Participants in both plans were grandfathered in so that no one who had been credited with years of service under the predecessor plans would receive less under the Single Defined Benefit Pension Plan than what would have been paid under the former defined benefit plans had membership in those plans continued unchanged.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE A - DESCRIPTION OF THE PENSIONS AND BENEFITS FUND - Continued

Nazarene 403(b) Retirement Savings Plan - Effective January 1, 1996, the 403(b) Plan was established for all U.S. ministers and laypersons serving local congregations and districts, as well as for general church employees. The annual pension supplement (APS) contribution is deposited into individual accounts for each eligible U.S. clergy member and layperson from Fund receipts or agency funds, depending upon the participant's employer. Some years, an additional bonus amount is deposited for eligible participants whose local congregation pays 100% of their Fund amount or whose district pays 100% of their Fund amount. The 2015 APS contribution for eligible senior pastors and associates was established using an agreed-upon schedule to be based on the amounts paid to the Fund by eligible participants' local congregations during the 2014-2015 assembly year. The 2014 APS contribution for eligible senior pastors and associates was established using an agreed-upon schedule to be based on the amounts paid to the Fund by eligible participants' local congregations during the 2013-2014 assembly year. The 2015 and 2014 APS contribution for eligible district superintendents, district-assigned, and evangelists was \$1,000.

Employees may elect to participate in the 403(b) Plan through salary-reduction contributions. Employers may elect to make matching contributions to their respective participating employees' accounts. Local church and agency employers are encouraged to establish policies to match amounts of voluntary salary-reduction contributions up to at least 3% of salary. Contributions are made directly to Fidelity Investments. The cash value of all participant accounts that were not included in the Fund was \$366,683,776 and \$353,304,839 as of September 30, 2015 and 2014, respectively.

Effective October 1, 2012, Fidelity Investments lowered their per participant record keeping fee from \$39 to \$29 per quarter. Based upon action by the Board, in order to provide additional income to the Fund to assist with administrative expenses for the 403(b) Plan, Fidelity Investments continues to collect the \$39 record keeping fee from the participants of the 403(b) plan and remits the fees collected to the Fund. Fidelity Investments invoices the Fund each quarter for the \$29 per-participant recordkeeping fee. The Fund retains the net \$10 per-participant recordkeeping fee. For the years ended September 30, 2015 and 2014, the Fund had administrative fees income of \$514,157 and \$515,318 and recordkeeping fees for the 403(b) Plan of \$385,135 and \$386,164, respectively, which are reflected in the statement of activities.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The accompanying financial statements were prepared on the accrual basis of accounting.

2. *Revenue Recognition*

Insurance premiums received are deferred and recognized as revenue ratably over the term of the insurance policy.

3. *Investments*

Investments consist primarily of fixed income, real estate investment trust (REIT), and equity mutual funds that are carried at fair value with realized and unrealized gains and losses included in the statement of activities. Fair values are based on quoted market prices or dealer quotes, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

4. *Fair Value Measurements*

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures* (ASC 820) establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of ASC 820 apply to all financial instruments that are being measured and reported on a fair-value basis and items disclosed at fair value in the notes to the financial statements.

ASC 820 defines fair value as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The exit price is based on the amount that the holder of the asset or liability would receive or pay in an actual transaction (or in a hypothetical transaction if an actual transaction does not exist) at the measurement date.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. *Equipment*

Equipment is carried at cost. Depreciation is computed using the straight-line method and is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, which range from four to eight years.

6. *Impairment of Long-Lived Assets*

The Fund periodically reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Assets to be disposed of are reported at the lower of carrying amount or fair value, less costs to sell. No amounts have been recorded at September 30, 2015 and 2014 with respect to impairment of long-lived assets.

7. *Payment of Benefits*

Benefits are recorded when paid, except for the death benefit benevolence plan payments, for which the liability is reduced when paid.

8. *Use of Estimates*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. *Income Taxes*

The Fund is exempt from federal and state income taxes since it is an entity organized under the Church, which holds a group exemption.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. *Income Taxes - Continued*

The Fund applies the provisions of ASC Topic 740, *Income Taxes*, (ASC 740) with respect to uncertain tax positions. ASC 740 requires that all tax positions be evaluated using a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return. Differences between positions taken in a tax return and amounts recognized in the financial statements are recorded as adjustments to income taxes payable or receivable, or adjustments to deferred income taxes, or both. ASC 740 also requires expanded disclosures at the end of each annual reporting period. No amounts have been recorded at September 30, 2015 and 2014 with respect to uncertain tax positions.

10. *Subsequent Events*

The Fund has evaluated subsequent events through February 19, 2016, which is the date these financial statements were available to be issued.

NOTE C - CONCENTRATIONS OF CREDIT RISK

From time to time, the Fund maintains cash balances in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. Management evaluates the financial stability of these financial institutions and considers the risk to be minimal. Effective January 1, 2013, FDIC coverage has been limited for interest bearing and non-interest bearing accounts. At September 30, 2015 and 2014, the Plan had approximately \$1,610,000 and \$820,000, respectively, in excess of FDIC insured limits.

NOTE D - INVESTMENTS AND RELATED PARTY TRANSACTIONS

During June 2013, the Fund invested in a portfolio of mutual funds administered by the Church of the Nazarene Foundation (the Foundation). The investments are managed by Kaspick, the Investment Manager. The underlying investments are bond and equity mutual funds and reported at fair value.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE D - INVESTMENTS AND RELATED PARTY TRANSACTIONS - Continued

The Fund's investment in the portfolio consisted of the following as of September 30,

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Cash	\$ 47,255	\$ 45,764	\$ 51,328	\$ 51,328
Fixed income mutual funds				
High quality bond	170,782	165,562	154,679	153,097
Investment grade bond	944,761	884,704	833,989	825,696
International bond	368,065	353,159	324,397	330,450
High yield bond	65,627	59,466	58,391	56,616
REIT mutual funds				
Domestic REITs	72,933	67,132	62,355	60,035
Equity mutual funds				
Large company	62,183	56,328	52,552	52,881
	<u>\$ 1,731,606</u>	<u>\$ 1,632,115</u>	<u>\$ 1,537,691</u>	<u>\$ 1,530,103</u>

Net investment gain (loss) consisted of the following as of September 30,

	<u>2015</u>	<u>2014</u>
Realized (loss)gain on sale of investments	\$ (94,472)	\$ 68,053
Unrealized (loss)gain on investments	(162,891)	86,307
Investment income	148,072	105,385
Investment fees	(41,744)	(34,387)
	<u>\$ (151,035)</u>	<u>\$ 225,358</u>

The investment fees are netted against the proceeds from sale of investments in the statements of cash flows and included in investment income, net in the statements of activities.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE E - FAIR VALUE MEASUREMENTS

ASC 820 establishes a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and management's assumptions (unobservable inputs). Where an asset or a liability falls within that hierarchy depends on the lowest-level input which is significant to the fair value measurements as a whole. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy. The hierarchy consists of three broad levels as follows:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.
- Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

The determination of where an asset or a liability falls in the hierarchy requires significant judgment. The Fund evaluates its hierarchy disclosures for each reporting period; based on various factors; it is possible that an asset or a liability may be classified differently from one reporting period to another. However, the Fund expects that changes in classifications between different levels will be rare.

The following is a description of the valuation methodologies used for assets measured at fair value:

Investment in pooled investment funds - Valued based on an allocation of quoted market prices for the underlying investments of the portfolio. The fair values of individual holdings in the portfolio are determined via various inputs ranging from level 1 to level 2 securities.

The following table sets forth information about the level within the fair value hierarchy at which the Plan's investments are measured on a recurring basis at September 30, 2015:

	<u>Fair value measurements at report date using</u>			<u>Total fair value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Investments, at fair value				
Pooled investment funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,632,115</u>	<u>\$ 1,632,115</u>

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE E - FAIR VALUE MEASUREMENTS - Continued

The following is a reconciliation of the beginning and ending balances of financial assets measured on a recurring basis using significant unobservable inputs (Level 3) during the year ended September 30, 2015:

	Pooled investment funds
Fair value, September 30, 2014	\$ 1,530,103
Purchases	8,800,000
Issuances, settlements	(8,546,953)
Interest and dividends	148,072
Unrealized losses	(162,891)
Realized losses	(94,472)
Fees and expenses	(41,744)
Fair value, September 30, 2015	\$ 1,632,115

The following table sets forth information about the level within the fair value hierarchy at which the Plan's investments are measured on a recurring basis at September 30, 2014:

	Fair value measurements at report date using			Total fair value
	Level 1	Level 2	Level 3	
Cash	\$ -	\$ -	\$ 51,328	\$ 51,328
Investments, at fair value				
Pooled investment funds	\$ -	\$ -	\$ 1,530,103	\$ 1,530,103

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE F - FUNDING POLICY

The allocation of total Fund contributions received from local churches in 2015 and 2014, including amounts contributed to the Single Defined Benefit Pension Plan and the 403(b) Plan, is as follows. Separate financial statements are provided for the Single Defined Benefit Pension Plan and the 403(b) Plan.

	<u>2015</u>	<u>2014</u>
Income		
Total Pensions and Benefits Fund contributions received from local churches	\$ 14,040,522	\$ 13,472,256
Other insurance premiums collected	642,474	661,966
Other income	365,533	746,005
Total income	<u>15,048,529</u>	<u>14,880,227</u>
Expenses		
403(b) Plan contributions	1,714,322	3,166,428
Single Defined Benefit Pension Plan contributions	9,000,000	8,500,000
Insurance and benevolence program expenses of the Pensions and Benefits Fund	1,568,473	1,639,155
Administrative expenses of the Pensions and Benefits Fund	1,842,152	1,772,025
Total expenses	<u>14,124,947</u>	<u>15,077,608</u>
Increase (decrease) in net assets of the Pensions and Benefits Fund	<u>\$ 923,582</u>	<u>\$ (197,381)</u>

Financial Statements and Report of Independent Certified Public Accountants

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

September 30, 2015 and 2014

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans

We have audited the accompanying financial statements of Church of the Nazarene World Mission Pension Plans (the “Plans”), which comprise the statements of net assets available for benefits as of September 30, 2015 and 2014 and the related statements of changes in net assets available for benefits for the years then ended, and the statements of accumulated plan benefits as of September 30, 2015 and 2014 and the related statements of changes in accumulated plan benefits for the years then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Church of the Nazarene World Mission Pension Plans as of September 30, 2015 and 2014 and the changes in financial status for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Johnston LLP

Kansas City, Missouri
February 19, 2016

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
September 30,

	2015	2014
ASSETS		
Cash	\$ 31,451	\$ 20,076
Investments, at fair value (<i>note E</i>)		
Plan interest in Pension Investment Trust	8,516,229	9,316,571
Accrued interest receivable	465	4,745
Total assets	8,548,145	9,341,392
LIABILITIES		
Accounts payable	5,112	11,026
Due to the Church	13,825	18,273
	18,937	29,299
Net assets available for benefits	\$ 8,529,208	\$ 9,312,093

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year ended September 30,

	2015	2014
Additions		
Investment income		
Plan interest in Pension Investment Trust income	\$ 29,940	\$ 958,449
Contributions	154,378	160,957
	184,318	1,119,406
Deductions		
Benefits paid directly to participants	879,948	888,713
Administrative, legal, and actuarial expenses	87,255	78,298
	967,203	967,011
Net (decrease) increase in net assets available for benefits	(782,885)	152,395
Net assets available for benefits, beginning of year	9,312,093	9,159,698
Net assets available for benefits, end of year	\$ 8,529,208	\$ 9,312,093

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

STATEMENTS OF ACCUMULATED PLAN BENEFITS

September 30,

	2015	2014
Actuarial present value of accumulated plan benefits		
Vested benefits		
Participants currently receiving payments	\$ 6,151,694	\$ 6,196,632
Other participants	1,659,619	1,948,160
	7,811,313	8,144,792
Nonvested benefits	3,863	5,397
Total actuarial present value of accumulated plan benefits	\$ 7,815,176	\$ 8,150,189

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
STATEMENTS OF CHANGES IN ACCUMULATED PLAN BENEFITS
Year ended September 30,

	2015	2014
Actuarial present value of accumulated plan benefits, beginning of year	\$ 8,150,189	\$ 8,494,372
Increase (decrease) during the year attributable to		
Benefits accumulated and actuarial net loss	5,220	(18,971)
Increase for interest due to decrease in discount period	539,715	563,501
Benefits paid to participants	(879,948)	(888,713)
Net decrease	(335,013)	(344,183)
Actuarial present value of accumulated plan benefits, end of year	\$ 7,815,176	\$ 8,150,189

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE A - DESCRIPTION OF THE PLANS

The following brief description of the Church of the Nazarene World Mission Pension Plans, consisting of the World Mission Non-Qualified Pension Plan and the World Mission Pension Plan (collectively, the Plans), is provided for general information purposes only. Participants should refer to their respective plan's documents for more complete information. New participation was frozen such that there were no new entrants effective January 1, 1998.

1. *General*

The Plans are noncontributory defined benefit pension plans administered by the Board of Pensions and Benefits USA of the Church of the Nazarene (the Administrator and Trustee) on behalf of the Church of the Nazarene, Inc. (the Church and Plan Sponsor). The Plans provide retirement benefits at age 65 to missionaries under contract with the Church. The Plans are church plans that have not elected to be governed by the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and are not subject to Pension Benefit Guaranty Corporation insurance coverage.

The World Mission Pension Plan (the qualified plan) integrates its benefit formula with that of the total pension benefit provided by the World Mission Non-Qualified Pension Plan (the non-qualified plan). All benefits payable under the non-qualified plan are offset by any benefits paid under the qualified plan.

2. *Pension Benefits - World Mission Pension Plan*

Missionaries with 10 or more years of service are entitled to pension benefits beginning at the normal retirement age of 65. The pension benefits are calculated at an amount equal to the greater of (a) or (b) minus (c), where (a) is the sum of (1) \$2.50 per month for each year of service (to a maximum of 50 years) plus (2) \$100 per month for participants with 25 or more years of service, or \$75 per month for participants with 20, but less than 25, years of service; (b) is \$5.00 per month for each year of service with a bonus of 0.5% for each year of service in excess of 10; and (c) is the pension provided by the amount in the participant's account with the Nazarene 403(b) Retirement Savings Plan derived from deposits equal to an amount determined each plan year by the Plans' Trustee.

For purposes of determining the bonus amount, and only for such purposes, years of service credited under the provisions of the Church of the Nazarene Single Defined Benefit Pension Plan's (Single Defined Pension Plan) grandfathered Basic Pension Plan shall be included in the calculation of years of service under the qualified plan.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE A - DESCRIPTION OF THE PLANS - Continued

3. *Pension Benefits - World Mission Non-Qualified Pension Plan*

Missionaries with 10 or more years of service are entitled to pension benefits beginning at the normal retirement age of 65. The pension benefits are calculated at an amount equal to the greater of (a) or (b) minus (c), where (a) is the sum of (1) \$5.00 per month for each year of service (to a maximum of 50 years) for married or unmarried (single) participants plus (2) \$200 per month for married participants and \$140 per month for single participants, widows, or widowers with 25 or more years of missionary service, or \$150 or \$100 per month, respectively, with at least 20, but less than 25, years of missionary service or \$0 with less than 20 years of missionary service; (b) is \$10.00 per month for each year of service with a bonus of 0.5% for each year of service in excess of 10; and (c) is the pension provided by the amount in the participant's 403(b) plan derived from deposits equal to an amount determined each plan year by the Plans' Trustee. For purposes of determining the bonus amount, and only for such purposes, all years of service credited under this plan and under the Single Defined Pension Plan's grandfathered Basic Pension Plan provisions shall be included. Amounts payable under the non-qualified plan are also reduced by the extent of any payments made under the qualified plan.

4. *Disability Benefits*

Active missionaries with five or more years of service who become totally disabled receive annual disability benefits based on years of service to the date of disability, plus an additional year of service credit for each two years between the date of disability and the normal retirement date.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The accompanying financial statements were prepared on the accrual basis of accounting.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. *Investment Valuation and Income Recognition*

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Church's Investment Committee determines the Plans' valuation policies utilizing information provided by the Trustee and Custodian, Northern Trust Company. See Note E for discussion of the Pension Investment Trust and fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plans' gains and losses on investments bought and sold as well as held during the year.

3. *Payment of Benefits*

Benefits are recorded when paid.

4. *Actuarial Present Value of Accumulated Plan Benefits*

Accumulated plan benefits are those future periodic payments that are attributable under the Plans' provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to the following: (a) retired or terminated employees or their beneficiaries; (b) beneficiaries of employees who have died; and (c) current employees or their beneficiaries. Benefits payable under all circumstances (retirement, death, disability, or termination of employment) are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by actuaries from Towers Watson as of September 30, 2015 and 2014 and is that amount which results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Actuarial Present Value of Accumulated Plan Benefits - Continued*

The significant actuarial assumptions used in the valuations for the plan year beginning January 1, 2015 and 2014 were as follows: (a) life expectancy of participants (based on the RP-2000 Combined Mortality Table); (b) retirement age assumptions (the assumed retirement age ranges from 65 to 70); and (c) investment return. The valuations from the actuary assumed (1) an average rate of return of 6.75%, compounded annually, (2) discount rates of 7.00%, and (3) a basis for actuarial equivalence for conversion between Annual Pension Supplement balances and annuities of 6.50%.

In 2015, certain actuarial assumptions were changed which did not have an effect on the actuarial present value of accumulated plan benefits. Those changes include the assumed mortality rates for all members to the RP-2000 Combined Mortality Table, male and female, projected to 2015 with Scale AA for 2015 from the RP-2000 Combined Mortality Table, male and female, projected to 2014 with Scale AA for 2014.

The foregoing actuarial assumptions are based on the presumption that the Plans will continue. Were the Plans to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

5. *Administrative Expenses*

Certain directly related administrative, accounting, legal, and actuarial expenses are allocated to the Plans by the Administrator. All other expenses are paid by the Pensions and Benefits Fund.

6. *Use of Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. *Recent Accounting Pronouncements*

In May 2015, the FASB issued ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which exempts investments measured using the net asset value (NAV) practical expedient in ASC 820, *Fair Value Measurement*, from categorization with the fair value hierarchy. The guidance requires retrospective application and is effective for fiscal years beginning after December 15, 2016. Early adoption is permitted. Management elected to early adopt the provisions of this new standard. Accordingly, the amendment was retrospectively applied thereby removing investments measured at NAV in the amount of \$14,611,810 from the fair value hierarchy disclosure in Note E at September 30, 2014 and presenting the amount separately so that total investments measured at fair value reconciles to total investments as presented in the statement of net assets available for benefits.

In July 2015, the FASB issued ASU 2015-12, *Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Plans (Topic 962), and Health and Welfare Benefit Plans (Topic 965): Part (I) Fully Benefit-Responsive Investment Contracts, Part (II) Plan Investment Disclosures, Part (III) Measurement Date Practical Expedient*. This three-part standard simplifies employee benefit plan reporting with respect to fully benefit-responsive investment contracts and plan investment disclosures, and provides for a measurement-date practical expedient. Parts I and II are effective for fiscal years beginning after December 15, 2015 and should be applied retrospectively, with early application permitted. Part III is effective for fiscal years beginning after December 15, 2015 and should be applied prospectively, with early application permitted.

Management has elected to adopt Part II early. Parts I and III are not applicable to this Plan. Accordingly, the amendment was retrospectively applied as follows:

- Investments are presented by general type in the fair value table instead of by nature, characteristics, and risk (Part II).
- Net appreciation/depreciation is disclosed only in aggregate, not by investment type (Part II).

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE C - CONCENTRATIONS OF CREDIT RISK

From time to time, the Plans may maintain cash balances in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. Management evaluates the financial stability of these financial institutions and considers the risk to be minimal. At September 30, 2015 and 2014, the Plan had approximately \$17,000 and \$6,000, respectively, in excess of FDIC insured limits.

NOTE D - FUNDING POLICY

The Church's funding policy is to make annual contributions to the Plans in amounts such that all participants' benefits will be fully provided for by the time they retire. For the Plans' calendar years beginning January 1, 2015 and 2014, there were no net annual contributions required from the Church to support the present benefit levels under the Plans' actuarial cost method.

The following table shows the Plans' unfunded or overfunded amount as of September 30,

	2015	2014
Net assets available for plan benefits	\$ 8,529,208	\$ 9,312,093
Actuarial present value of accumulated plan benefits	(7,815,176)	(8,150,189)
Funded status - over funded	\$ 714,032	\$ 1,161,904

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST

1. *Description of Pension Investment Trust*

The entirety of the Plans' investments is in the Pension Investment Trust, which was established for the investment of assets of the Plans and the Single Defined Benefit Pension Plan. Each participating retirement plan has an undivided interest in the Pension Investment Trust. The assets of the Pension Investment Trust are held by Northern Trust Company, as Custodian.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST - Continued

1. Description of Pension Investment Trust - Continued

The value of the Plans' interest in the Pension Investment Trust is based on the beginning of year value of the Plan's interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. At September 30, 2015 and 2014, the Plans' interest in the net assets of the Pension Investment Trust was approximately 7.00% and 8.00% respectively. There are no restrictions on the redemption of the Plans' interest in the net assets of the Pension Investment Trust as of September 30, 2015 and 2014, respectively. Investment income and administrative expenses relating to the Pension Investment Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

The following table presents the assets, including investments, of the Pension Investment Trust as of September 30,

	<u>2015</u>	<u>2014</u>
Money market funds	\$ 3,055,485	\$ 979,603
U.S. common stocks	27,446,164	62,980,116
U.S. government and agency securities	1,043	1,475
Rights/Warrants	425	-
Mutual funds	37,074,358	41,742,358
Collective investment funds	47,870,370	14,611,810
	<u>\$ 115,447,845</u>	<u>\$ 120,315,362</u>
 Plans' interest in Pension Investment Trust	 \$ 8,516,229	 \$ 9,316,571

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST - Continued

1. *Description of Pension Investment Trust - Continued*

Investment income for the Pension Investment Trust is comprised of the following for the year ended September 30,

	2015	2014
Investment income		
Net appreciation (depreciation) in fair value of investments	\$ (533,089)	\$ 10,289,369
Interest	756,890	778,993
Dividends	840,168	1,375,647
Expenses	(540,829)	(513,245)
	\$ 523,140	\$ 11,930,764
Plans' interest in Pension Investment Trust income	\$ 29,940	\$ 958,449

The Plan measures the fair value of its investments that do not have a quoted market price but calculate NAV per share. The Plan applied the practical expedient to determine the fair values of collective investment funds (CIFs) of the Plan based on the NAV at September 30, 2015 and 2014. The Plan's CIFs are issued and redeemed daily at the NAV dollar amount per share. There are no unfunded commitments or redemption requirements.

2. *Fair Value Measurements of Pension Investment Trust*

ASC Topic 820, *Fair Value Measurements and Disclosures* (ASC 820) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below.

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.

Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST – Continued

2. Fair Value Measurements of Pension Investment Trust - Continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plans believe their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The closing prices reported in the active markets in which the securities are traded are used to value the investments in the Pension Investment Trust. The following table sets forth by level, within the fair value hierarchy, the Pension Investment Trust's assets at fair value as of September 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 3,055,485	\$ -	\$ -	\$ 3,055,485
U.S. common stocks	27,446,164	-	-	27,446,164
U.S. government obligations and agency securities	1,043	-	-	1,043
Rights/Warrants	425	-	-	425
Mutual funds	37,074,358	-	-	37,074,358
Total assets in the fair value hierarchy	\$ 67,577,475	\$ -	\$ -	67,577,475
Collective investment funds measured at net asset value				47,870,370
Investments at fair value				\$ 115,447,845

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST - Continued

2. Fair Value Measurements of Pension Investment Trust - Continued

The following table sets forth by level, within the fair value hierarchy, the Pension Investment Trust's assets at fair value as of September 30, 2014:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 979,603	\$ -	\$ -	\$ 979,603
U.S. common stocks	62,980,116	-	-	62,980,116
U.S. government obligations and agency securities	1,475	-	-	1,475
Mutual funds	41,742,358	-	-	41,742,358
Total assets in the fair value hierarchy	<u>\$ 105,703,552</u>	<u>\$ -</u>	<u>\$ -</u>	105,703,552
Collective investment funds measured at net asset value				14,611,810
Investments at fair value				<u>\$ 120,315,362</u>

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

NOTE F - RISKS AND UNCERTAINTIES

The Plans invest in various securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

Plan contributions are made, and the actuarial present value of accumulated plan benefits are reported, based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2015 and 2014

NOTE G - PLAN TERMINATION

Although it has not expressed any intent to do so, the Administrator has the right to discontinue its contributions at any time and to terminate the Plans subject to the provisions of the plan documents. Should the Plans terminate at some future time, a particular participant's accumulated plan benefits will be dependent on the priority of those benefits at that time, as set forth in the Plans' documents, at which time a separate extensive actuarial analysis would be required to determine liabilities on a plan termination basis.

NOTE H - TAX STATUS

The Internal Revenue Service has determined and informed the Administrator by a letter that the World Mission Pension Plan (the qualified plan) and the related trust were designed in accordance with applicable sections of the Internal Revenue Code (the IRC). There have been amendments since the Administrator received the determination letter; however, the Administrator believes that the Plans are designed and are currently being operated in compliance with the applicable requirements of the IRC.

NOTE I - SUBSEQUENT CHANGES IN ACTUARIAL ASSUMPTIONS

The Plans have evaluated subsequent events through February 19, 2016, which is the date these financial statements were available to be issued. In October 2014, the American Society of Actuaries released the RP-2014 mortality table. During the current Plan year, the adoption of the new table was under consideration and was not included in the valuation of the present value of accumulated plan benefits. Preliminary estimates indicate the new tables would increase the actuarial present value of accumulated plan benefits approximately 5% - 8%.

Financial Statements and Report of Independent Certified Public Accountants

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene Health and Hospitalization Program**

September 30, 2015 and 2014

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees

Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene Health and Hospitalization Program

Report on the financial statements

We have audited the accompanying financial statements of the Nazarene Health and Hospitalization Program (the “Program”), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Program’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nazarene Health and Hospitalization Program as of September 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Shouton LLP

Kansas City, Missouri
February 19, 2016

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene Health and Hospitalization Program
STATEMENTS OF FINANCIAL POSITION**

September 30, 2015 and 2014

	General Church Medical Plan	Missionary Medical Plan	Total	
			<u>2015</u>	<u>2014</u>
ASSETS				
Cash	\$ 1,190,170	\$ 84,138	\$ 1,274,308	\$ 1,202,230
Premiums receivable	-	-	-	-
Investments, at fair value	2,727,239	776,900	3,504,139	3,728,412
Investments - other	187,709	463,893	651,602	605,093
Prepaid expenses	1,129	1,406	2,535	2,453
Accrued interest receivable	-	-	-	119
Total assets	<u>\$ 4,106,247</u>	<u>\$ 1,326,337</u>	<u>\$ 5,432,584</u>	<u>\$ 5,538,307</u>
LIABILITIES AND NET ASSETS				
Accounts payable	\$ 4,913	\$ 5,033	\$ 9,946	\$ 15,774
Claims incurred but not reported	342,789	187,932	530,721	596,211
Total liabilities	<u>347,702</u>	<u>192,965</u>	<u>540,667</u>	<u>611,985</u>
Net assets, unrestricted	<u>3,758,545</u>	<u>1,133,372</u>	<u>4,891,917</u>	<u>4,926,322</u>
	<u>\$ 4,106,247</u>	<u>\$ 1,326,337</u>	<u>\$ 5,432,584</u>	<u>\$ 5,538,307</u>

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene Health and Hospitalization Program
STATEMENTS OF ACTIVITIES

Year ended September 30, 2015 and 2014

	General Church Medical Plan	Missionary Medical Plan	Total	
			<u>2015</u>	<u>2014</u>
Income				
Premium payments received	\$ 3,010,865	\$ 1,645,091	\$ 4,655,956	\$ 4,956,080
Investment income, net	86,073	24,369	110,442	93,848
Dividend income	-	3,232	3,232	4,266
Realized/unrealized gain (loss)	(53,151)	(12,818)	(65,969)	46,232
Total income	<u>3,043,787</u>	<u>1,659,874</u>	<u>4,703,661</u>	<u>5,100,426</u>
Expenses				
Program expenses				
Medical and dental claims	2,630,041	1,277,349	3,907,390	4,726,046
Reinsurance premiums paid	134,860	183,515	318,375	313,354
Total program expenses	<u>2,764,901</u>	<u>1,460,864</u>	<u>4,225,765</u>	<u>5,039,400</u>
Administrative expenses				
Administrative service fees	143,657	129,108	272,765	277,747
Salaries and benefits	65,158	68,471	133,629	127,953
Rent	1,667	1,667	3,334	3,050
Professional services	53,255	32,715	85,970	123,964
Miscellaneous	12,621	3,982	16,603	35,500
Total administrative expenses	<u>276,358</u>	<u>235,943</u>	<u>512,301</u>	<u>568,214</u>
Total expenses	<u>3,041,259</u>	<u>1,696,807</u>	<u>4,738,066</u>	<u>5,607,614</u>
Change in unrestricted net assets	2,528	(36,933)	(34,405)	(507,188)
Unrestricted net assets, beginning of year	<u>3,756,017</u>	<u>1,170,305</u>	<u>4,926,322</u>	<u>5,433,510</u>
Unrestricted net assets, end of year	<u>\$ 3,758,545</u>	<u>\$ 1,133,372</u>	<u>\$ 4,891,917</u>	<u>\$ 4,926,322</u>

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene Health and Hospitalization Program
STATEMENTS OF CASH FLOWS**

Year ended September 30, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in unrestricted net assets	\$ (34,405)	\$ (507,188)
Adjustments to reconcile change in unrestricted net assets to net cash used in operating activities		
Net realized and unrealized gain on investments	65,969	(46,232)
Changes in assets and liabilities		
Prepaid expenses	(82)	155,828
Accrued interest receivable	119	(82)
Accounts payable	(5,828)	(17,099)
Claims incurred but not reported	(65,490)	149,048
Net cash used in operating activities	(39,717)	(265,725)
 Cash flows from investing activities		
Purchases of investments and investments-other	(138,944)	(127,564)
Proceeds from sales and maturities of investments and investments - other	250,739	133,001
Net cash provided by investing activities	111,795	5,437
 Net change in cash	72,078	(260,288)
Cash, beginning of year	1,202,230	1,462,518
Cash, end of year	\$ 1,274,308	\$ 1,202,230

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program**

NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

NOTE A - DESCRIPTION OF THE PROGRAM

The Board of Pensions and Benefits USA of the Church of the Nazarene (the Administrator) established the Health and Hospitalization Program (the Program) to administer, on behalf of the Church of the Nazarene, Inc. (the Church), medical, dental, and vision benefits under two separate plans: the General Church Medical Plan and the Missionary Medical Plan (collectively, the Plans). These financial statements present the fiduciary activities of the Program's Administrator and do not purport to present the financial status of the Plans. These statements do not contain certain information regarding benefit obligations and other disclosures necessary for a fair presentation of the financial status of the Plans in conformity with accounting principles generally accepted in the United States of America.

1. *Benefits*

The Program administers the provision of medical, dental, and vision benefits to full-time employees (defined as those working at least 30 hours per week) of the Church and related employers and their beneficiaries and covered dependents (the General Church Medical Plan) and to missionaries under contract with the Church and their beneficiaries and covered dependents (the Missionary Medical Plan). Medical and dental benefits in excess of Medicare coverage may also be extended to retired participants and their beneficiaries and covered dependents pursuant to the provisions of each plan's document and/or the policies of the participating employers.

The medical, dental, and vision benefits are similar under both plans, which pay a major portion of medical, dental, and vision expense after the satisfaction of a calendar-year deductible.

Effective March 1, 2013, retirees were no longer covered under the medical and dental benefits of the General Church Medical Plan. Seven participants were grandfathered under this coverage and will be removed from the plan once they are eligible for Medicare coverage.

Medical and vision claims of active and retired participants, dependents and beneficiaries covered by the Program are processed by UMR. Dental claims of active and retired participants, dependents, and beneficiaries are processed by Delta Dental Company. The responsibility for administration of payments to participants and providers is retained by the Administrator.

Participants should refer to the plan documents for a complete description of the Plans' provisions.

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014**

NOTE A - DESCRIPTION OF THE PROGRAM - Continued

2. *Contributions*

Not less than one-half of the contributions for participant coverage are paid by the Church-related employers. The Program is self-funded with specific and aggregate reinsurance limits.

3. *Plan Termination*

Although it has not expressed any intent to do so, the Administrator has the right under the Plans to modify the benefits provided to active participants, to discontinue contributions at any time, and to terminate the Plans subject to the Plans' provisions.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The financial statements are prepared on the accrual basis of accounting.

2. *Revenue Recognition*

Insurance premiums received are deferred and recognized as revenue ratably over the term of the insurance policy.

3. *Investments*

Investments consist primarily of marketable debt, equity securities, and fixed income and equity mutual funds that are carried at fair value with realized and unrealized gains and losses included in the statement of activities. Fair values are based on quoted market prices or dealer quotes, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. *Investments - Other*

Investments - other consists of certificates of deposit with original maturities greater than three months and is carried at amortized cost.

4. *Claims Incurred but Not Reported (IBNR)*

Other obligations for current benefit coverage at September 30, 2015 and 2014 include IBNR amounts, which represent estimated medical and dental costs for services performed in the Plan year that have not yet been submitted for payment by Plan participants. The IBNR amounts are estimated based on historical lag factors between the date of service and the date of payment.

5. *Investment and Dividend Income*

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Program's gains and losses on investments bought and sold as well as held during the year.

6. *Administrative Expenses*

Directly related administrative and other expenses of the Administrator are allocated to the Program.

7. *Investment Risks*

The Program invests in funds that hold various securities which may include U.S. government securities, corporate debt instruments, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. *Use of Estimates*

The preparation of financial statements in accordance with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

9. *Subsequent Events*

The Program has evaluated subsequent events through February 19, 2016, which is the date these financial statements were available to be issued.

NOTE C - CONCENTRATION OF RISK

From time to time, the Program maintains cash balances in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. Management evaluates the financial stability of these financial institutions and considers the risk to be minimal. Effective January 1, 2013, FDIC coverage has been limited for interest bearing and non-interest bearing accounts. At September 30, 2015 and 2014, the Program had approximately \$985,000 and \$904,000, respectively, in excess of FDIC insured limits.

NOTE D - INVESTMENTS AND RELATED PARTY TRANSACTIONS

The Program's investments, at fair value, consist of equity securities and other investments maintained in pooled investment funds (the PIF) administered by the Church and a portfolio of bond and equity mutual funds (the Funds) administered by the Church of the Nazarene Foundation (CNF), a related party.

At September 30, 2015 and 2014, the Program's investment in the PIF was reported at a fair value of \$1,604,201 and \$1,750,517, respectively. The Program's investment in the PIF had a cost basis of \$1,611,061 and \$1,718,647 at September 30, 2015 and 2014, respectively. Other investments were reported at amortized cost approximating fair value and had a cost basis of \$651,602 and \$605,093 at September 30, 2015 and 2014, respectively.

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014**

NOTE D - INVESTMENTS AND RELATED PARTY TRANSACTIONS - Continued

During June 2013, the Program invested \$2,000,000 in a portfolio of mutual funds administered by CNF. The investments are managed by Kaspick, the Investment Manager. The underlying investments are bond and equity mutual funds and reported at fair value. At September 30, 2015 and 2014, the Program's investment in the Funds with CNF was reported at a fair value of \$1,899,938 and \$1,977,895, respectively, and had a cost basis of \$1,908,906.

Investment management fees totaled \$17,669 and \$17,916 at September 30, 2015 and 2014, respectively. These fees are netted against proceeds from the sale of investments in the statement of cash flows and included in investment income on the statement of activities.

NOTE E - FAIR VALUE MEASUREMENTS

The Program applies the provisions of Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are described below.

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.

Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014**

NOTE E - FAIR VALUE MEASUREMENTS - Continued

Following is a description of the valuation methodologies used for the Level 3 assets measured at fair value:

Investment in pooled investment funds - Valued based on an allocation of quoted market prices for the underlying investments of the portfolio. The fair values of individual holdings in the portfolio are determined via various inputs ranging from level 1 to level 2 securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Program believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table sets forth, by level within the fair value hierarchy, the Program's assets at fair value as of September 30, 2015:

	Fair value measurements at September 30, 2015			
	Level 1	Level 2	Level 3	Total
Investments, at fair value				
Pooled investment funds	\$ -	\$ -	\$ 3,504,139	\$ 3,504,139

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014

NOTE E - FAIR VALUE MEASUREMENTS - Continued

The following is a reconciliation of the beginning and ending balances of financial assets measured on a recurring basis using significant unobservable inputs (Level 3) during the year ended September 30, 2015:

	Pooled investment funds
Fair value, September 30, 2014	\$ 3,728,412
Purchases	-
Issuances, settlements	(233,070)
Interest and dividends	92,435
Unrealized losses	30,746
Realized gains	(96,781)
Fees and expenses	(17,603)
Fair value, September 30, 2015	<u>\$ 3,504,139</u>

The following table sets forth, by level within the fair value hierarchy, the Program's assets at fair value as of September 30, 2014:

	Fair value measurements at September 30, 2014			
	Level 1	Level 2	Level 3	Total
Investments, at fair value				
Pooled investment funds	\$ -	\$ -	\$ 3,728,412	\$ 3,728,412

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2015 and 2014**

**NOTE F - MEDICARE PRESCRIPTION DRUG, IMPROVEMENT, AND
MODERNIZATION ACT OF 2003**

The Program applies the provisions of ASC Topic 715, *Medicare Prescription Drug, Improvement, and Modernization* (ASC 715). ASC 715 provides guidance on accounting for the effects of a subsidy available, under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the Act) to companies that sponsor retiree medical programs with drug benefits which are at least actuarially equivalent to those available under Medicare. In addition to the direct benefit to a company from qualifying for and receiving the subsidy, the effects would include expected changes in retiree participation rates and changes in estimated health care costs that result from the Act.

The Administrator believes that its postretirement benefit plans currently provide prescription drug coverage which is at least actuarially equivalent to the new benefit available under the Act and it will therefore qualify for the subsidy for an initial period of time after the Act is implemented until actuarial equivalency changes as a result of existing limits on the Plans' cost of providing the benefit. During the years ended September 30, 2015 and 2014, the Program's sponsor received a subsidy of approximately \$0 and \$48,350, respectively, under the Act.

NOTE G - INCOME TAX STATUS

The Program is exempt from federal and state income taxes because it is an entity organized under the Church, which holds a group exemption. The Administrator has not obtained a determination letter from the Internal Revenue Service for the Plans. However, the Administrator believes the Plans are designed and are currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

Consolidated Financial Statements and Report of Independent Certified Public Accountants
The Church of the Nazarene, Inc., Subsidiaries and Affiliate
September 30, 2016 and 2015

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Audit Committee
General Board of the Church of the Nazarene, Inc.

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We have audited the accompanying consolidated financial statements of The Church of the Nazarene, Inc. and its subsidiaries and affiliate (the “Organization”), which comprise the consolidated statements of financial position as of September 30, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Church of the Nazarene, Inc. and its subsidiaries and affiliate as of September 30, 2016 and 2015, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities and cash flows, on pages 56 through 61, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Grant Johnston LLP

Kansas City, Missouri
February 23, 2017

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30,

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 19,235,488	\$ 24,346,521
Investments, at fair value	188,835,041	170,317,646
Investments - other	90,660	90,660
Assets held for purchase of investments	6,572,126	7,867,137
Receivables - other	3,125,263	3,251,767
Property and equipment, net	42,786,719	47,463,629
Beneficial interest in charitable remainder trusts	852,995	861,558
Notes receivable	664,102	559,024
Inventories, net	2,848,217	2,544,555
Other assets	2,168,503	2,086,279
Total assets	\$ 267,179,114	\$ 259,388,776
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 3,884,068	\$ 3,852,118
Deferred gift agreements	12,428,092	12,741,769
Funds held in trust	60,462,929	56,190,068
Pension obligation	11,536,742	9,663,150
Postretirement benefit obligation	20,046,475	21,970,135
Total liabilities	108,358,306	104,417,240
 COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted - undesignated	120,572,319	116,465,921
Unrestricted - unamortized pension liability	(12,230,847)	(10,268,857)
Temporarily restricted	43,095,210	41,763,306
Permanently restricted	7,384,126	7,011,166
Total net assets	158,820,808	154,971,536
Total liabilities and net assets	\$ 267,179,114	\$ 259,388,776

The accompanying notes are an integral part of these statements.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended September 30, 2016

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and gains				
Contribution revenue				
World Evangelism Fund	\$ 38,155,344	\$ -	\$ -	\$ 38,155,344
Mission specials	29,366,887	979,344	14,774	30,361,005
Legacy, gifts, and charitable remainders	1,319,634	769,127	62,683	2,151,444
Gifts-in-kind	1,914,107	-	-	1,914,107
Net sales revenue	9,721,814	-	-	9,721,814
Other revenue	3,152,693	-	-	3,152,693
Revenues and gains	<u>83,630,479</u>	<u>1,748,471</u>	<u>77,457</u>	<u>85,456,407</u>
Net assets released from restrictions	<u>926,769</u>	<u>(1,222,010)</u>	<u>295,241</u>	<u>-</u>
Total revenues and gains	<u>84,557,248</u>	<u>526,461</u>	<u>372,698</u>	<u>85,456,407</u>
Expenses				
Program services				
Global Mission	55,483,628	-	-	55,483,628
International Board of Education	3,621,306	-	-	3,621,306
Sunday School and Discipleship Ministries	441,767	-	-	441,767
Nazarene Youth International	448,404	-	-	448,404
Board of General Superintendents	2,528,829	-	-	2,528,829
Nazarene communication services	10,542,637	-	-	10,542,637
Church of the Nazarene Foundation	872,284	-	-	872,284
Other program services, net	866,435	-	-	866,435
Total program services	<u>74,805,290</u>	<u>-</u>	<u>-</u>	<u>74,805,290</u>
Support services				
General and administrative services	14,528,340	42,680	-	14,571,020
Total support services	<u>14,528,340</u>	<u>42,680</u>	<u>-</u>	<u>14,571,020</u>
Total expenses	<u>89,333,630</u>	<u>42,680</u>	<u>-</u>	<u>89,376,310</u>
Change in net assets from operations	<u>(4,776,382)</u>	<u>483,781</u>	<u>372,698</u>	<u>(3,919,903)</u>
Non-operating income (expense)				
Net investment income	6,500,045	1,065,737	279	7,566,061
Foreign currency loss	(31,585)	-	-	(31,585)
Other income	508,550	-	-	508,550
Gain on sale of property and equipment	2,253,536	-	-	2,253,536
Actuarial adjustment of deferred gift agreements	-	(133,660)	-	(133,660)
Other expenses	<u>(347,766)</u>	<u>(83,954)</u>	<u>(17)</u>	<u>(431,737)</u>
Total non-operating income (expense)	<u>8,882,780</u>	<u>848,123</u>	<u>262</u>	<u>9,731,165</u>
Change in net assets before unamortized pension liability	<u>4,106,398</u>	<u>1,331,904</u>	<u>372,960</u>	<u>5,811,262</u>
Change in unamortized pension liability not included in pension expense	<u>(1,961,990)</u>	<u>-</u>	<u>-</u>	<u>(1,961,990)</u>
Change in net assets	<u>2,144,408</u>	<u>1,331,904</u>	<u>372,960</u>	<u>3,849,272</u>
Net assets, beginning of year	<u>106,197,064</u>	<u>41,763,306</u>	<u>7,011,166</u>	<u>154,971,536</u>
Net assets, end of year	<u>\$ 108,341,472</u>	<u>\$ 43,095,210</u>	<u>\$ 7,384,126</u>	<u>\$ 158,820,808</u>

The accompanying notes are an integral part of these statements.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended September 30, 2015

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and gains				
Contribution revenue				
World Evangelism Fund	\$ 38,705,012	\$ -	\$ -	\$ 38,705,012
Mission specials	26,357,740	3,610,996	7,993	29,976,729
Legacy, gifts, and charitable remainders	3,164,259	(66,903)	285,482	3,382,838
Gifts-in-kind	6,780,194	-	-	6,780,194
Net sales revenue	10,819,209	-	-	10,819,209
Other revenue	6,348,530	-	-	6,348,530
Revenues and gains	<u>92,174,944</u>	<u>3,544,093</u>	<u>293,475</u>	<u>96,012,512</u>
Net assets released from restrictions	2,629,455	<u>(2,789,147)</u>	159,692	-
Total revenues and gains	<u>94,804,399</u>	<u>754,946</u>	<u>453,167</u>	<u>96,012,512</u>
Expenses				
Program services				
Global Mission	63,101,102	-	-	63,101,102
International Board of Education	3,365,017	-	-	3,365,017
Sunday School and Discipleship Ministries	475,834	-	-	475,834
Nazarene Youth International	442,946	-	-	442,946
Board of General Superintendents	2,454,112	-	-	2,454,112
Nazarene communication services	13,042,737	-	-	13,042,737
Church of the Nazarene Foundation	1,052,706	-	-	1,052,706
Other program services, net	45,192	-	-	45,192
Total program services	<u>83,979,646</u>	<u>-</u>	<u>-</u>	<u>83,979,646</u>
Support services				
General and administrative services	15,104,264	33,090	931	15,138,285
Total support services	<u>15,104,264</u>	<u>33,090</u>	<u>931</u>	<u>15,138,285</u>
Total expenses	<u>99,083,910</u>	<u>33,090</u>	<u>931</u>	<u>99,117,931</u>
Change in net assets from operations	(4,279,511)	721,856	452,236	(3,105,419)
Non-operating income (expense)				
Net investment loss	(441,712)	(557,892)	(3)	(999,607)
Foreign currency gain	140,217	-	-	140,217
Other income	351,556	-	-	351,556
Actuarial adjustment of deferred gift agreements	-	149,990	-	149,990
Other expenses	(364,649)	(37,148)	(17)	(401,814)
Total non-operating income (expense)	<u>(314,588)</u>	<u>(445,050)</u>	<u>(20)</u>	<u>(759,658)</u>
Change in net assets before unamortized pension liability	(4,594,099)	276,806	452,216	(3,865,077)
Change in unamortized pension liability not included in pension expense	(3,125,289)	-	-	(3,125,289)
Change in net assets	(7,719,388)	276,806	452,216	(6,990,366)
Net assets, beginning of year	113,916,452	41,486,500	6,558,950	161,961,902
Net assets, end of year	<u>\$ 106,197,064</u>	<u>\$ 41,763,306</u>	<u>\$ 7,011,166</u>	<u>\$ 154,971,536</u>

The accompanying notes are an integral part of these statements.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATED STATEMENTS OF CASH FLOWS
Year ended September 30,

	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 3,849,272	\$ (6,990,366)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation	2,448,518	2,534,748
Net realized and unrealized gains on investments	(5,662,791)	2,216,417
Contributions restricted for long-term investment	(62,683)	(285,482)
Contributions of notes receivable	(252,748)	-
Discount amortization on notes receivable	(24,606)	(28,545)
Beneficial interest in charitable trusts	112,042	373,205
Gain on disposal of property and equipment	(2,253,536)	76,086
Inventory write-off	-	898,000
Pension obligation	1,886,550	3,236,921
Postretirement benefit obligation	(1,936,618)	(1,590,725)
Changes in		
Other receivables	118,713	924,890
Inventories	(303,662)	292,242
Other assets	(136,860)	187,710
Accounts payable and accrued liabilities	94,946	(648,494)
Net cash provided by (used in) operating activities	(2,123,463)	1,196,607
Cash flows from investing activities		
Purchases of property and equipment	(677,423)	(636,894)
Proceeds from disposal of property and equipment	5,159,350	156,827
Proceeds from sales and maturities of investments and investments - other	45,383,322	107,167,688
Purchases of investments and investments - other	(57,029,061)	(107,271,579)
Net cash used in investing activities	(7,163,812)	(583,958)
Cash flows from financing activities		
Change in deferred gift agreements and funds held in trust	3,942,617	561,487
Proceeds on contributions restricted for long-term investment	62,683	285,482
Payments on notes receivable	172,276	172,277
Net cash provided by financing activities	4,177,576	1,019,246
Effect of exchange rate changes on cash and cash equivalents	(1,334)	442,735
Net decrease in cash and cash equivalents	(5,111,033)	2,074,630
Cash and cash equivalents, beginning of year	24,346,521	22,271,891
Cash and cash equivalents, end of year	\$ 19,235,488	\$ 24,346,521
 Supplemental schedule of cash flow information		
Noncash investment activities that increased liabilities for deferred gift agreements and funds held in trust		
Investments received	\$ 37,014	\$ 22,974
Net realized and unrealized gains on investments	13,589,241	(6,780,467)
Noncash contribution activities that increased the notes receivable balance	252,748	-

The accompanying notes are an integral part of these statements.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2016 and 2015

NOTE A - NATURE OF ORGANIZATION

The Church of the Nazarene, Inc. (the “Church”) is organized and shall be operated exclusively for religious purposes including, but not limited to, disseminating the truths and principles of the Holy Bible, and diffusing more generally the blessings of Christian benevolence and charity, Christian education and the Christian religion, through the Nations. The specific purposes and objectives of the Church shall include, but not be limited to the following:

- establishing local churches
- establishing and operating Christian educational institutions, projects and activities for the religious instruction of children and adults
- engaging in missionary activities to establish churches and otherwise to spread the Gospel of Jesus Christ globally
- publishing and distributing Christian religious literature and materials in any and all formats
- rendering Christian aid and service to the elderly, the disabled, sick and impoverished and to others with material and spiritual needs
- engaging in any and all activities appropriate to sustain and support the ministries of the Church
- supporting other organizations, associations, projects, and individuals organized and operated for similar purposes throughout the world.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follows.

1. *Basis of Presentation*

The accompanying consolidated financial statements are prepared on the accrual basis of accounting and present the activities and operations of The Church of the Nazarene, Inc., including the Global Ministry Center, its Global Mission regional offices, its wholly owned subsidiaries Church of the Nazarene Foundation (the Foundation), Harvest Partners, Inc., and Nazarene Compassionate Ministries, Inc. (NCM, Inc.), as well as its affiliate Nazarene Publishing House (NPH) (collectively, the Organization). Individual congregations and related service corporations are not included herein.

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, resources are classified for accounting and financial reporting purposes into categories established according to their nature and purpose. The assets, liabilities and net assets of the Organization are reported in three categories as follows:

Unrestricted Net Assets - Unrestricted net assets are resources that are neither permanently nor temporarily restricted by donor-imposed stipulations. The only limits on unrestricted net assets are those resulting from the nature of the Organization and its purposes.

Temporarily Restricted Net Assets - Temporarily restricted net assets are resources whose use by the Organization is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled by actions of the Organization.

Permanently Restricted Net Assets - Permanently restricted net assets are those whose use by the Organization is limited by donor-imposed stipulations requiring that the corpus be maintained in perpetuity. Generally, income earned on related investments, if any, may be restricted by donors or used for unrestricted purposes in the absence of donor restrictions. Interest and dividends from permanently restricted investments are credited to temporarily restricted net assets until they are released for expenditure.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. *Principles of Consolidation*

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The consolidated financial statements include the accounts of The Church of the Nazarene, Inc., including the Global Ministry Center, its Global Mission regional offices, its wholly owned subsidiaries the Foundation, Harvest Partners, Inc., and NCM, Inc., as well as its affiliate NPH. NPH is consolidated because The Church of the Nazarene, Inc. has economic interest and control of the majority of voting interest for the NPH board. All material intercompany balances and transactions have been eliminated in consolidation.

3. *Foreign Operations*

The books of record of certain Global Mission regional offices of the Organization which are domiciled and incorporated in a foreign location are kept using the local currency of each respective foreign domicile. However, the U.S dollar is the functional currency of such Global Mission regional offices and the books of record are remeasured into the functional currency for the years ended September 30, 2016 and 2015.

4. *Cash and Cash Equivalents*

Cash and cash equivalents include only funds and overnight investments held in banks for operating purposes. The Organization monitors all major banking relationships in the United States for safety ratings. At September 30, 2016 and 2015, there was approximately \$16,228,000 and \$22,244,000, respectively, held in banks in excess of federally insured limits. Foreign bank balances were approximately \$4,086,000 and \$3,014,000 as of September 30, 2016 and 2015, respectively.

5. *Contributions*

Contributions received, including unconditional promises to give, are recognized as revenues when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless restricted by the donor for specific purposes other than for general use by the Organization. Amounts received that are designated for future periods or restricted by the donor for specific purposes outside the general nature of the Organization are reported as temporarily restricted or permanently restricted support which increases those net asset classes. However, if a restriction is fulfilled in the same reporting period in which the contribution is received, the Organization reports the support as unrestricted.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. *Contributions - Continued*

The Organization reports gifts of land, buildings, and equipment at the fair value of the gift on the date received as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used and thus are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed into service.

6. *Gifts-in-Kind*

The financial statements reflect the value of equipment supplies and other items received and distributed in connection with the programs and activities. Their value is determined by estimating the fair value at the date of receipt. In addition, the Organization received the free use of warehouse space from other organizations for storage of inventory. The Organization recognizes the fair value of donated facilities. The actual benefit of the donated facilities and the fair values of these items have been reflected in the consolidated statement of activities as gifts-in-kind.

7. *Net Sales Revenue*

Revenues are earned from the printing and sale of religious books, periodicals, curriculum, music, and merchandise, primarily for the Church, book dealers, and churches located through the United States of America. Revenue is recognized upon shipment of products.

8. *Investments*

Investments consist primarily of marketable securities and alternative investments that are carried at fair value with realized and unrealized gains and losses included in the consolidated statement of activities. The Organization's investment policy for marketable securities is to maintain a target allocation between 46% - 62% of assets in equity securities, 32% - 40% of assets in bond or other fixed-income securities, and 8% - 12% in real estate.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. *Assets Held for Purchase of Investments*

The Organization has investments in certificates of deposit and money market accounts with original maturities three months or less that are restricted for long-term purposes and are not available for day to day operations, and therefore are separated from cash and cash equivalents.

10. *Accounts Receivables*

Receivables are stated at the amount management expects to collect from outstanding balances. The Organization maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Balances become past due according to contractual terms, generally 90 days. Management considers the following factors when determining the collectibility of specific customer accounts: customer credit-worthiness, past transaction history with the customer, current economic industry trends, and changes in customer payment terms. Past due balances over 90 days and other higher risk amounts are reviewed individually for collectibility. If the financial condition of a customer were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts and collectibility. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable.

11. *Property and Equipment*

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the depreciable assets. The Organization's policy is to capitalize property and equipment with original cost greater than \$500. Estimated useful lives of property and equipment are as follows:

Buildings and improvements	10-50 years
Furniture and equipment	4-8 years

Assets to be disposed of are reported at the lower of carrying amount or fair value, less costs to sell. Expenditures for repairs and maintenance, which do not improve or extend the expected useful lives of the assets, are expensed as incurred while major replacements and improvements are capitalized.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. *Long-Lived Assets*

The Organization periodically reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset with estimated future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The factors considered by management in performing this assessment include current operating results, trends, and prospects as well as the effects of obsolescence, demand, competition and other economic factors. For purposes of determining impairment, the Organization groups assets by category. During the years ended September 30, 2016 and 2015, the Organization recognized no such impairment expense.

13. *Deferred Gift/Planned Giving Agreements*

The Organization is a party to various deferred gift and planned giving agreements, including gift annuities, unitrusts, and revocable and irrevocable trusts, whereby the Organization receives funds or assets for which it has fiduciary responsibility for the safekeeping, investment management, and distribution of funds to donor-designated beneficiaries.

The Organization recognizes an asset and a liability for funds or assets received pursuant to revocable and irrevocable deferred gift agreements for which the Organization is not the donor-designated beneficiary. In certain cases, the Organization is the donor-designated beneficiary and recognizes the receipt of funds or assets as temporarily restricted revenues for irrevocable deferred gift agreements.

Certain agreements may contain an annuity feature, whereby the Organization will pay a fixed annuity to the donor or donor's beneficiary over specified periods of time. At the inception of the agreement, the Organization recognizes a liability equal to the present value of the expected annuity obligation, at the current discount rate of 5%, over the remaining expected life of the annuitant based on established mortality tables. The excess of the value of the funds or assets received over the present value of the annuity obligation is recognized as temporarily restricted net assets of the Organization if the Organization is the designated recipient of the corpus remaining upon the death of the annuitant. The annuity obligation is recalculated on an annual basis to take into consideration changes in the discount period (due to the passage of time) and mortality rates.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

13. *Deferred Gift/Planned Giving Agreements - Continued*

Adjustments to the liability to reflect amortization of the discount, re-evaluations of the present value of the estimated future payments to the donor or beneficiary, and changes in actuarial assumptions are recognized in the statement of activities as actuarial adjustment of deferred gift agreements in temporarily restricted net assets based on the donor's restrictions.

From time to time, the assets in a gift annuity contract are exhausted and the Organization uses unrestricted funds to pay the annuity until termination of the contract. Following an evaluation of the Organization's gift annuity contracts over the life of the gift annuity pool by Kaspick & Company, the Organization set aside a reserve of \$1 million in December 2013 to fund underwater gift annuity payments for these contracts. The amount reserved as of September 30, 2016 and 2015 is \$826,291 and \$952,389, respectively. Any amounts not needed from this reserve will be transferred to the Organization's Operating Reserve.

14. *Income Taxes*

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization would be subject to federal income taxes on the net income from certain operations if such operations generated unrelated business income. The Organization did not report any such unrelated business during 2016 or 2015. Therefore, no provision for income tax has been made in the accompanying financial statements.

The Financial Accounting Standards Board issued guidance that requires tax effects from uncertain tax positions to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. Management has determined that there are no such positions as of September 30, 2016 or 2015 and, accordingly, no liability has been accrued with respect to uncertain tax positions.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2013.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

15. *Fair Value Measurements*

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The exit price is based on the amount that the holder of the asset or liability would receive or pay in an actual transaction (or in a hypothetical transaction if an actual transaction does not exist) at the measurement date.

The carrying amounts of cash and cash equivalents are a reasonable estimate of their fair value because of the highly liquid status and short maturities. The carrying amounts of investments - other and accounts payable are a reasonable estimate of their fair value because of their short-term nature.

Fair value is generally determined based on quoted market prices in active markets for identical assets or liabilities. If quoted market prices are not available, the Organization uses valuation techniques that place greater reliance on observable inputs and less reliance on unobservable inputs (see Note D). In measuring fair value, the Organization may make adjustments for risks and uncertainties if a market participant would include such an adjustment in its pricing.

16. *Endowment Funds*

Interpretation of Relevant Law

The State of Missouri applies the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Based on its interpretation of the provisions of UPMIFA, the Organization is required to act prudently when making decisions to spend or accumulate donor-restricted endowment assets and, in doing so, to consider a number of factors including the duration and preservation of its donor-restricted endowment funds. As a result of this interpretation, the Organization classified as permanently restricted net assets the original value of the gifts donated to the permanent endowment. The remaining portion of the endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, unless otherwise directed by the applicable donor, until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard prudence prescribed by UPMIFA. The Organization's endowments are invested in institutional funds that incurred an average gain of 5% for the years ended September 30, 2016 and 2015.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

16. *Endowment Funds – Continued*

Interpretation of Relevant Law- Continued

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration of the fund
- The purposes of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the General Board, the endowment assets are invested with the following objectives in priority order: (1) longer-term capital appreciation; and (2) prudent investment risk.

Strategies Employed for Achieving Objectives

The Organization's goal for the investment of non-pension assets is to provide the highest level of appreciation in market value consistent with a prudent level of risk, while taking into consideration the planned duration of the investment. The Investment Committee of the Organization develops and maintains asset mix guidelines for each of the categories of assets taking into consideration the planned duration of the investments. The asset mix guidelines are reviewed by the Investment Committee at least once a year with a formal review every three years. The Investment Committee may change the asset mix at any time.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

16. *Endowment Funds - Continued*

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy which permits annual spending of an approved percentage of 5%, multiplied by the fiscal year end fair market value of endowment, with a six month proration for contributions received during the year. Endowment contributions must be received by March 31 of a given year in order to be included in that year's distribution calculation. In the event that the rate of return does not meet expected benchmarks in any given year, endowments which must maintain a minimum historic dollar value will not distribute the full amount if that distribution would cause the endowment's value to drop below its minimum required level. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

17. *Notes Receivable*

From time to time, the Foundation receives gifts of property and stock from donors. The Foundation will sell these assets and enter into a promissory note with the buyer for all or a portion of the proceeds of the assets. Such promissory notes receivable are recorded at the estimated collectible amounts, and a portion of these notes is secured by real property. Interest income on notes is recognized using the interest method. Interest income on impaired notes is recognized on the accrual basis until the account becomes severely delinquent, at which time the notes are placed on non-accrual status. Interest income is subsequently recognized to the extent cash payments are received. The accrual of interest resumes when the notes are brought current and removed from non-accrual status.

18. *Inventory Pricing*

Inventories, which consist primarily of finished goods, are stated at the lower of cost or market and are determined under the average cost method. An allowance for inventory valuation is recorded for finished goods inventory, other than non-periodical finished goods inventory.

19. *Advertising*

Advertising costs are expensed as incurred. Advertising costs of \$209,248 and \$189,303 were expensed in 2016 and 2015, respectively. These costs are included in program services in the consolidated statement of activities.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

20. *Shipping and Handling Costs*

Shipping and handling costs totaled \$636,442 and \$699,548 for the years ended September 30, 2016 and 2015, respectively. These costs are included in program services in the consolidated statement of activities.

21. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Significant estimates included in the consolidated financial statements are the inventory allowance, valuations of pension and postretirement benefit obligations, deferred gift agreements, fair value of investments, and useful lives of property and equipment. Actual results could differ from those estimates.

22. *Recently Adopted Accounting Pronouncements*

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-07, *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* (ASU 2015-07) which exempts investments measured using the net asset value (NAV) practical expedient from categorization within the fair value hierarchy. The guidance requires retrospective application. The Organization adopted the provisions of ASU 2015-07 during the year ended September 30, 2016 and accordingly, the amendment was retrospectively applied thereby removing investments measured at NAV in the amount of \$18,524,504, from the fair value hierarchy disclosure in Note D at September 30, 2015 and presenting the amount separately so that total investments measured at fair value reconciles to total investments as presented in the consolidated statements of financial position.

23. *Subsequent Events*

Management has evaluated events and transactions that have occurred since September 30, 2015 and reflected their effects, if any, in these consolidated financial statements through February 23, 2017, the date the consolidated financial statements were available to be issued.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE C - INVESTMENTS, AT FAIR VALUE

Investments consisted of the following at September 30,

	2016		2015	
	Cost	Fair value	Cost	Fair value
Money market funds	\$ 11,936,540	\$ 11,936,540	\$ 9,159,047	\$ 9,159,047
Certificates of deposit	3,001,174	3,001,174	3,001,174	3,001,174
Mutual funds				
Large blend	14,424,122	19,833,866	13,532,342	17,748,861
Medium blend	-	-	920,240	1,020,172
Foreign large blend	17,199,481	16,011,423	16,924,948	15,894,701
Foreign mid/small value	809,045	928,229	656,257	709,996
Emerging markets	2,403,079	2,332,900	1,980,806	1,635,753
Domestic REITs	5,484,037	6,164,262	4,564,321	4,688,272
International REITs	3,311,827	3,699,113	2,688,140	2,794,767
Intermediate-term bond	30,162,151	30,768,556	30,379,446	30,444,915
Foreign bond	9,097,881	9,060,195	8,584,022	8,489,205
High quality bond	6,871,306	6,977,021	6,468,227	6,435,052
Investment grade bond	19,612,693	19,069,220	17,023,521	16,224,288
High yield bond	4,522,099	4,458,704	4,501,867	4,343,863
Common stocks				
Large cap core	5	5	270	320
Large cap growth	8,944,614	11,389,927	8,759,790	10,715,808
Small cap growth	3,787,342	4,355,668	3,775,908	4,038,620
Small cap value	4,160,605	4,520,552	4,243,667	3,995,255
U.S. government obligations	240,406	220,187	141,703	139,436
Corporate bonds	8,425,348	8,468,614	8,111,119	8,106,998
Collective investment fund	22,241,357	23,681,718	19,876,943	18,524,504
Alternative investments				
Real assets	981,009	1,087,602	694,202	891,271
Mineral rights	1,210,886	869,565	1,207,994	1,276,741
Mortgages	-	-	38,627	38,627
	<u>\$ 178,827,007</u>	<u>\$ 188,835,041</u>	<u>\$ 167,234,581</u>	<u>\$ 170,317,646</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE C - INVESTMENTS, AT FAIR VALUE - Continued

Included in the investment totals above are investments held in trust for affiliated organizations and investments held pursuant to deferred gift and planned giving agreements. The fair value of those investments amounted to \$89,637,373 and \$68,938,809 as of September 30, 2016 and 2015, respectively.

Net investment income consisted of the following for the year ended September 30,

	<u>2016</u>	<u>2015</u>
Net realized and unrealized gain (loss) on investments	\$ 5,662,791	\$ (2,216,417)
Interest, dividends, and other income	2,208,998	1,552,383
Investment fees	<u>(305,728)</u>	<u>(335,573)</u>
	<u>\$ 7,566,061</u>	<u>\$ (999,607)</u>

Investment fees paid for the year ended September 30, 2016 and 2015, as shown above, are netted against the proceeds from sale of investments in the statement of cash flows.

NOTE D - FAIR VALUE MEASUREMENTS

The fair value hierarchy distinguishes between assumptions based on market data (observable inputs) and management's assumptions (unobservable inputs). Where an asset or a liability falls within that hierarchy depends on the lowest-level input which is significant to the fair value measurements as a whole. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy. The hierarchy consists of three broad levels as follows:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.

Level 3 - Unobservable inputs developed using management's estimates and assumptions, which reflect those which market participants would use.

The determination of where an asset or a liability falls in the hierarchy requires significant judgment. The Organization evaluates its hierarchy disclosures for each reporting period based on various factors. It is possible that an asset or a liability may be classified differently from one reporting period to another. However, the Organization expects that changes in classifications between different levels will be rare.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE D - FAIR VALUE MEASUREMENTS - Continued

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value:

Money market funds, common stocks and mutual funds - Valued based on quoted market prices.

U.S. government obligations - Valued at the last traded price by obtaining feeds from a number of live data sources including active market makers and inter-dealer brokers.

Certificates of deposit and corporate bonds - Determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest rate curves and referenced credit spreads, and estimated prepayment rates, where applicable, are used for valuation purposes provided by third-party pricing services where quoted market values are not available.

Collective investment fund – The Organization applied the practical expedient to determine the fair value of the collective investment fund (CIF) of the Organization based on NAV at September 30, 2016 and 2015. The Organization's CIF is issued and redeemed daily at the NAV dollar amount per share. There are no unfunded commitments or redemption requirements. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. The practical expedient is not used when it is determined to be probable that the Organization will sell the investment for an amount different than the reported NAV. Transactions (purchases and sales) may occur daily. Were the Organization to initiate a full redemption of a CIF, the investment advisor reserves the right to temporarily delay withdrawal from the CIF in order to ensure that securities liquidations will be carried out in an orderly business matter.

Alternative investments - Consists of investments aggregated into real assets, mineral rights and mortgages based upon their underlying investments. The fair values of real assets and mortgages are based on realtor estimates, comparable sales data, and tax assessments. The fair values of mineral rights are based upon the expected future cash flows of the mineral assets. These investments are classified within Level 3 of the fair value hierarchy. Additionally, these assets are not limited to when redeemed and do not have any lockup provisions.

Beneficial interest in charitable remainder trusts, net - Valued based on the fair value of the underlying trust assets less a payment liability. The value is determined by calculating the present value of the expected future income and distributions, using published life expectancy tables and a 5% rate of return.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The Organization's financial assets and liabilities measured at fair value on a recurring basis were as follows at September 30, 2016:

	<u>Fair value measurements at reporting date using</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Money market funds	\$ 11,936,540	\$ -	\$ -	\$ 11,936,540
Certificates of deposit	3,001,174	-	-	3,001,174
Mutual funds				
Large blend	19,833,866	-	-	19,833,866
Medium blend	-	-	-	-
Foreign large blend	16,011,423	-	-	16,011,423
Foreign mid/small value	928,229	-	-	928,229
Emerging markets	2,332,900	-	-	2,332,900
Domestic REITs	6,164,262	-	-	6,164,262
International REITs	3,699,113	-	-	3,699,113
Intermediate-term bond	30,768,556	-	-	30,768,556
Foreign bond	9,060,195	-	-	9,060,195
High quality bond	6,977,021	-	-	6,977,021
Investment grade bond	19,069,220	-	-	19,069,220
High yield bond	4,458,704	-	-	4,458,704
Common stocks				
Large cap core	5	-	-	5
Large cap growth	11,389,927	-	-	11,389,927
Small cap growth	4,355,668	-	-	4,355,668
Small cap value	4,520,552	-	-	4,520,552
U.S. government obligations	-	220,187	-	220,187
Corporate bonds	-	8,468,614	-	8,468,614
Alternative investments				
Real assets	-	-	1,087,602	1,087,602
Mineral rights	-	-	869,565	869,565
Total investments	<u>154,507,355</u>	<u>8,688,801</u>	<u>1,957,167</u>	<u>165,153,323</u>
Beneficial interest in charitable remainder trusts, net	-	-	852,995	852,995
	<u>\$ 154,507,355</u>	<u>\$ 8,688,801</u>	<u>\$ 2,810,162</u>	<u>166,006,318</u>
Collective investment fund measured at net asset value				<u>23,681,718</u>
Investments, at fair value				<u>\$ 189,688,036</u>

Included in the investment balances noted above, are Funds Held for Others (See Note H).

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE D - FAIR VALUE MEASUREMENTS —Continued

The Organization's financial assets and liabilities measured at fair value on a recurring basis were as follows at September 30, 2015:

	Fair value measurements at reporting date using			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 9,159,047	\$ -	\$ -	\$ 9,159,047
Certificates of deposit	3,001,174	-	-	3,001,174
Mutual funds				
Large blend	17,748,861	-	-	17,748,861
Medium blend	1,020,172	-	-	1,020,172
Foreign large blend	15,894,701	-	-	15,894,701
Foreign mid/small value	709,996	-	-	709,996
Emerging markets	1,635,753	-	-	1,635,753
Domestic REITs	4,688,272	-	-	4,688,272
International REITs	2,794,767	-	-	2,794,767
Intermediate-term bond	30,444,915	-	-	30,444,915
Foreign bond	8,489,205	-	-	8,489,205
High quality bond	6,435,052	-	-	6,435,052
Investment grade bond	16,224,288	-	-	16,224,288
High yield bond	4,343,863	-	-	4,343,863
Common stocks				
Large cap core	320	-	-	320
Large cap growth	10,715,808	-	-	10,715,808
Small cap growth	4,038,620	-	-	4,038,620
Small cap value	3,995,255	-	-	3,995,255
U.S. government obligations	-	139,436	-	139,436
Corporate bonds	-	8,106,998	-	8,106,998
Alternative investments				
Real assets	-	-	891,271	891,271
Mineral rights	-	-	1,276,741	1,276,741
Mortgages	-	-	38,627	38,627
Total investments	<u>141,340,069</u>	<u>8,246,434</u>	<u>2,206,639</u>	<u>151,793,142</u>
Beneficial interest in charitable remainder trusts, net	-	-	861,558	861,558
	<u>\$ 141,340,069</u>	<u>\$ 8,246,434</u>	<u>\$ 3,068,197</u>	<u>152,654,700</u>
Collective investment fund measured at net asset value				18,524,504
				<u>\$ 171,179,204</u>

Included in the investment balances noted above, are Funds Held for Others (See Note H).

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The following is a reconciliation of the beginning and ending balances of financial assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the year ended September 30, 2016:

	Real assets	Mineral rights	Mortgages	Beneficial interest in charitable remainder trusts	Total
Fair value, October 1, 2014	\$ 966,650	\$ 1,696,573	\$ 38,627	\$ 1,183,083	\$ 3,884,933
Gains (losses)					
Realized	1,309	-	-	-	1,309
Unrealized	(1,100)	(419,832)	-	(270,380)	(691,312)
Contributions	363,845	-	-	-	363,845
Sales/transfers/payments	(439,433)	-	-	(51,145)	(490,578)
Fair value, September 30, 2015	891,271	1,276,741	38,627	861,558	3,068,197
Gains (losses)					
Realized	-	-	-	-	-
Unrealized	(90,477)	(407,176)	-	(47,140)	(544,793)
Contributions	376,808	-	-	-	376,808
Sales/transfers/payments	(90,000)	-	(38,627)	38,577	(90,050)
Fair value, September 30, 2016	<u>\$ 1,087,602</u>	<u>\$ 869,565</u>	<u>\$ -</u>	<u>\$ 852,995</u>	<u>\$ 2,810,162</u>

The following table represents the quantitative information about Level 3 fair value measurements as of September 30, 2016:

	Fair value	Valuation technique	Significant Unobservable	Inputs
Real assets	\$ 1,087,602	Sales comparison	Realtor estimates	N/A
Mineral rights	\$ 869,565	Discounted cash flow	Discount rate	6%
Mortgages	\$ -	Sales comparison	Realtor estimates	N/A
Beneficial interest in charitable remainder trusts	\$ 852,995	Discounted cash flow	Discount rate/ Projected annuity	5%/ Various

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE E - PROPERTY AND EQUIPMENT

In March 2016, NPH sold its property and certain assets located at 2923 Troost for approximately \$4 million, resulting in a realized gain of approximately \$2 million that is included in gain on sale of property and equipment on the consolidated statement of activities.

Major classifications of property and equipment consisted of the following at September 30,

	<u>2016</u>	<u>2015</u>
Buildings and improvements	\$ 48,218,122	\$ 54,587,585
Furniture and equipment	19,355,805	20,802,501
Construction in progress	406,719	265,669
	<u>67,980,646</u>	<u>75,655,755</u>
Accumulated depreciation	<u>(31,566,270)</u>	<u>(35,428,274)</u>
	36,414,376	40,227,481
Land	6,372,343	7,236,148
	<u>\$ 42,786,719</u>	<u>\$ 47,463,629</u>

Depreciation expense amounted to \$2,448,518 and \$2,534,748 for the years ended September 30, 2016 and 2015, respectively.

NOTE F - DEFERRED GIFT AGREEMENTS OUTSTANDING

Deferred gift agreements outstanding represent the liability for various planned giving and revocable and irrevocable trust instruments for which the Organization has fiduciary responsibility for the safekeeping, investment management, and distribution of such funds to donor-designated entities at the termination of such instruments.

NOTE G - FUNDS HELD IN TRUST

Funds held in trust consist of deposits made with the Organization by affiliated organizations for investment purposes and other miscellaneous deposits. Income earned from the investment of these deposits serves to increase the funds held in trust.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE H - NET ASSETS

1. *Temporarily Restricted Net Assets*

Temporarily restricted net assets were available for the following purposes or periods as of September 30,

	<u>2016</u>	<u>2015</u>
Deferred gift/planned giving agreements	\$ 4,625,995	\$ 4,638,000
Endowments	3,431,547	2,744,191
Compassionate Ministries	7,984,329	7,849,289
Nazarene Missions International	227,690	416,808
Harvest Partners	1,172,360	1,271,450
International Board of Education	762,693	949,217
Global Mission Ministries	24,205,177	23,155,368
Donor advised funds	514,681	568,245
Other	170,738	170,738
	<u>\$ 43,095,210</u>	<u>\$ 41,763,306</u>

Net assets amounting to \$1,222,010 and \$2,789,147 for the years ended September 30, 2016 and 2015, respectively, were released from temporary restrictions into unrestricted net assets primarily due to the termination of the related planned giving agreements or otherwise in accordance with donor instructions.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE H - NET ASSETS - Continued

2. *Permanently Restricted Net Assets*

Permanently restricted net assets consisted of the following as of September 30,

	<u>2016</u>	<u>2015</u>
Investment in perpetuity, the income from which is expendable to support		
Global Mission	\$ 5,044,408	\$ 4,202,839
International Board of Education	1,117,008	1,099,102
Undesignated	16,797	16,797
Certain local Nazarene churches	426,006	424,571
Church of the Nazarene Foundation	40,804	37,679
Nazarene Youth International	137,852	137,852
Seminary, university, and colleges	100,000	100,000
Other Nazarene ministries	166,106	121,243
Endowments requiring a portion of the income to be added to the principal, with the remaining income distributed to Global Mission	335,145	871,082
	<u>\$ 7,384,126</u>	<u>\$ 7,011,165</u>

NOTE I - PENSIONS AND BENEFITS FUND

The Pensions and Benefits Fund (the Fund) provides various retirement, insurance, and benevolence programs to ministers and their spouses or surviving family members. The Fund is funded by local churches participating in the programs. The Fund is administered by the Board of Pensions and Benefits USA (the Board of Pensions) on behalf of the Organization. The assets of the Fund are included in separate financial statements.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE J - NAZARENE HEALTH AND HOSPITALIZATION PROGRAM

The Nazarene Health and Hospitalization Program (the NHHP) was established to provide health care benefits. The NHHP includes coverage under two separate plan documents identified as the Missionary Medical Plan (the Missionary Plan) and the General Church Medical Plan (the General Church Plan). The plans are administered by the Board of Pensions on behalf of the Organization.

Not less than one-half of the contributions for participant coverage are paid by the respective employers. All medical and dental benefits of the two plans are self-funded through specific and aggregate reinsurance policies.

The Organization contributed \$1,841,130 and \$1,645,091 to the Missionary Plan and \$2,801,224 and \$2,636,294 to the General Church Plan for the years ended September 30, 2016 and 2015, respectively.

The assets of the NHHP are included in separate financial statements.

NOTE K - PENSION AND POSTRETIREMENT BENEFITS

1. *World Mission Pension Plans*

The Organization maintains the World Mission Pension Plans (the Plans) noncontributory defined benefit pension plans covering missionaries under contract with the Organization prior to December 31, 1997. New participation was frozen such that there were no new entrants after December 31, 1997. The benefits are based on years of service. The Organization's funding policy is to contribute annually the amount needed to provide not only for benefits for service to date, but also for those benefits expected to be earned in the future. For new missionaries under contract after December 31, 1997, retirement benefits are provided by the Nazarene 403(b) Retirement Savings Plan.

The Organization's projected benefit obligation under the Plans exceeded the fair value of Plan assets by \$2,761,739 and \$2,138,722 at September 30, 2016 and 2015, respectively; therefore, the Plans are underfunded.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans - Continued*

The amounts recognized for the Plans in the Organization's unamortized pension liability consisted of the following at September 30,

	<u>2016</u>	<u>2015</u>
Prior service cost	\$ 4,801	\$ 28,793
Net actuarial loss	<u>3,919,244</u>	<u>3,286,514</u>
	<u>\$ 3,924,045</u>	<u>\$ 3,315,307</u>

The amounts for the Plans included in the Organization's unamortized pension liability at September 30, 2016 and expected to be amortized in net periodic pension cost for fiscal 2017 are as follows:

Prior service cost	\$ 4,801
Net actuarial loss	<u>422,760</u>
	<u>\$ 427,561</u>

The following table presents the benefit obligation, the fair value of Plan assets, the funded status of the Plans, and the principal weighted-average assumptions used as of September 30,

	<u>2016</u>	<u>2015</u>
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 10,667,573	\$ 10,309,026
Service cost	2,537	6,718
Interest cost	398,604	379,352
Benefits paid	(879,584)	(879,948)
Actuarial loss	<u>985,174</u>	<u>852,425</u>
Benefit obligation, end of year	<u>11,174,304</u>	<u>10,667,573</u>
Change in Plan assets		
Fair value of Plan assets, beginning of year	8,528,851	9,314,652
Actual return (loss) on Plan assets	611,576	(60,231)
Employer contributions	151,722	154,378
Benefits paid	(879,584)	(879,948)
Fair value of Plan assets, end of year	<u>8,412,565</u>	<u>8,528,851</u>
Underfunded status, end of year	<u>\$ (2,761,739)</u>	<u>\$ (2,138,722)</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans - Continued*

	<u>2016</u>	<u>2015</u>
Measurement date and weighted-average assumptions		
Used to determine benefit obligation		
Measurement date	9/30/16	9/30/15
Discount rate	3.20%	3.90%
Used to determine net periodic benefit cost		
Measurement date	10/1/15	10/1/14
Discount rate	3.90%	3.85%
Expected return on Plan assets	7.00%	7.00%

Net periodic pension cost included the following components as of September 30,

	<u>2016</u>	<u>2015</u>
Service cost	\$ 2,537	\$ 6,718
Interest cost	398,604	379,352
Expected return on Plan assets	(571,157)	(625,899)
Amortization of		
Prior service cost	23,992	23,992
Net actuarial loss	312,025	111,432
	<u>\$ 166,001</u>	<u>\$ (104,405)</u>

The Organization's investment policy for the Plans is to maintain a target allocation between 50% - 70% of Plan assets in equity securities and 34% - 42% of Plan assets in bond or other fixed-income securities. Contributions and benefit payments are used to maintain the actual asset allocation as close as is practicable to the target allocation. Plan assets are broadly diversified to limit the impact of losses in individual investments on the total portfolio.

Actual allocation of Plan assets by percentage was as follows at September 30,

	<u>2016</u>	<u>2015</u>
Equity securities	62%	62%
Debt securities	38%	38%
	<u>100%</u>	<u>100%</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans - Continued*

The fair value hierarchy for classifying fair value measurements of assets and liabilities, as set forth in ASC 820, is as follows:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.
- Level 3 - Unobservable inputs developed using the Organization's estimates and assumptions, which reflect those which market participants would use.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

A description of the valuation methodologies used for assets measured at fair value is disclosed in Note D.

The entirety of the Plans' investments is in the Pension Investment Trust (the Trust), which was established for the investment of assets of the Plans and the Single Defined Benefit Pension Plan. Each participating retirement plan has an undivided interest in the Trust. The assets of the Trust are held by Northern Trust Company (the Custodian).

The value of the Plans' interest in the Trust is based on the beginning-of-year value of the Plans' interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. At September 30, 2016 and 2015, the Plans' interest in the net assets of the Trust was approximately 6% and 7%, respectively. There are no restrictions on the redemption of the Plans' interest in the net assets of the Trust as of September 30, 2016 and 2015. Investment income and administrative expenses relating to the Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans - Continued*

The Trust's net assets are eligible to be measured at net asset value as a practical expedient and those investments are not required to be categorized in the fair value hierarchy. The Trust's net assets are measured at fair value on a recurring basis, subject to the disclosure requirements of ASC 715, *Compensation Retirement Benefits*, (ASC 715) were as follows at September 30, 2016:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 3,883,674	\$ -	\$ -	\$ 3,883,674
U.S. common stocks	34,657,250	-	-	34,657,250
U.S. government obligations and agency securities	772	-	-	772
Rights/Warrants	425	-	-	425
Mutual funds	45,483,031	-	-	45,483,031
Total assets in the fair value hierarchy	<u>\$ 84,025,152</u>	<u>\$ -</u>	<u>\$ -</u>	84,025,152
Collective investment funds measured at net asset value				57,837,036
Investments at fair value				<u>\$ 141,862,188</u>

The Trust's net assets are eligible to be measured at net asset value as a practical expedient and those investments are not required to be categorized in the fair value hierarchy. The Trust's net assets are measured at fair value on a recurring basis, subject to the disclosure requirements of ASC 715, *Compensation Retirement Benefits*, (ASC 715) were as follows at September 30, 2015:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 3,055,485	\$ -	\$ -	\$ 3,055,485
U.S. common stocks	27,446,164	-	-	27,446,164
U.S. government obligations and agency securities	1,043	-	-	1,043
Rights/Warrants	425	-	-	425
Mutual funds	37,074,358	-	-	37,074,358
Total assets in the fair value hierarchy	<u>\$ 67,577,475</u>	<u>\$ -</u>	<u>\$ -</u>	67,577,475
Collective investment funds measured at net asset value				47,870,370
Investments at fair value				<u>\$ 115,447,845</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

1. *World Mission Pension Plans – Continued*

During the year ending September 30, 2017, employer contributions to the Plans are expected to be approximately \$155,000.

Benefits reflecting future service are expected to be paid as follows for the year ending September 30,

Year ending September 30,	Amount
2017	\$ 896,567
2018	886,543
2019	871,288
2020	851,881
2021	827,656
2022-2026	3,663,386

2. *Postretirement Benefits*

In conjunction with the NHHP, the Organization has plans that provide postretirement health care benefits for certain groups of retired employees. The Organization's postretirement benefit health care plans are not currently funded.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

2. Postretirement Benefits - Continued

The following table sets forth the other postretirement benefit plans' status as of September 30,

	<u>2016</u>	<u>2015</u>
Benefit obligation	<u>\$ (12,908,901)</u>	<u>\$ (12,313,661)</u>
Fair value of Plan assets	<u>-</u>	<u>-</u>
Unfunded status	<u>(12,908,901)</u>	<u>(12,313,661)</u>
Unrecognized net actuarial gain (loss)	<u>(2,822,764)</u>	<u>(4,222,500)</u>
Unrecognized prior service cost	<u>(3,807,059)</u>	<u>(4,872,351)</u>
Benefit liability recognized in the statement of financial position	<u><u>\$ (19,538,724)</u></u>	<u><u>\$ (21,408,512)</u></u>
Benefit (income) cost recognized in the statement of activities	<u><u>\$ (784,598)</u></u>	<u><u>\$ (652,959)</u></u>
	<u>2016</u>	<u>2015</u>
Weighted-average assumptions used to determine benefit obligation discount rate	3.00%	3.75%

During the year ending September 30, 2017, employer contributions to other postretirement benefit plans are expected to be \$1,086,239.

Benefits, net of Medicare Part D subsidy, reflecting future service are expected to be paid as follows for the year ending September 30,

<u>Year ending</u>	<u>Amount</u>
2017	\$ 1,086,239
2018	1,068,464
2019	1,043,525
2020	1,030,888
2021	1,018,541
2022-2031	5,317,111

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

2. *Postretirement Benefits - Continued*

Selected components of net periodic benefit cost were as follows at September 30

	2016	2015
Current service cost	\$ 95,598	\$ 96,475
Employer contributions	1,014,996	1,014,904
Benefits paid	(1,014,996)	(1,014,904)

3. *Single Defined Benefit Pension Plan*

The Basic Pension Plan and the General Church Pension Plan have been merged to form the Single Defined Benefit Pension Plan (the Single Defined Plan), and no new entrants were admitted into the Single Benefit Plan after December 31, 1995. Participants in the Single Defined Plan have been grandfathered in so that no one having years of service under the predecessor plans will receive less under the Single Defined Plan than what would have been paid under the predecessor plans had they continued unchanged. The Single Defined Plan is a multiemployer plan that provides retirement benefits at age 65 to qualified full-time employees, pastors, evangelists, and district-licensed laypersons serving organized churches. The Single Defined Plan is a defined benefit plan and is administered by the Board of Pensions on behalf of the Organization. The assets are held in trust by the Board of Pensions, and separate financial statements are prepared for the Single Defined Plan. Contributions of \$9,500,000 and \$9,000,000 were made by the employers to the Single Defined Plan for the years ended September 30, 2016 and 2015, respectively.

4. *Nazarene 403(b) Retirement Savings Plan*

The Nazarene 403(b) Retirement Savings Plan (the 403(b) Plan) was established for all U.S. ministers and laypersons serving local congregations and districts, as well as for general church employees. The annual pension supplement amount contributed from the Fund receipts or agency funds is determined annually by the Board of Pensions. Ministerial employees may receive a bonus if their local church or district pays 100% of their allocated Fund amounts. The bonus amount is determined annually by the Board of Pensions.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE K - PENSION AND POSTRETIREMENT BENEFITS - Continued

4. *Nazarene 403(b) Retirement Savings Plan – Continued*

Employees may elect to participate in the 403(b) Plan through salary-reduction contributions. Employers make matching contributions to their respective participating employees' accounts. Local church and agency employers are encouraged to establish policies to match amounts of voluntary salary-reduction contributions up to at least 3% of salary. Contributions are made directly to Fidelity Investments.

The total cost of contributions made to the 403(b) Plan through the Fund and NPH was \$2,049,276 for the year ended September 30, 2016 and \$1,796,348 for the year ended September 30, 2015. The cash value of all participant accounts was \$396,593,049 and \$366,683,776 as of September 30, 2016 and 2015, respectively.

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN

1. *Defined Benefit Plan*

Effective January 1, 1987, NPH was an adopting employer of a plan sponsored by the General Board of the Church of the Nazarene. The Nazarene Publishing House Pension Plan (the NPH Pension Plan) is a qualified contributory defined benefit plan covering substantially all full-time employees with six months of service. The NPH Pension Plan provides benefits based on years of service and an employee's highest average compensation over any five-year period. Participants must contribute 2% of compensation to the Pension Plan. All participants in the NPH Pension Plan are retired and receiving benefits and no new participants were eligible for the plan after April 1, 2013. NPH's funding policy is based on actuarial valuations and recommendations as to the amounts required to fund benefits under the NPH Pension Plan. Effective December 1, 2014, benefits under the NPH Pension Plan were frozen as well as participation such that there are no new entrants after December 1, 2014.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. *Defined Benefit Plan - Continued*

The Organization's projected benefit obligation under the Plan exceeded the fair value of Plan assets by \$8,775,003 at September 30, 2016; therefore, the Plan is underfunded.

The annual measurement date for the NPH Pension Plan is September 30. The financial disclosure information for the fiscal year ending September 30, 2016 and the net periodic benefit cost for fiscal 2017 were prepared as of and for the period ended September 30, 2016. The following tables provide further information about NPH's pension plan:

	<u>2016</u>	<u>2015</u>
Weighted-average assumptions used to determine benefit obligations at September 30		
Discount rate	3.45%	4.20%
Rate of compensation increase	N/A	N/A
Change in benefit obligation		
Benefit obligation, beginning of year	\$ 30,077,105	\$ 29,846,322
Service cost	-	101,303
Interest cost	1,227,350	1,182,502
Actuarial loss	2,688,257	2,683,090
Plan participants contributions	-	11,148
Benefits paid	(1,797,959)	(2,153,369)
Curtailments	-	(2,252,310)
Termination Benefits	-	658,419
Benefit obligation, end of year	<u>\$ 32,194,753</u>	<u>\$ 30,077,105</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. *Defined Benefit Plan - Continued*

	<u>2016</u>	<u>2015</u>
Change in plan assets		
Fair value of plan assets, beginning of year	\$ 22,552,677	\$ 24,418,733
Actual return on plan assets	2,665,032	276,165
Plan participants contribution	-	11,148
Benefits paid	<u>(1,797,959)</u>	<u>(2,153,369)</u>
Fair value of plan assets , end of year	<u>\$ 23,419,750</u>	<u>\$ 22,552,677</u>
Net amount recognized, end of year		
Fair value of plan assets	\$ 23,419,750	\$ 22,552,677
Benefit obligations	<u>32,194,753</u>	<u>30,077,105</u>
Net amount recognized	<u>\$ (8,775,003)</u>	<u>\$ (7,524,428)</u>
Amounts recognized in the statement of financial position consist of		
Noncurrent asset	\$ -	\$ -
Noncurrent liability	<u>(8,775,003)</u>	<u>(7,524,428)</u>
	<u>\$ (8,775,003)</u>	<u>\$ (7,524,428)</u>
Amounts not yet reflected in net periodic benefit cost and included in changes in unrestricted net assets consist of		
Net actuarial loss	<u>\$ 8,306,802</u>	<u>\$ 6,953,550</u>
Accumulated benefit obligation	<u>\$ 32,194,753</u>	<u>\$ 30,077,105</u>
Other changes in plan assets and benefit obligations included in unrestricted net assets during the year		
Current-year actuarial loss	\$ 1,542,098	\$ 1,813,109
Amortization of actuarial loss	<u>(188,846)</u>	<u>(90,951)</u>
	<u>\$ 1,353,252</u>	<u>\$ 1,722,158</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. *Defined Benefit Plan - Continued*

	<u>2016</u>	<u>2015</u>
Weighted-average assumptions used to determine net periodic pension cost		
Discount rate	4.20%	4.30%/4.00%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	N/A	3.50%

The expected rate of return on pension plan assets is determined by the historical long-term investment performance of those assets, current asset allocation, and estimates of future long-term returns by asset class.

	<u>2016</u>	<u>2015</u>
Components of net periodic pension cost		
Service cost	\$ -	\$ 101,303
Interest cost	1,227,350	1,182,502
Expected return on plan assets	(1,518,873)	(1,662,760)
Recognized net actuarial loss	188,846	90,951
Net periodic pension cost	<u><u>\$ (102,677)</u></u>	<u><u>\$ (288,004)</u></u>

Plan assets

The fair value of assets was \$23,419,750 and \$22,552,677 as of September 30, 2016 and 2015, respectively.

The NPH Pension Plan's weighted-average asset allocations at September 30, by asset category, are as follows:

<u>Asset category</u>	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	3.16%	0.00%
Debt securities	34.95%	5.51%
Equity securities	61.89%	94.49%
	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. *Defined Benefit Plan - Continued*

NPH's investment strategy is based on an expectation that equity securities will outperform debt securities over the long term. Accordingly, the composition of NPH's plan assets is broadly characterized as a 60%/40% allocation between equity and debt securities.

NPH attempts to mitigate investment risk by rebalancing between equity and debt classes as its contributions and monthly benefit payments are made. Although changes in interest rates may affect the fair value of a portion of the investment portfolio and cause unrealized gains or losses, such gains or losses would not be realized unless the investments are sold.

The fair values of the Pension plan's assets at September 30, 2016, by category, are as follows:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Fair value
Bonds and mortgages	\$ -	\$ 1,050,262	\$ -	\$ 1,050,262
Investment in Church of the Nazarene pooled funds	-	-	22,369,488	22,369,488
	<u>\$ -</u>	<u>\$ 1,050,262</u>	<u>\$ 22,369,488</u>	<u>\$ 23,419,750</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. *Defined Benefit Plan - Continued*

The fair values of the Pension plan's assets at September 30, 2015, by category, are as follows:

	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Fair value
Bonds and mortgages	\$ -	\$ 1,242,729	\$ -	\$ 1,242,729
Money market and mutual funds	21,309,948	-	-	21,309,948
	<u>\$ 21,309,948</u>	<u>\$ 1,242,729</u>	<u>\$ -</u>	<u>\$ 22,552,677</u>

The following table summarizes the changes in fair values associated with Level 3 assets for the year ended September 30, 2016:

Fair value, September 30, 2015	\$ -
Additions	22,133,861
Reductions	(521,802)
Interest and dividends	45,190
Realized gains	58,618
Unrealized gains	653,621
Fair value, September 30, 2016	<u>\$ 22,369,488</u>

The inputs and valuation methods used to determine fair values for Level 2 assets were determined as follows:

The Bond and Mortgage Fund is a pooled separate account in which the NPH Pension Plan owns units of participation, while Principal Life Insurance Company owns the investments. The value of this separate account, which invests in multiple securities, is the fair value, or market value, of the underlying investments, adjusted for expenses. Inputs rely significantly on observable interactive data, which include (in the approximate order of priority for use when available) benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, reference data, and industry and economic events.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. *Defined Benefit Plan - Continued*

Valuation techniques incorporate a multidimensional spread/prepayment model or, for a smaller number of securities, interactive data will rely on actual broker quotes.

The inputs and valuation methods used to determine fair values for Level 3 assets were determined as follows:

Investment in the Church of the Nazarene pooled funds includes NPH's pension plan investment funds, which are pooled with other pension funds managed by the Church of the Nazarene. Income from the pooled funds is allocated to the various fund each month on the basis of each funds' principal balance at the beginning of the month adjusted for additions at cost.

Investments are recorded at fair value, which is an allocation from NPH's portion of pooled funds, which consist of equity securities and fixed income securities with readily determinable fair values which are valued at the last sale price (if quotations are readily available) or at the closing bid price in the principal market in which such securities are normally traded (if no sale price is available).

Cash flows

Contributions - Expected employer contributions for the 2017 fiscal year total \$0.

Estimated future benefit payments - The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Year ended	Amount
2017	\$ 1,761,808
2018	1,729,842
2019	1,741,806
2020	1,754,809
2021	1,757,539
2022-2026	9,119,544

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE L - NAZARENE PUBLISHING HOUSE PENSION PLAN - Continued

1. *Defined Benefit Plan - Continued*

The amount in unrestricted net assets expected to be recognized in 2017 consists of the components presented below:

Interest cost	1,080,328
Expected return on assets	(1,577,719)
Amortization of accumulated losses	230,223
Net periodic pension cost	<u>\$ (267,168)</u>
Discount rate	3.45%
Expected return on plan assets	7.00%

NOTE M - NAZARENE PUBLISHING HOUSE DEFINED BENEFIT POST-RETIREMENT MEDICAL BENEFITS PLAN

NPH does not provide a medical insurance program for retirees; however, all persons who retire from NPH who are Medicare eligible, who have been employed by a NHHP partner at least 10 years and who are listed in NPH's By-Laws as an officer of NPH shall be provided a subsidy to assist with the purchase of a personal retirement medical insurance policy. The subsidy will be provided in cash (with the commensurate tax consequence) or via a health reimbursement account. Currently, that monthly subsidy is approximately \$224 for an individual and \$448 for a couple. Should an officer retire after age 62 but prior to age 65, this benefit will begin once the retiree reaches age 65 and is, therefore, Medicare eligible.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

**NOTE M - NAZARENE PUBLISHING HOUSE DEFINED BENEFIT POST-RETIREMENT
MEDICAL BENEFITS PLAN - Continued**

Due to minimal changes in participants in the plan and relative immateriality, NPH has decided to obtain an actuarial calculation on the consolidated statement of financial position only every three years. The latest calculation and adjustment was as of and for the year ended September 30, 2015. The post-retirement medical benefits liability will be reported at the September 30, 2016 estimated balance included in the actuarial calculation performed as of September 30, 2015. The required disclosures under U.S. GAAP are as follows:

	2016	2015
Change in plan assets		
Benefit obligation	\$ (507,751)	\$ (494,793)
Fair value of plan assets	-	-
Unfunded status	\$ (507,751)	\$ (494,793)
	2016	2015
Disclosed benefit cost		
Employer service cost	\$ 13,137	\$ 95,152
Interest cost	22,010	97,765
Net prior service credit amortization	(396,030)	(174,821)
Net gain amortization	(43,871)	(453)
Net periodic post-retirement benefit cost	\$ (404,754)	\$ 17,643

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

**NOTE M - NAZARENE PUBLISHING HOUSE DEFINED BENEFIT POST-RETIREMENT
MEDICAL BENEFITS PLAN - Continued**

	2016	2015
Assumptions used to determine benefit cost		
Discount rate	4.55%	4.90%
Current health care cost trend rate	N/A	6.00%
Ultimate health care cost trend rate	N/A	5.00%
Year of ultimate trend rate	N/A	2017

During the year ending September 30, 2017, the employer contribution to the defined post-retirement medical benefits plan is expected to be \$22,454.

Benefit payments and Medicare Part D subsidies, reflecting future service are expected to be paid as follows for the year ending September 30,

Year ending	Amount
2017	\$ 22,454
2018	21,812
2019	21,262
2020	20,623
2021-2024	109,013

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE N - NOTES RECEIVABLE

	<u>2016</u>	<u>2015</u>
Note receivable dated December 10, 2010, payable in 5 annual installments of \$21,954 beginning December 10, 2011 (discount is based on imputed interest of 3%).	\$ -	\$ 21,315
Note receivable dated December 10, 2010, payable in 5 annual installments of \$150,323 beginning December 10, 2011 (discount is based on imputed interest of 3%).	-	145,944
Note receivable of \$500,000 dated in 2005, payable in 2020 (discount is based on imputed interest of 5%).	411,354	391,765
Note receivable of \$54,450 dated in 2007, payable in monthly installments of \$362 bearing an interest rate of 4.75% compounded monthly.	42,092	-
Note receivable of \$100,000 dated in 2010, payable in monthly installments of \$500 bearing an interest rate of 4.75% compounded monthly.	62,283	-
Note receivable of \$149,500 dated in 2006, payable in monthly installments of \$875 bearing an interest rate of 4.75% compounded monthly.	81,430	-
Note receivable of \$69,900 dated in 2004, payable in monthly installments of \$501 bearing an interest rate of 6% compounded monthly.	39,234	-
Note receivable of \$49,500 dated in 2004, payable in monthly installments of \$355 bearing an interest rate of 6% compounded monthly.	27,709	-
	<u>\$ 664,102</u>	<u>\$ 559,024</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE N - NOTES RECEIVABLE - Continued

Remaining maturities of notes receivable are as follows:

Year ending September 30,	Amount
2017	\$ 18,713
2018	19,703
2019	20,749
2020	433,205
2021	22,693
Thereafter	149,039
	\$ 664,102

NOTE O - OTHER REVENUE

Other revenue consisted of the following during the years ended September 30,

	2016	2015
Nazarene Youth Conference	\$ 28,144	\$ 308,741
Event registrations	673,859	3,465,692
Mid-Quad Evangelism Conference	-	40,524
Subscriptions and literature sales	173,799	319,229
W&W participant insurance funds	91,968	142,960
Casa Robles	362,376	188,683
Trustee fees	678,944	656,153
Global Mission activities	844,027	982,019
Miscellaneous	299,576	244,529
	\$ 3,152,693	\$ 6,348,530

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE P - ENDOWMENT FUNDS

1. *Endowment Composition*

The Organization applies the provisions of ASC Topic 958, *Not-for-Profit Entities* (ASC 958). A key component of ASC 958 is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure.

The Organization's endowment consists of 225 individual funds, a majority of which were established for the benefit of the Organization and local church ministries. Its endowment consists of perpetual and term endowments. As required by generally accepted accounting principles, net assets associated with endowments funds are classified and reported based on the existence or absence of donor-imposed restrictions.

	September 30, 2016			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Endowment composition by net asset category				
Board designated endowment funds	\$ 2,467,778	\$ 444,736	\$ 179,009	\$ 3,091,523
Donor restricted endowment funds	(1,231)	1,454,758	6,041,227	7,494,754
	<u>\$ 2,466,547</u>	<u>\$ 1,899,494</u>	<u>\$ 6,220,236</u>	<u>\$ 10,586,277</u>
Change in endowment net assets				
Endowment net assets, October 1, 2015	\$ 2,376,285	\$ 1,881,150	\$ 5,862,050	\$ 10,119,485
Investment return				
Investment income	106,906	317,122	210	424,238
Appreciation, net (realized and unrealized)	51,985	332,541	69	384,595
Total investment return	<u>158,891</u>	<u>649,663</u>	<u>279</u>	<u>808,833</u>
Contributions	1,013	69,261	62,683	132,957
Organization ministries expense	(63,225)	-	-	(63,225)
Administrative fees	(12,960)	(26,862)	(17)	(39,839)
Appropriation of endowment net assets for expenditure	<u>6,543</u>	<u>(673,718)</u>	<u>295,241</u>	<u>(371,934)</u>
Endowment net assets, September 30, 2016	<u>\$ 2,466,547</u>	<u>\$ 1,899,494</u>	<u>\$ 6,220,236</u>	<u>\$ 10,586,277</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE P - ENDOWMENT FUNDS - Continued

1. *Endowment Composition - Continued*

	September 30, 2015			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Endowment composition by net asset category				
Board designated endowment funds	\$ 2,393,972	\$ -	\$ -	\$ 2,393,972
Donor restricted endowment funds	(17,687)	1,881,150	5,862,050	7,725,513
	<u>\$ 2,376,285</u>	<u>\$ 1,881,150</u>	<u>\$ 5,862,050</u>	<u>\$ 10,119,485</u>
Change in endowment net assets				
Endowment net assets, October 1, 2014	\$ 2,429,992	\$ 2,289,768	\$ 5,417,829	\$ 10,137,589
Investment return				
Investment income	107,483	320,613	194	428,290
Appreciation, net (realized and unrealized)	(71,949)	(474,064)	(199)	(546,212)
Total investment return	<u>35,534</u>	<u>(153,451)</u>	<u>(5)</u>	<u>(117,922)</u>
Contributions	2,500	106,000	285,482	393,982
Organization ministries expense	(49,603)	-	-	(49,603)
Administrative fees	(23,560)	(23,685)	(947)	(48,192)
Appropriation of endowment net assets for expenditure	(18,578)	(337,481)	159,692	(196,367)
Endowment net assets, September 30, 2015	<u>\$ 2,376,285</u>	<u>\$ 1,881,151</u>	<u>\$ 5,862,051</u>	<u>\$ 10,119,487</u>

2. *Funds with Deficiencies*

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles accepted in the United States of America, deficiencies of this nature are reported in unrestricted net assets and were \$1,231 and \$17,687 as of September 30, 2016 and 2015, respectively. These deficiencies resulted from unfavorable market fluctuations.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE Q - RELATED PARTY TRANSACTIONS

Certain affiliated organizations deposit excess funds with the Organization for investment purposes. As of September 30, 2016 and 2015, funds held in trust totaled \$60,462,929 and \$56,190,068, respectively. See Note G.

As of September 30, 2016 and 2015, the Board of Pensions and Benefits USA of the Church of the Nazarene World Mission Pension Plans owed \$14,760 and \$13,825, respectively, to the Organization. As of September 30, 2016 and 2015, the Board of Pensions and Benefits USA of the Church of the Nazarene Single Defined Benefit Pension Plan owed \$53,808 and \$50,071, respectively, to the Organization.

The Organization provides monthly allocations to certain affiliated organizations for support which are included in International Board of Education expense on the statements of activities. Allocations made to Nazarene Bible College for the years ended September 30, 2016 and 2015 totaled \$943,833 and \$943,833, respectively. Allocations made to Nazarene Theological Seminary for the years ended September 30, 2016 and 2015 totaled \$1,249,527 and \$1,249,527, respectively.

NOTE R - FUNCTIONAL EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the corresponding program and support services. Fundraising costs were \$2,638,829 and \$2,663,546 for the years ended September 30, 2016 and 2015, respectively.

NOTE S - INVENTORIES

Inventories were as follows at September 30,

	<u>2016</u>	<u>2015</u>
Finished goods	\$ 5,429,053	\$ 5,646,282
Work in process	270,278	321,968
Raw materials	2,752	5,032
Allowance for inventory valuation	<u>(2,853,866)</u>	<u>(3,428,727)</u>
	<u>\$ 2,848,217</u>	<u>\$ 2,544,555</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE T - NAZARENE PUBLISHING HOUSE LEASE WITH DEXTER FULFILLMENT

Effective January 1, 2014, NPH leased certain software and information technology, copyrights, trademarks, equipment and real estate to Dexter Fulfillment Services, LLC (Dexter Fulfillment) as part of an agreement to outsource printing, warehousing and distribution of certain products. The equipment lease term is five years and gives Dexter Fulfillment the right to purchase the equipment at the end of the lease for \$1. The real estate lease term is ten years with annual rents ranging from \$100,000 per year in 2014 to \$565,704 in 2023. Any royalties earned by NPH under the lease of the intellectual property and equipment noted above are deemed to be included in the real estate rental payments. The agreement also permits Dexter Fulfillment to bill NPH at a cost plus 15% for the services enumerated above.

Depreciation expense for assets subject to the lease with Dexter Fulfillment is provided primarily on the straight-line method over the term of the lease in amounts necessary to reduce the carrying amount of the asset to its estimated residual value. Estimated and actual residual values are reviewed on a regular basis to determine that depreciation amounts are appropriate. Depreciation expense relating to property and equipment subject to this leasing arrangement was \$347,765 and \$359,649 for the years ended September 30, 2016 and 2015, respectively, and is included in other expense on the consolidated statement of activities. Rental income from this leasing arrangement was \$453,240 and \$474,373 for the years ended September 30, 2016 And 2015, respectively, and is included in other income on the consolidated statement of activities.

NOTE U - OPERATING LEASES

The Organization leases office equipment and NPH leases corporate office and warehouse space under noncancelable operating lease agreements expiring at various times through fiscal year 2021.

Minimum lease commitments are as follows:

Year ending September 30,	Amount
2017	\$ 317,702
2018	166,404
2019	55,704
2020	21,208
2021	5,619
	<u>\$ 566,637</u>

Total lease expense was \$231,124 for 2016 and \$24,787 for 2015.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE V - TEMPORARILY RESTRICTED NET ASSETS HELD BY THIRD-PARTY TRUSTEES

The Organization was informed that certain assets in amounts totaling \$810,327 and \$818,689 were being held on its behalf by third-party trustees at September 30, 2016 and 2015, respectively. The donors of these assets have designated the Organization as the principal beneficiary of the charitable remainder. These assets are included in temporarily restricted net assets and are invested primarily in fixed money market accounts and land. Because the Organization does not know when conditions will be met for the collection of the charitable remainder, there were no plans as of September 30, 2016 or 2015 for use of the assets.

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2016

	Global Ministry Center	Global Regions	Other Entities	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 4,466,813	\$ 13,620,036	\$ 2,309,134	\$ (1,160,495)	\$ 19,235,488
Investments, at fair value	113,040,348	14,031,836	76,633,924	(14,871,067)	188,835,041
Investments - other	-	90,660	-	-	90,660
Cash held for purchase of investments	3,837,159	9,474	2,725,493	-	6,572,126
Receivables - other	1,008,348	301,008	1,973,906	(157,999)	3,125,263
Property and equipment, net	28,945,269	10,345,047	3,496,403	-	42,786,719
Beneficial interest in charitable remainder trusts	1,821,039	-	147,119	(1,115,163)	852,995
Notes receivable	-	-	664,102	-	664,102
Inventories, net	-	-	2,848,217	-	2,848,217
Other assets	750,411	238,182	1,179,910	-	2,168,503
Total assets	<u>\$ 153,869,387</u>	<u>\$ 38,636,243</u>	<u>\$ 91,978,208</u>	<u>\$ (17,304,724)</u>	<u>\$ 267,179,114</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable and accrued expenses	\$ 3,171,636	\$ 606,124	\$ 1,270,737	\$ (1,164,429)	\$ 3,884,068
Due to The Church of the Nazarene, Inc.	-	-	154,064	(154,064)	-
Deferred gift agreements	6,939,744	-	5,592,799	(104,451)	12,428,092
Funds held in trust	20,342,063	745,094	55,257,552	(15,881,780)	60,462,929
Pension obligation	2,761,739	-	8,775,003	-	11,536,742
Postretirement benefit obligation	19,538,724	-	507,751	-	20,046,475
Total liabilities	<u>52,753,906</u>	<u>1,351,218</u>	<u>71,557,906</u>	<u>(17,304,724)</u>	<u>108,358,306</u>
COMMITMENTS AND CONTINGENCIES					
NET ASSETS					
Unrestricted - undesignated	72,650,366	26,761,532	21,160,421	-	120,572,319
Unrestricted - unamortized pension liability	(3,924,045)	-	(8,306,802)	-	(12,230,847)
Temporarily restricted	29,215,000	9,359,604	4,520,606	-	43,095,210
Permanently restricted	3,174,160	1,163,889	3,046,077	-	7,384,126
Total net assets	<u>101,115,481</u>	<u>37,285,025</u>	<u>20,420,302</u>	<u>-</u>	<u>158,820,808</u>
Total liabilities and net assets	<u>\$ 153,869,387</u>	<u>\$ 38,636,243</u>	<u>\$ 91,978,208</u>	<u>\$ (17,304,724)</u>	<u>\$ 267,179,114</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended September 30, 2016

	Global Ministry Center			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Changes in net assets				
Revenues and gains				
World Evangelism Fund	\$ 38,155,344	\$ -	\$ -	\$ 38,155,344
Mission specials	26,358,390	-	-	26,358,390
Legacy, gifts, and charitable remainders	1,005,486	77,196	19,893	1,102,575
Subsidy from The Church of the Nazarene, Inc.	-	-	-	-
Gifts-in-kind	-	-	-	-
Net sales revenue	-	-	-	-
Other revenue	1,736,594	-	-	1,736,594
Revenues and gains	67,255,814	77,196	19,893	67,352,903
Net assets released from restrictions	762,282	(762,282)	-	-
Total revenues and gains	68,018,096	(685,086)	19,893	67,352,903
Expenses				
Program services				
Global Mission	48,530,162	-	-	48,530,162
International Board of Education	3,895,658	-	-	3,895,658
Sunday School and Discipleship Ministries	475,951	-	-	475,951
Nazarene Youth International	512,079	-	-	512,079
Board of General Superintendents	2,612,169	-	-	2,612,169
Nazarene communication services	898,838	-	-	898,838
Church of the Nazarene Foundation	-	-	-	-
Other program services, net	932,023	-	-	932,023
Total program services	57,856,880	-	-	57,856,880
Support services				
General and administrative services	10,068,243	-	-	10,068,243
Fundraising*	2,617,366	-	-	2,617,366
Total support services	12,685,609	-	-	12,685,609
Total expenses	70,542,489	-	-	70,542,489
Change in net assets from operations	(2,524,393)	(685,086)	19,893	(3,189,586)
Non-operating income (expense)				
Net investment income	4,981,395	576,675	279	5,558,349
Foreign currency loss	-	-	-	-
Other income	-	-	-	-
Gain on sale of property and equipment	41,586	-	-	41,586
Actuarial adjustment of deferred gift agreements	-	43,213	-	43,213
Other expenses	-	(83,954)	(17)	(83,971)
Total non-operating income (expense)	5,022,981	535,934	262	5,559,177
Change in net assets before unamortized pension liability adjustment	2,498,588	(149,152)	20,155	2,369,591
Changes in unamortized pension liability not included in pension expense	(608,738)	-	-	(608,738)
Increase in net assets	1,889,850	(149,152)	20,155	1,760,853
Net assets, beginning of year	66,836,471	29,364,152	3,154,005	99,354,628
Net assets, end of year	\$ 68,726,321	\$ 29,215,000	\$ 3,174,160	\$ 101,115,481

* The amounts of these accounts are presented differently in the consolidated statements of activities because fundraising and administrative expenses are combined.

Global Regions				Other Entities				Eliminations	Total
Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,155,344
29,670,082	1,039,540	14,775	30,724,397	1,190,331	192,603	-	1,382,934	(28,104,716)	30,361,005
-	-	-	-	1,130,520	691,930	42,791	1,865,241	(816,372)	2,151,444
-	-	-	-	408,000	-	-	408,000	(408,000)	-
-	-	-	-	1,914,107	-	-	1,914,107	-	1,914,107
-	-	-	-	9,869,703	-	-	9,869,703	(147,889)	9,721,814
901,228	-	-	901,228	718,944	-	-	718,944	(204,073)	3,152,693
30,571,310	1,039,540	14,775	31,625,625	15,231,605	884,533	42,791	16,158,929	(29,681,050)	85,456,407
69,461	(69,461)	-	-	347,828	(643,069)	295,241	-	-	-
30,640,771	970,079	14,775	31,625,625	15,579,433	241,464	338,032	16,158,929	(29,681,050)	85,456,407
31,289,520	-	-	31,289,520	3,174,188	-	-	3,174,188	(27,510,242)	55,483,628
-	-	-	-	-	-	-	-	(274,352)	3,621,306
-	-	-	-	-	-	-	-	(34,184)	441,767
-	-	-	-	-	-	-	-	(63,675)	448,404
-	-	-	-	-	-	-	-	(83,340)	2,528,829
-	-	-	-	9,682,418	-	-	9,682,418	(38,619)	10,542,637
-	-	-	-	1,688,656	-	-	1,688,656	(816,372)	872,284
-	-	-	-	-	-	-	-	(65,588)	866,435
31,289,520	-	-	31,289,520	14,545,262	-	-	14,545,262	(28,886,372)	74,805,290
1,197,501	-	-	1,197,501	1,418,445	42,680	-	1,461,125	(794,678)	11,932,191
-	-	-	-	21,463	-	-	21,463	-	2,638,829
1,197,501	-	-	1,197,501	1,439,908	42,680	-	1,482,588	(794,678)	14,571,020
32,487,021	-	-	32,487,021	15,985,170	42,680	-	16,027,850	(29,681,050)	89,376,310
(1,846,250)	970,079	14,775	(861,396)	(405,737)	198,784	338,032	131,079	-	(3,919,903)
1,129,871	-	-	1,129,871	388,778	489,063	-	877,841	-	7,566,061
(31,585)	-	-	(31,585)	-	-	-	-	-	(31,585)
-	-	-	-	508,550	-	-	508,550	-	508,550
99,937	-	-	99,937	2,112,013	-	-	2,112,013	-	2,253,536
-	-	-	-	-	(176,873)	-	(176,873)	-	(133,660)
-	-	-	-	(347,766)	-	-	(347,766)	-	(431,737)
1,198,223	-	-	1,198,223	2,661,575	312,190	-	2,973,765	-	9,731,165
(648,027)	970,079	14,775	336,827	2,255,838	510,974	338,032	3,104,844	-	5,811,262
-	-	-	-	(1,353,252)	-	-	(1,353,252)	-	(1,961,990)
(648,027)	970,079	14,775	336,827	902,586	510,974	338,032	1,751,592	-	3,849,272
27,409,559	8,389,525	1,149,114	36,948,198	11,951,033	4,009,632	2,708,045	18,668,710	-	154,971,536
\$ 26,761,532	\$ 9,359,604	\$ 1,163,889	\$ 37,285,025	\$ 12,853,619	\$ 4,520,606	\$ 3,046,077	\$ 20,420,302	\$ -	\$ 158,820,808

The Church of the Nazarene, Inc., Subsidiaries, and Affiliate
CONSOLIDATING STATEMENT OF CASH FLOWS
Year ended September 30, 2016

	Global Ministry Center	Global Regions	Other Entities	Eliminations	Total
Cash flows from operating activities					
Change in net assets	\$ 1,760,853	\$ 336,827	\$ 1,751,592	\$ -	\$ 3,849,272
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities					
Depreciation	1,345,246	597,361	505,911	-	2,448,518
Net realized and unrealized gains on investments	(4,472,431)	(519,019)	(671,341)	-	(5,662,791)
Contributions restricted for long-term investment	(19,892)	-	(42,791)	-	(62,683)
Contributions of notes receivable	-	-	(252,748)	-	(252,748)
Discount amortization on notes receivable	-	-	(24,606)	-	(24,606)
Beneficial interest in charitable trusts	21,546	-	38,779	51,717	112,042
Gain on disposal of property and equipment	(41,586)	(99,937)	(2,112,013)	-	(2,253,536)
Pension obligation	623,017	-	1,263,533	-	1,886,550
Postretirement benefit obligation	(1,936,618)	-	-	-	(1,936,618)
Changes in					
Other receivables	(93,460)	(14,194)	224,778	1,589	118,713
Inventories	-	-	(303,662)	-	(303,662)
Other assets	(80,277)	(104,083)	47,500	-	(136,860)
Accounts payable and accrued expenses	(292,658)	62,872	340,331	(15,599)	94,946
Net cash provided by (used in) operating activities	<u>(3,186,260)</u>	<u>259,827</u>	<u>765,263</u>	<u>37,707</u>	<u>(2,123,463)</u>
Cash flows from investing activities					
Purchases of property and equipment	(453,140)	(138,525)	(85,758)	-	(677,423)
Proceeds from disposal of property and equipment	321,455	508,008	4,329,887	-	5,159,350
Proceeds from sales and maturities of investments	16,820,870	591,821	27,970,631	-	45,383,322
Purchases of investments	(19,943,070)	(117,077)	(36,968,914)	-	(57,029,061)
Net cash provided by (used in) investing activities	<u>(3,253,885)</u>	<u>844,227</u>	<u>(4,754,154)</u>	<u>-</u>	<u>(7,163,812)</u>
Cash flows from financing activities					
Change in deferred gift agreements and funds held in trust	2,382,230	(64,770)	1,676,874	(51,717)	3,942,617
Proceeds on contributions restricted for investment in endowments	19,892	-	42,791	-	62,683
Payments on notes receivable	-	-	172,276	-	172,276
Net cash (used in) provided by financing activities	<u>2,402,122</u>	<u>(64,770)</u>	<u>1,891,941</u>	<u>(51,717)</u>	<u>4,177,576</u>
Effect of exchange rate changes on cash and cash equivalents	-	(1,334)	-	-	(1,334)
Net increase (decrease) in cash and cash equivalents	(4,038,023)	1,037,950	(2,096,950)	(14,010)	(5,111,033)
Cash and cash equivalents, beginning of year	8,504,836	12,582,086	4,406,084	(1,146,485)	24,346,521
Cash and cash equivalents, end of year	<u>\$ 4,466,813</u>	<u>\$ 13,620,036</u>	<u>\$ 2,309,134</u>	<u>\$ (1,160,495)</u>	<u>\$ 19,235,488</u>
Supplemental schedule of cash flow information					
Noncash investment activities that increased liabilities for deferred gift agreements and funds held in trust					
Investments received	\$ 37,014	\$ -	\$ -	\$ -	\$ 37,014
Net realized and unrealized gains on investments	13,589,241	-	-	-	13,589,241
Noncash contribution activities that increased the notes receivable balance	-	-	252,748	-	252,748

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2015

	Global Ministry Center	Global Regions	Other Entities	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 8,504,836	\$ 12,582,086	\$ 4,406,084	\$ (1,146,485)	\$ 24,346,521
Investments, at fair value	103,529,330	13,989,974	61,961,698	(9,163,356)	170,317,646
Investments - other	4,753,141	96,387	3,108,269	-	7,957,797
Receivables - other	914,888	285,619	2,193,660	(142,400)	3,251,767
Property and equipment, net	30,117,243	11,211,956	6,134,430	-	47,463,629
Beneficial interest in charitable remainder trusts	1,842,585	-	185,898	(1,166,925)	861,558
Notes receivable	-	-	559,024	-	559,024
Inventories, net	-	-	2,544,555	-	2,544,555
Other assets	670,134	138,013	1,278,700	(568)	2,086,279
Total assets	<u>\$ 150,332,157</u>	<u>\$ 38,304,035</u>	<u>\$ 82,372,318</u>	<u>\$ (11,619,734)</u>	<u>\$ 259,388,776</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Accounts payable and accrued expenses	\$ 3,464,294	\$ 545,973	\$ 1,093,167	\$ (1,251,316)	\$ 3,852,118
Due to The Church of the Nazarene, Inc.	-	-	37,569	(37,569)	-
Deferred gift agreements	7,749,508	-	5,135,289	(143,028)	12,741,769
Funds held in trust	16,149,663	809,864	49,418,362	(10,187,821)	56,190,068
Pension obligation	2,138,722	-	7,524,428	-	9,663,150
Postretirement benefit obligation	21,475,342	-	494,793	-	21,970,135
Total liabilities	<u>50,977,529</u>	<u>1,355,837</u>	<u>63,703,608</u>	<u>(11,619,734)</u>	<u>104,417,240</u>
COMMITMENTS AND CONTINGENCIES					
NET ASSETS					
Unrestricted - undesignated	70,151,779	27,409,559	18,904,583	-	116,465,921
Unrestricted - unamortized pension liability	(3,315,307)	-	(6,953,550)	-	(10,268,857)
Temporarily restricted	29,364,151	8,389,523	4,009,632	-	41,763,306
Permanently restricted	3,154,005	1,149,116	2,708,045	-	7,011,166
Total net assets	<u>99,354,628</u>	<u>36,948,198</u>	<u>18,668,710</u>	<u>-</u>	<u>154,971,536</u>
Total liabilities and net assets	<u>\$ 150,332,157</u>	<u>\$ 38,304,035</u>	<u>\$ 82,372,318</u>	<u>\$ (11,619,734)</u>	<u>\$ 259,388,776</u>

The Church of the Nazarene, Inc., Subsidiaries and Affiliate
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended September 30, 2015

	Global Ministry Center			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Changes in net assets				
Revenues and gains				
World Evangelism Fund	\$ 38,705,012	\$ -	\$ -	\$ 38,705,012
Mission specials	24,168,168	3,483,261	-	27,651,429
Legacy, gifts, and charitable remainders	1,727,850	(423,230)	17,947	1,322,567
Subsidy from The Church of the Nazarene, Inc.	-	-	-	-
Gifts-in-kind	-	-	-	-
Net sales revenue	-	-	-	-
Other revenue	4,815,423	-	-	4,815,423
Revenues and gains	69,416,453	3,060,031	17,947	72,494,431
Net assets released from restrictions	310,365	(310,365)	-	-
Total revenues and gains	69,726,818	2,749,666	17,947	72,494,431
Expenses				
Program services				
Global Mission	50,771,910	-	-	50,771,910
International Board of Education	3,515,347	-	-	3,515,347
Sunday School and Discipleship Ministries	528,843	-	-	528,843
Nazarene Youth International	548,752	-	-	548,752
Board of General Superintendents	2,570,034	-	-	2,570,034
Nazarene communication services	951,134	-	-	951,134
Church of the Nazarene Foundation	-	-	-	-
Other program services, net	46,073	-	-	46,073
Total program services	58,932,093	-	-	58,932,093
Support services				
General and administrative services	10,668,013	-	-	10,668,013
Fundraising*	2,620,527	-	-	2,620,527
Total support services	13,288,540	-	-	13,288,540
Total expenses	72,220,633	-	-	72,220,633
Change in net assets from operations	(2,493,815)	2,749,666	17,947	273,798
Non-operating income (expense)				
Net investment loss	(203,188)	(242,696)	(5)	(445,889)
Foreign currency gain (loss)	(108,754)	-	-	(108,754)
Other income	871	-	-	871
Actuarial adjustment of deferred gift agreements	-	22,979	-	22,979
Other expenses	-	(37,148)	(17)	(37,165)
Total non-operating income (expense)	(311,071)	(256,865)	(22)	(567,958)
Change in net assets before unamortized pension liability adjustment	(2,804,886)	2,492,801	17,925	(294,160)
Changes in unamortized pension liability not included in pension expense	(1,403,131)	-	-	(1,403,131)
Increase in net assets	(4,208,017)	2,492,801	17,925	(1,697,291)
Net assets, beginning of year	71,044,488	26,871,351	3,136,080	101,051,919
Net assets, end of year	<u>\$ 66,836,471</u>	<u>\$ 29,364,152</u>	<u>\$ 3,154,005</u>	<u>\$ 99,354,628</u>

* The amounts of these accounts are presented differently in the consolidated statements of activities because fundraising and administrative expenses are combined.

Global Regions				Other Entities				Eliminations	Total
Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,705,012
29,797,870	-	7,993	29,805,863	1,213,132	127,735	-	1,340,867	(28,821,430)	29,976,729
-	-	-	-	2,379,275	356,327	267,535	3,003,137	(942,866)	3,382,838
-	-	-	-	450,000	-	-	450,000	(450,000)	-
-	-	-	-	6,780,194	-	-	6,780,194	-	6,780,194
-	-	-	-	11,316,612	-	-	11,316,612	(497,403)	10,819,209
1,091,734	-	-	1,091,734	696,220	-	-	696,220	(254,847)	6,348,530
30,889,604	-	7,993	30,897,597	22,835,433	484,062	267,535	23,587,030	(30,966,546)	96,012,512
1,889,979	(1,889,979)	-	-	429,111	(588,803)	159,692	-	-	-
32,779,583	(1,889,979)	7,993	30,897,597	23,264,544	(104,741)	427,227	23,587,030	(30,966,546)	96,012,512
32,247,334	-	-	32,247,334	8,540,661	-	-	8,540,661	(28,458,803)	63,101,102
-	-	-	-	-	-	-	-	(150,330)	3,365,017
-	-	-	-	-	-	-	-	(53,009)	475,834
-	-	-	-	-	-	-	-	(105,806)	442,946
-	-	-	-	-	-	-	-	(115,922)	2,454,112
-	-	-	-	12,396,901	-	-	12,396,901	(305,298)	13,042,737
-	-	-	-	1,995,572	-	-	1,995,572	(942,866)	1,052,706
-	-	-	-	-	-	-	-	(881)	45,192
32,247,334	-	-	32,247,334	22,933,134	-	-	22,933,134	(30,132,915)	83,979,646
1,206,446	-	-	1,206,446	1,399,890	33,090	931	1,433,911	(833,631)	12,474,739
-	-	-	-	43,019	-	-	43,019	-	2,663,546
1,206,446	-	-	1,206,446	1,442,909	33,090	931	1,476,930	(833,631)	15,138,285
33,453,780	-	-	33,453,780	24,376,043	33,090	931	24,410,064	(30,966,546)	99,117,931
(674,197)	(1,889,979)	7,993	(2,556,183)	(1,111,499)	(137,831)	426,296	(823,034)	-	(3,105,419)
(203,275)	-	-	(203,275)	(35,250)	(315,193)	-	(350,443)	-	(999,607)
248,971	-	-	248,971	-	-	-	-	-	140,217
-	-	-	-	350,685	-	-	350,685	-	351,556
-	-	-	-	-	127,011	-	127,011	-	149,990
-	-	-	-	(364,649)	-	-	(364,649)	-	(401,814)
45,696	-	-	45,696	(49,214)	(188,182)	-	(237,396)	-	(759,658)
(628,501)	(1,889,979)	7,993	(2,510,487)	(1,160,713)	(326,013)	426,296	(1,060,430)	-	(3,865,077)
-	-	-	-	(1,722,158)	-	-	(1,722,158)	-	(3,125,289)
(628,501)	(1,889,979)	7,993	(2,510,487)	(2,882,871)	(326,013)	426,296	(2,782,588)	-	(6,990,366)
28,038,060	10,279,504	1,141,121	39,458,685	14,833,904	4,335,645	2,281,749	21,451,298	-	161,961,902
\$ 27,409,559	\$ 8,389,525	\$ 1,149,114	\$ 36,948,198	\$ 11,951,033	\$ 4,009,632	\$ 2,708,045	\$ 18,668,710	\$ -	\$ 154,971,536

The Church of the Nazarene, Inc., Subsidiaries, and Affiliate
CONSOLIDATING STATEMENT OF CASH FLOWS
Year ended September 30, 2015

	Global Ministry Center	Global Regions	Other Entities	Eliminations	Total
Cash flows from operating activities					
Change in net assets	\$ (1,697,291)	\$ (2,510,487)	\$ (2,782,588)	\$ -	\$ (6,990,366)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities					
Depreciation	1,330,121	502,416	702,211	-	2,534,748
Net realized and unrealized gains on investments	1,583,565	44,857	587,995	-	2,216,417
Contributions restricted for long-term investment	(17,947)	-	(267,535)	-	(285,482)
Discount amortization on notes receivable	-	-	(28,545)	-	(28,545)
Beneficial interest in charitable trusts	413,120	-	59,000	(98,915)	373,205
Gain on disposal of property and equipment	(871)	76,957	-	-	76,086
Inventory write-off	-	-	898,000	-	898,000
Pension obligation	1,144,348	-	2,092,573	-	3,236,921
Postretirement benefit obligation	(1,590,725)	-	-	-	(1,590,725)
Changes in					
Other receivables	832,133	(15,801)	156,207	(47,649)	924,890
Inventories	-	-	292,242	-	292,242
Other assets	41,656	(95,469)	241,523	-	187,710
Accounts payable and accrued expenses	88,636	58,745	(916,224)	120,349	(648,494)
Net cash provided by (used in) operating activities	<u>2,126,745</u>	<u>(1,938,782)</u>	<u>1,034,859</u>	<u>(26,215)</u>	<u>1,196,607</u>
Cash flows from investing activities					
Purchases of property and equipment	(381,056)	(226,504)	(29,334)	-	(636,894)
Proceeds from disposal of property and equipment	2,511	9,283	145,033	-	156,827
Proceeds from sales and maturities of investments	57,498,020	2,222,770	47,446,898	-	107,167,688
Purchases of investments	(52,914,667)	(2,573,643)	(51,783,269)	-	(107,271,579)
Net cash provided by (used in) investing activities	<u>4,204,808</u>	<u>(568,094)</u>	<u>(4,220,672)</u>	<u>-</u>	<u>(583,958)</u>
Cash flows from financing activities					
Change in deferred gift agreements and funds held in trust	(4,095,089)	(99,273)	4,656,934	98,915	561,487
Proceeds on contributions restricted for investment in endowments	17,947	-	267,535	-	285,482
Payments on notes receivable	-	-	172,277	-	172,277
Payments on debt	-	-	-	-	-
Net cash (used in) provided by financing activities	<u>(4,077,142)</u>	<u>(99,273)</u>	<u>5,096,746</u>	<u>98,915</u>	<u>1,019,246</u>
Effect of exchange rate changes on cash and cash equivalents	-	442,735	-	-	442,735
Net increase (decrease) in cash and cash equivalents	2,254,411	(2,163,414)	1,910,933	72,700	2,074,630
Cash and cash equivalents, beginning of year	6,250,425	14,745,500	2,495,151	(1,219,185)	22,271,891
Cash and cash equivalents, end of year	<u>\$ 8,504,836</u>	<u>\$ 12,582,086</u>	<u>\$ 4,406,084</u>	<u>\$ (1,146,485)</u>	<u>\$ 24,346,521</u>
Supplemental schedule of cash flow information					
Noncash investment activities that increased liabilities for deferred gift agreements and funds held in trust					
Investments received	\$ 22,974	\$ -	\$ -	\$ -	\$ 22,974
Net realized and unrealized gains on investments	(3,367,536)	-	-	-	(3,367,536)

Financial Statements and Report of Independent Certified Public Accountants

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

September 30, 2016 and 2015

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees

Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan

We have audited the accompanying financial statements of Nazarene 403(b) Retirement Savings Plan (the “Plan”), which comprise the statements of net assets available for benefits – modified cash basis as of September 30, 2016 and 2015, and the related statements of changes in net assets available for benefits – modified cash basis for the years then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note B; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits – modified cash basis of Nazarene 403(b) Retirement Savings Plan as of September 30, 2016 and 2015, and the changes in net assets available for benefits – modified cash basis for the years then ended in accordance with the modified cash basis of accounting described in Note B.

Basis of accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Grant Johnston LLP

Kansas City, Missouri
February 23, 2017

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS –
MODIFIED CASH BASIS**

September 30,

	2016	2015
ASSETS		
Cash	\$ 453,142	\$ 510,425
Investments at fair value		
Mutual funds		
Fidelity Growth Company Fund	45,292,817	42,618,433
Fidelity Balanced Fund	23,511,318	22,606,084
Fidelity Contrafund	28,424,632	27,220,647
Fidelity Freedom Index Income Fund	3,349,033	3,444,770
Fidelity Freedom Index 2005 Fund	3,257,227	3,047,474
Fidelity Freedom Index 2010 Fund	11,329,090	11,209,663
Fidelity Freedom Index 2015 Fund	19,889,041	20,016,442
Fidelity Freedom Index 2020 Fund	41,970,581	37,801,173
Fidelity Freedom Index 2025 Fund	27,330,153	23,952,506
Fidelity Freedom Index 2030 Fund	23,152,181	19,628,346
Fidelity Freedom Index 2035 Fund	12,836,876	10,643,831
Fidelity Freedom Index 2040 Fund	16,263,067	14,139,864
Fidelity Freedom Index 2045 Fund	7,961,382	6,496,921
Fidelity Freedom Index 2050 Fund	4,619,411	3,676,793
Fidelity Freedom Index 2055 Fund	947,581	574,534
Fidelity Freedom Index 2060 Fund	89,477	39,866
MSIF Small Company Growth Portfolio Class A	3,066,718	3,254,658
DFA U.S. Small Cap Value Portfolio Class A	6,138,940	5,887,965
Guidestone Equity Index Fund	2,185,945	1,184,423
Touchstone Value I Fund	6,304,385	6,328,046
Spartan Mid Cap Index ADV Fund	6,518,551	5,360,945
Spartan 500 Index ADV Fund	17,055,739	13,531,781
American Century Intntl Growth IS Fund	11,196,964	10,823,378
Metwest Total Return Bond I Fund	21,079,697	17,554,986
Total investments, at fair value	343,770,806	311,043,529
Investments at contract value		
Fidelity Fixed Fund	95,614,421	97,550,892
Receivables		
Notes receivable from participants	2,959,319	2,915,123
	442,797,688	412,019,969
LIABILITIES		
Excess contributions payable	53,000	53,000
Net assets available for benefits	\$ 442,744,688	\$ 411,966,969

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS -
MODIFIED CASH BASIS**

Year ended September 30,

	2016	2015
ADDITIONS		
Total investment income		
Net appreciation (depreciation) in fair value of investment	\$ 21,425,037	\$ (12,555,359)
Interest and dividends	12,630,966	12,576,610
	34,056,003	21,251
 Interest income on notes receivable from participants	 122,814	 132,160
 Total contributions		
Employer contributions	6,586,579	6,028,841
Participant contributions	8,531,065	8,236,176
Rollover contributions	1,282,567	1,878,225
	16,400,211	16,143,242
Total additions	50,579,028	16,296,653
 DEDUCTIONS		
Benefits paid to participants	19,229,312	21,277,014
Administrative expenses	571,997	570,132
Total deductions	19,801,309	21,847,146
 NET INCREASE (DECREASE)	 30,777,719	 (5,550,493)
 Net assets available for benefits, beginning of year	 411,966,969	 417,517,462
Net assets available for benefits, end of year	\$ 442,744,688	\$ 411,966,969

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS

September 30, 2016 and 2015

NOTE A - DESCRIPTION OF PLAN

The following description of the Nazarene 403(b) Retirement Savings Plan (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

1. *General*

The Plan is for the benefit of all U.S. ministers and laypersons serving local congregations and districts, as well as general church employees. The Plan was made and entered into effective as of the 1st day of January, 1996. This Plan is a defined contribution plan established under Section 403(b) of the Internal Revenue Code (the IRC). The Plan was last amended on January 1, 2009 with the Board of Pensions and Benefits USA of the Church of the Nazarene being named the Plan Administrator as part of the amendment. Lay or ministerial employees of Nazarene churches or church-controlled agencies and registered Nazarene chaplains may participate in the Plan. Nazarene churches or church-controlled agencies include the Church of the Nazarene, Inc. (the Church), the Nazarene Publishing House, Church of the Nazarene Foundation, Nazarene Theological Seminary, Nazarene Bible College, Nazarene Compassionate Ministries, Inc., or the subsidiaries of these entities, including Nazarene-affiliated colleges or universities. The Board of Pensions and Benefits USA of the Church of the Nazarene serves as the plan administrator and trustee (the Administrator and the Trustee) on behalf of the Church, as plan sponsor. Fidelity Management Trust Company (Fidelity) serves as the custodian of the Plan assets. An eligible employee is any employee who receives compensation from a participating employer which is exempt under Section 501(c)(3) of the code, including, but not limited to, the General Board of the Church of the Nazarene, the Nazarene Publishing House, Nazarene Theological Seminary, Nazarene Bible College, Nazarene Compassionate Ministries, Inc., the Church of the Nazarene Foundation, or the subsidiaries of any of such entities and including employees of the Nazarene-affiliated colleges or universities and individuals described in Section 1.13(d) of the plan document ("Plan Document") who are employed by an employer as defined in Section 1.14(d) of the Plan Document.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE A - DESCRIPTION OF PLAN - Continued

1. *General - Continued*

The Pensions and Benefits Fund (the Fund), a related party, provides administrative services and certain specific funding amounts as determined by the Administrator. For the years ended September 30, 2016 and 2015, administrative fees paid to the Fund amounted to \$516,020 and \$514,157 and are included in administrative expenses on the statements of changes in net assets available for benefits - modified cash basis. In connection with the administrative services provided, amounts paid by the Fund on behalf of the Plan for recordkeeping fees amounted to \$266,510 and \$385,135 for the years ended September 30, 2016 and 2015, respectively. Additionally, contributions provided by the Fund and other church-controlled agencies amounted to \$3,614,073 and \$3,132,655, including amounts for the annual pension supplement as further described in Note A4, for the years ended September 30, 2016 and 2015, respectively and are included in employer contributions on the statements of changes in net assets available for benefits - modified cash basis.

2. *Plan Administration*

The Administrator is responsible for the day-to-day administration of the Plan. The Administrator is also responsible for maintaining accurate and detailed records and accounts of employees and of their rights under the Plan and all investments, receipts, disbursements, and other transactions. The Administrator is not responsible to determine that contributions made to the plan trust ("the Trust") by a participating employer comply with the provisions of the Plan, nor does it have responsibility to collect or monitor the making of or the accuracy of any contributions payable or made by an employer to the Trust.

The Administrator has the exclusive power and authority to control and manage the operation and administration of the Plan, including determining eligibility and participation in the Plan and overseeing benefit payment procedures.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE A - DESCRIPTION OF PLAN - Continued

3. *Contributions*

Contributions are made through either an employer-funded arrangement or a voluntary salary-reduction agreement with each participant's employer. Voluntary salary-reduction contributions are not permitted to exceed IRC limitations on an annual basis. Employers participating in the Plan are encouraged to match amounts totaling up to at least, but not limited to, 3% of the employee's voluntary salary-reduction contribution amounts. The Plan will accept a participant contribution of an eligible rollover distribution from a qualified Plan described in section 401(a) or 403(a) of the code, an annuity contract described in section 403(b) of the code, or from an eligible Plan under section 457(b) of the code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state. Each eligible employee who was participating in the Plan on December 31, 2008, shall automatically continue as a participant.

4. *Contributions for Certain Employees*

The annual pension supplement (APS) is determined by the Administrator. The APS contribution is deposited into participant accounts for each eligible U.S. clergy member and layperson from Fund receipts or church-controlled agency fund contributions, depending upon the participant's employer. The 2016 and 2015 APS contribution for eligible district superintendents, district assigned, and evangelists is \$1,000. Total APS contributions amounted to \$1,735,858 and \$1,655,333, including \$1,650,858 and \$1,418,333 from the Fund, for the years ended September 30, 2016 and 2015, respectively, and are included in employer contributions on the statements of changes in net assets available for benefits - modified cash basis.

5. *Participant Accounts*

Each participant's account is credited with the participant's and participating employer's contributions, as applicable, and allocations of (a) the Fund or church-controlled agency fund contributions and (b) plan earnings or losses. Allocations are based on participant earnings or account balances. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

6. *Vesting and Forfeitures*

Participants are immediately vested in all contributions plus actual earnings thereon.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE A - DESCRIPTION OF PLAN - Continued

7. Investment Options

Upon enrollment in the Plan, a participant may direct contributions to any of several investment options. All of the investment options are funds managed by Fidelity.

The funds offered by Fidelity as of September 30, 2016 were as follows:

- Fidelity Fixed Fund
- Fidelity Growth Company Fund
- Fidelity Balanced Fund
- Fidelity ContraFund
- Fidelity Freedom Index Income Fund
- Fidelity Freedom Index 2005 Fund
- Fidelity Freedom Index 2010 Fund
- Fidelity Freedom Index 2015 Fund
- Fidelity Freedom Index 2020 Fund
- Fidelity Freedom Index 2025 Fund
- Fidelity Freedom Index 2030 Fund
- Fidelity Freedom Index 2035 Fund
- Fidelity Freedom Index 2040 Fund
- Fidelity Freedom Index 2045 Fund
- Fidelity Freedom Index 2050 Fund
- Fidelity Freedom Index 2055 Fund
- Fidelity Freedom Index 2060 Fund
- MSIF Small Company Growth Portfolio Class A
- DFA U.S. Small Cap Value Portfolio Class A
- Guidestone Equity Index Fund
- Touchstone Value I Fund
- Spartan Mid Cap Index ADV Fund
- Spartan 500 Index ADV Fund
- American Century Intntl Growth IS Fund
- Metwest Total Return Bond I Fund

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE A - DESCRIPTION OF PLAN - Continued

7. Investment Options - Continued

For additional information regarding the Plan's investment alternatives and fund performance, participants should refer to the Plan document and published information provided by such funds.

Participants may change or transfer their investment options on an as-needed basis.

8. Notes Receivable from Participants

Participants may borrow from their fund accounts a minimum of \$1,000, up to the lesser of \$50,000 or 50% of their account balance. Note terms range from 1 to 5 years. The notes are secured by the balance in the participant's account and bear interest at prime plus 1%. Interest rates for current participant notes ranged from 4.25% to 4.50%. Principal and interest are paid ratably through monthly or quarterly installments. A Participant may have no more than one note from the Plan outstanding at any one time.

9. Administrative Expenses

Each participant account is responsible for paying plan level administrative expenses. Administrative expenses paid by participant accounts totaled \$571,997 and \$570,132 for the years ended September 30, 2016 and 2015, respectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The accompanying financial statements have been prepared on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Generally, under this basis, interest, dividends, and contributions are recognized when collected rather than when earned, and expenses are recognized when paid rather than when incurred. Investments are reported at fair value. Consequently, contributions receivable, accrued interest, dividends receivable and accrued expenses are not included in the financial statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Church's Investment Committee determines the Plan's valuation policies utilizing information provided by the Trustee and Custodian. See Note D for discussion of fair value measurements.

Fully benefit-responsive investment contracts held in the Fidelity Fixed Fund (the Fixed Fund) are reported at contract value in the statements of net assets available for benefits. These underlying investments, which are comprised of high quality fixed income securities, are held in various separate accounts that are "wrapped" by synthetic investment contracts issued by high quality financial institutions. Contract value is the relevant measurement attribute as these investment contracts are fully benefit-responsive. Contract value is the amount plan participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statements of changes in net assets available for benefits - modified cash basis is presented on a contract value basis (See Note C).

Net appreciation (depreciation) in the fair value of investments represents the net realized gains (losses) and the net unrealized appreciation (depreciation) of investments. Realized gains (losses) are the difference between the proceeds and either the cost of investments sold, determined on an average cost basis, or fair value at the end of the previous year, whichever is applicable. Net unrealized appreciation (depreciation) is the change in the difference between fair value and the cost of investments or the fair value at the end of the previous year, whichever is applicable.

3. Investment Risks

The Plan invests in mutual funds and a fully benefit-responsive synthetic guaranteed investment contract (GIC), which holds various securities that may include U.S. government securities, corporate fixed income securities, and mortgage backed securities. Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for plan benefits - modified cash basis.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Concentration of Credit Risk*

From time to time, the Plan may maintain cash balances in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. Management evaluates the financial stability of these financial institutions and considers the risk to be minimal. At September 30, 2016 and 2015, the Plan had approximately \$203,000 and \$260,425, respectively, in excess of FDIC insured limits.

5. *Notes Receivable from Participants*

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent notes are reclassified as distributions based upon the terms of the Plan document.

6. *Payment of Benefits*

Upon separation of employment due to termination of employment, death, disability or retirement, participants may, at their election, withdraw their benefits as a lump sum payment or maintain their balance in the Plan. However, if the value of a separated participant's balance is between \$1,000 and \$5,000, the Plan can cause the balance to be transferred to an individual qualified retirement account. If the value of a separated participant's balance does not exceed \$1,000, the Plan can cause the balance to be either transferred to an individual qualified retirement account or distributed to the separated participant directly. Participants are permitted withdrawals from their Plan accounts for financial hardships. Hardship withdrawals must be approved by the Plan Administrator.

7. *Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

8. *Subsequent Events*

The Plan has evaluated subsequent events through February 23, 2017, which is the date these financial statements were available to be issued.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE C - FULLY BENEFIT-RESPONSIVE INVESTMENT CONTRACTS

The Plan's Fixed Fund invests in fully benefit-responsive synthetic guaranteed investment contracts (GIC). A synthetic GIC is an investment contract issued by an insurance company or other financial institution (wrap agreement), backed by a portfolio of various fixed income securities that are owned directly by the Plan. The realized and unrealized gains and losses on the underlying assets are not reflected immediately in the value of the contract, but rather are amortized, usually over time to maturity or the duration of the underlying investments, through adjustments to the future interest crediting rate.

The statements of net assets available for benefits - modified cash basis present the fully benefit-responsive investment contract at contract value. Contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal of all or a portion of their investment at contract value.

The Fixed Fund could be limited in its ability to transact at contract value if the Fixed Fund raises its risk profile or is subjected to a period of significant cash outflow. The Fixed Fund maintains strong risk parameters, internal cash flow, and a maturity ladder of investments to offset cash withdrawals. Further, the manager of the Fixed Fund may limit withdrawals in order to maintain sufficient liquidity. The Administrator does not believe that any events which would limit the Plan's ability to transact at contract value are probable of occurring.

NOTE D - FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE D - FAIR VALUE MEASUREMENTS - Continued

Level 2 -

- Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Mutual funds - Valued based on quoted market prices.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The following table sets forth, by level within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	<u>\$ 343,770,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,770,806</u>

The following table sets forth, by level within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	<u>\$ 311,043,529</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 311,043,529</u>

NOTE E – INCOME TAX STATUS

The Plan is not subject to federal or state income taxes, since the Administrator and legal counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC under Section 403(b). The Administrator, with the direction of legal counsel, implemented additional compliance procedures for participating employers and individual participants as required by the revised IRS 403(b) Regulations.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of September 30, 2016 and 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene 403(b) Retirement Savings Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE F - PLAN TERMINATION

Although it has not expressed any intent to do so, the Administrator has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the terms of the plan agreement. In the event of termination of the Plan, the Trustee shall pay and discharge all expenses and, unless the Administrator elects to continue the Trust, all benefits will be payable as soon as is administratively feasible under the terms of the Plan. The Trustee may either distribute the remaining assets of the Trust or liquidate them and distribute the net proceeds to the participants in accordance with their respective account balances.

NOTE G - EXCESS CONTRIBUTIONS

To comply with IRS contribution limits, the Plan was required to refund a portion of contributions made by certain participants during the 2015 Plan year. The amounts due to the participants were \$53,000 at September 30, 2016 and September 30, 2015. At September 30, 2016, the Plan Sponsor and its legal counsel were in the process of remediation to distribute the amounts back to participants. The amounts will be refunded subsequent to September 30, 2016.

NOTE H - RELATED PARTIES

The Board of Pensions and Benefits USA of the Church of the Nazarene, Inc. has been designated as the Administrator and Trustee on behalf of the Church. Certain employees of the Administrator provide administrative services to the Plan. Administrative expenses, such as recordkeeping fees, are paid by the Plan. A portion of the recordkeeping fees is remitted back to the Fund in the form of administrative fees income. The Fund also provides administrative services and funding in the form of APS amounts as determined by the Administrator. All investments of the Plan are managed by Fidelity Management Trust Company. These transactions qualify as party-in-interest transactions.

Financial Statements and Report of Independent Certified Public Accountants

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

September 30, 2016 and 2015

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan

We have audited the accompanying financial statements of Church of the Nazarene Single Defined Benefit Plan (the “Plan”), which comprise the statements of net assets available for benefits as of September 30, 2016 and 2015 and the related statements of changes in net assets available for benefits for the years then ended, and the statements of accumulated plan benefits as of September 30, 2016 and 2015 and the related statements of changes in accumulated plan benefits for the years then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Church of the Nazarene Single Defined Benefit Plan as of September 30, 2016 and 2015 and the changes in financial status for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Johnston LLP

Kansas City, Missouri
February 23, 2017

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

September 30,

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 336,106	\$ 459,398
Investments, at fair value		
Plan interest in Pension Investment Trust	108,695,840	104,461,403
Receivables		
Accrued interest receivable	93,318	69,491
Contributions receivable	3,625	165
	96,943	69,656
Other assets	164,209	167,498
	109,293,098	105,157,955
LIABILITIES		
Accounts payable	99,028	61,777
Due to the Church	53,808	50,071
	152,836	111,848
Net assets available for benefits	\$ 109,140,262	\$ 105,046,107

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year ended September 30,

	<u>2016</u>	<u>2015</u>
Total Additions		
Investment income		
Plan interest in Pension Investment Trust income	\$ 8,417,523	\$ 491,119
Contributions		
Employer contributions - Pensions and Benefits Fund	9,500,000	9,000,000
Plan sponsor (the Church) underfunding contribution	3,251,096	3,939,460
Employee contributions	44,242	44,934
Deferred gift income - unrestricted	18,998	-
	<u>12,814,336</u>	<u>12,984,394</u>
Total additions	<u>21,231,859</u>	<u>13,475,513</u>
Total Deductions		
Benefits paid directly to participants	16,834,375	16,938,775
Administrative, accounting, legal, and actuarial expenses	303,329	287,140
Total deductions	<u>17,137,704</u>	<u>17,225,915</u>
Net increase (decrease) in net assets available for benefits	4,094,155	(3,750,402)
Net assets available for benefits, beginning of year	<u>105,046,107</u>	108,796,509
Net assets available for benefits, end of year	<u>\$ 109,140,262</u>	<u>\$ 105,046,107</u>

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

STATEMENTS OF ACCUMULATED PLAN BENEFITS

September 30,

	2016	2015
Actuarial present value of accumulated plan benefits		
Vested benefits		
Participants currently receiving payments	\$ 132,998,536	\$ 121,893,674
Other participants	40,201,203	41,420,648
	173,199,739	163,314,322
Nonvested benefits	57,685	210,676
Total actuarial present value of accumulated plan benefits	\$ 173,257,424	\$ 163,524,998

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan
STATEMENTS OF CHANGES IN ACCUMULATED PLAN BENEFITS
Year ended September 30,

	2016	2015
Actuarial present value of accumulated plan benefits, beginning of year	\$ 163,524,998	\$ 168,041,849
Increase (decrease) during the year attributable to		
Benefits accumulated and (gains) losses	4,202,882	1,251,852
Increase for interest due to decrease in discount period	10,857,547	11,170,072
Assumption changes	11,506,372	-
Benefits paid to participants	(16,834,375)	(16,938,775)
Net increase (decrease)	9,732,426	(4,516,851)
Actuarial present value of accumulated plan benefits, end of year	\$ 173,257,424	\$ 163,524,998

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS

September 30, 2016 and 2015

NOTE A - DESCRIPTION OF THE PLAN

1. *General*

The Board of Pensions and Benefits USA of the Church of the Nazarene (the Administrator and Trustee) established in 1996 the Church of the Nazarene Single Defined Benefit Plan (the Plan) on behalf of the Church of the Nazarene, Inc. (the Church and Plan Sponsor). The Administrator combined the assets while retaining the benefit formulas of the Basic Pension Plan and the General Church Pension Plan (collectively, the Predecessor Plans), which were both multiemployer plans. The Plan is also considered to be a multiemployer plan. Additionally, the Plan is a qualified church plan which has not elected to be governed by the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and is not subject to Pension Benefit Guaranty Corporation insurance coverage.

New participation was frozen effective January 1, 1996 and there were no new entrants into either of the Predecessor Plans. Participants in those plans have been grandfathered in so that no one having years of service under those plans will receive less under the Plan than what would have been paid under the Predecessor Plans had they continued unchanged.

Also, effective January 1, 1996, the Nazarene 403(b) Retirement Savings Plan [the 403(b) Plan, previously known as the Single Defined Contribution or TSA Plan] was established for all U.S. ministers and laypersons serving local congregations and districts, as well as general church employees.

The following brief description of the Plan is provided for general information purposes only. Participants should refer to their respective plan's documents for more complete information.

Prior Basic Pension Plan Participants

The Basic Pension Plan (the Basic Plan) was a noncontributory defined benefit pension plan. The Basic Plan provided retirement benefits at age 65 to full-time pastors, evangelists, and district-credentialed laypersons serving organized Nazarene churches in the U.S. and Canadian districts participating in the Pensions and Benefits Fund (the Fund). The Basic Plan was funded by contributions from participating local churches with no employee contributions.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE A - DESCRIPTION OF THE PLAN - Continued

1. *General - Continued*

Prior Basic Pension Plan Participants - Continued

The Basic Plan permits early retirement at ages 62 through 64. If employees terminate before rendering 10 years of service, they forfeit the right to receive the value of their accumulated plan benefits. Upon retirement, participants may elect to receive the value of their accumulated plan benefits as a life annuity with a 60% survivor benefit, or a reduced life annuity with a 100% survivor benefit.

If an active employee dies after rendering 10 or more years of service, a death benefit equal to 60% of the value of the employee's accumulated plan benefits is paid to the employee's beneficiary. Active employees who become totally disabled after rendering five or more years of service receive annual disability benefits based on years of service to the date of disability, plus a half-year of service credit for each year from the disability date to the retirement date.

Prior General Church Pension Plan Participants

The General Church Pension Plan (the General Church Plan) was a contributory defined benefit pension plan that provided retirement benefits to participating full-time employees of the Church (excluding missionaries), Nazarene Theological Seminary, and Nazarene Compassionate Ministries, Inc.

General Church Plan participants are entitled to receive pension benefits beginning at normal retirement age (65) equal to (a) minus (b), where (a) is the higher of (1) the monthly pension provided by the amount in the participant's account under the 403(b) Plan derived from contributions from the Pensions and Benefits Fund on or after January 1, 1996, plus earnings thereon accruing on or after January 1, 1996, or (2) a monthly pension equal to 2.0% of average monthly pay multiplied by years of credited service under the Plan; and (b) is the monthly pension provided in (1) above [the 403(b) offset].

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE A - DESCRIPTION OF THE PLAN - Continued

1. *General - Continued*

Prior General Church Pension Plan Participants - Continued

The General Church Plan permits early retirement at ages 60 through 64. Employees may elect to receive their pension benefits in the form of a life and survivor annuity. If employees terminate before rendering seven years of service, they forfeit the right to receive a portion of their accumulated plan benefits attributable to the participating employer's contributions, which are 20% vested after three years of service and increase in 20% increments for each year thereafter, for a total of 100%. If an active employee dies prior to his or her retirement date, a death benefit equal to the value of the employee's accumulated plan benefits is paid to the employee's beneficiary.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The accompanying financial statements were prepared on the accrual basis of accounting.

2. *Investment Valuation and Income Recognition*

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Church's Investment Committee determines the Plan's valuation policies utilizing information provided by the Trustee and Custodian, Northern Trust Company. See Note E for discussion of the Pension Investment Trust (the "Trust) and fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

3. *Payment of Benefits*

Benefits are recorded when paid.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Actuarial Present Value of Accumulated Plan Benefits*

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, which are attributable under each Predecessor Plan's provisions for the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to the following: (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits payable under all circumstances such as retirement, death, disability and termination of employment are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from Plan assets are excluded from accumulated plan benefits.

The actuarial present value of accumulated plan benefits for the Plan is determined by actuaries from Towers Watson as of September 30, 2016 and 2015 and is that amount which results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuations for the plan year beginning January 1, 2016 and 2015 with no changes from January 1, 2016 to September 30, 2016 were as follows: (a) life expectancy of participants for 2016 is based on separate rates for non-annuitants (based on RP-2014 "Employees" tables projected back to 2007 using Scale MP-2014) and annuities (based on RP-2014 "Annuitants" table projected back to 2007 using Scale MP-2014) with generational projection starting with MP-2014 improvement rates for 2007, grading over 8 years to a long-term rate of 0.75% and no improvements past age 95. Life expectancy of participants for 2015 was based on the RP-2000 Combined Mortality Table, male and female, projected to 2015 with Scale AA for 2015 (b) retirement age assumptions (the assumed retirement age was 65 for the General Church Plan and 62-70 for the Basic Plan based on a table of age group ranges with an associated percentage retiring during the year with 100% retired by age 70), and (c) investment return. The valuations from the actuary assumed (1) an average rate of return of 6.75%, compounded annually, (2) discount rates of 7.00%, and (3) a basis for actuarial equivalence for conversion between Annual Pension Supplement (APS) balances and annuities of 6.50%.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Actuarial Present Value of Accumulated Plan Benefits - Continued*

In 2016, the mortality assumption was updated as described above.

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

5. *Administrative Expenses*

Certain directly related administrative, accounting, legal, and actuarial expenses are allocated to the Plan by the Administrator. All other expenses are paid by the Pensions and Benefits Fund.

6. *Use of Estimates*

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

7. *Subsequent Events*

The Plan has evaluated subsequent events through February 23, 2017, which is the date these financial statements were available to be issued.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE C - CONCENTRATIONS OF CREDIT RISK

From time to time, the Plan may maintain cash balances in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. The Plan considers highly liquid investments with an original maturity of three months or less when acquired to be cash equivalents. Management evaluates the financial stability of these financial institutions and considers the risk to be minimal. The Plan is a participant in a commingled bank account (“Pension Trust”). At September 30, 2016 and 2015, the Plan’s portion of the Pension Trust had approximately \$185,000 and \$246,000, respectively, in excess of FDIC insured limits.

NOTE D - FUNDING POLICY

1. *Basic Pension Plan*

The allocation of the total Fund contributions received from local churches in 2016 and 2015, including amounts contributed to the Fund and the 403(b) Plan, was as follows. Separate financial statements are provided for the Fund and the 403(b) Plan.

	2016	2015
Income		
Total Pensions and Benefits Fund contributions received from local churches	\$ 13,890,301	\$ 14,040,522
Other insurance premiums collected	629,054	642,474
Other income	918,794	365,533
Total income	15,438,149	15,048,529
Expenses		
403(b) Plan contributions	1,963,215	1,714,322
Single Defined Benefit Pension Plan contributions	9,500,000	9,000,000
Insurance and benevolence program expenses of the Pensions and Benefits Fund	1,650,722	1,568,473
Administrative expenses of the Pensions and Benefits Fund	1,693,786	1,842,152
Total expenses	14,807,723	14,124,947
Change in net assets of the Pensions and Benefits Fund	\$ 630,426	\$ 923,582

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE D - FUNDING POLICY - Continued

2. *General Church Pension Plan*

As a condition of participation, employees are required to contribute 3.0% of their salary to the General Church Plan. Employees are immediately 100% vested in their contributions, plus interest credited thereon. For the Plan calendar year beginning January 1, 1997 and thereafter, no annual contributions were required from the participating employers to support the present benefit levels under the General Church Plan's actuarial cost method.

3. *Combined Plan*

The participating employers' funding policy is to make annual contributions to the Plan in amounts such that all participants' benefits will be fully provided for by the time they retire. For the Plan calendar years beginning January 1, 2016 and 2015, the net annual contributions required from the participating employers to support the present benefit levels under the Plan's actuarial cost method totaled \$15,362,304 in 2016 and \$12,618,828 in 2015 based on the fair value of the Plan's net assets. Management is actively working to fund the obligation and has implemented an increased funding plan. Based on current funding continuing at the levels of the increased funding plan and actuarial projected benefit payments, the Plan's net assets are projected to reach fully funded levels by 2039. Management continues to monitor the funded status of the plan and will continue to update its funding plan to meet the plan objectives and funding requirements. During the years ended September 30, 2016 and 2015, The Church (Plan Sponsor) made underfunding contributions to the Plan in the amount of \$3,251,096 and \$3,939,460, respectively.

The following table presents the Plan's unfunded liability as of September 30,

	2016	2015
Net assets available for plan benefits	\$ 109,140,262	\$ 105,046,107
Actuarial present value of accumulated plan benefits	(173,257,424)	(163,524,998)
	\$ (64,117,162)	\$ (58,478,891)

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE E - INTEREST IN PENSION INVESTMENT TRUST

1. *Description of Pension Investment Trust*

The entirety of the Plan's investments is in the Pension Investment Trust which was established for the investment of assets of the Plan, the World Mission Pension Plans and plans of certain other related parties. Each participating retirement plan has an undivided interest in the Pension Investment Trust. The assets of the Pension Investment Trust are held by The Northern Trust Company (the Custodian).

The value of the Plan's interest in the Pension Investment Trust is based on the beginning of year value of the Plan's interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. At September 30, 2016 and 2015, the Plan's interest in the net assets of the Pension Investment Trust was approximately 77% and 90%.

There are no restrictions on the redemption of the Plan's interest in the net assets of the Pension Investment Trust as of September 30, 2016 and 2015, respectively. Investment income and administrative expenses relating to the Pension Investment Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

The following table presents the assets, including investments, of the Pension Investment Trust as of September 30,

	<u>2016</u>	<u>2015</u>
Money market funds	\$ 3,883,674	\$ 3,055,485
U.S. common stocks	34,657,250	27,446,164
U.S. government obligations and agency securities	772	1,043
Rights/warrants	425	425
Mutual funds	45,483,031	37,074,358
Collective investment funds	57,837,036	47,870,370
	<u>\$ 141,862,188</u>	<u>\$ 115,447,845</u>
Plan interest in Pension Investment Trust	\$ 108,695,840	\$ 104,461,403

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE E - INTEREST IN PENSION INVESTMENT TRUST - Continued

1. *Description of Pension Investment Trust - Continued*

Investment income for the Pension Investment Trust is comprised of the following for the years ended September 30,

	2016	2015
Investment income:		
Net appreciation (depreciation) in fair value of investments:	\$ 9,131,450	\$ (533,089)
Interest	746,521	756,890
Dividends	579,893	840,168
Investment expenses	(385,799)	(540,829)
	\$ 10,072,065	\$ 523,140
 Plan interest in Pension Investment Trust income	\$ 8,417,523	\$ 491,119

2. *Fair Value Measurements of Pension Investment Trust*

ASC Topic 820, *Fair Value Measurements and Disclosures*, (ASC 820) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below.

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Trust has the ability to access.

Level 2 -

- Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE E - INTEREST IN PENSION INVESTMENT TRUST – Continued

2. *Fair Value Measurements of Pension Investment Trust*

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Money market funds, U.S. common stocks, mutual funds, U.S. government obligations and agency securities, rights and warrants - Value based on quoted market prices.

Collective investment funds: The Trust applied the practical expedient to determine the fair values of collective investment funds (CIFs) of the Trust based on the net asset value (NAV) at September 30, 2016 and 2015. The Trust's CIFs are issued and redeemed daily at the NAV dollar amount per share. There are no unfunded commitments or redemption requirements. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. The practical expedient is not used when it is determined to be probable that the Trust will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were the Trust to initiate a full redemption of a CIF, the investment advisor reserves the right to temporarily delay withdrawal from the CIF in order to ensure that securities liquidations will be carried out in the an orderly business manner.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Trust believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE E - INTEREST IN PENSION INVESTMENT TRUST – Continued

The closing prices reported in the active markets in which the securities are traded are used to value the investments in the Pension Investment Trust. The following table sets forth, by level within the fair value hierarchy, the Pension Investment Trust's assets at fair value as of September 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 3,883,674	\$ -	\$ -	\$ 3,883,674
U.S. common stocks	34,657,250	-	-	34,657,250
U.S. government obligations and agency securities	772	-	-	772
Rights/warrants	425	-	-	425
Mutual funds	45,483,031	-	-	45,483,031
Total assets in the fair value hierarchy	<u>\$ 84,025,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>84,025,152</u>
Collective investment funds measured at net asset value				<u>57,837,036</u>
Investments at fair value				<u>\$ 141,862,188</u>

The following table sets forth, by level within the fair value hierarchy, the Pension Investment Trust's assets at fair value as of September 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 3,055,485	\$ -	\$ -	\$ 3,055,485
U.S. common stocks	27,446,164	-	-	27,446,164
U.S. government obligations and agency securities	1,043	-	-	1,043
Rights/warrants	425	-	-	425
Mutual funds	37,074,358	-	-	37,074,358
Total assets in the fair value hierarchy	<u>\$ 67,577,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>67,577,475</u>
Collective investment funds measured at net asset value				<u>47,870,370</u>
Investments at fair value				<u>\$ 115,447,845</u>

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE E - INTEREST IN PENSION INVESTMENT TRUST – Continued

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

NOTE F - RISKS AND UNCERTAINTIES

The Plan invests in various securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE G - PLAN TERMINATION

Although it has not expressed any intent to do so, the Administrator has the right to terminate the Plan subject to the provisions of the plan document. In the event the Plan terminates, the net assets of the Plan will be allocated, generally to provide the following benefits in the order indicated:

1. Benefits attributable to employee contributions, taking into account those paid out before termination.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene Single Defined Benefit Plan**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE G - PLAN TERMINATION - Continued

2. Annuity benefits that former employees or their beneficiaries have been receiving for the last three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under Plan provisions in effect at any time during the five years preceding Plan termination.
3. All other vested benefits.
4. All non-vested benefits.

If Plan funds are not sufficient to provide benefits for all categories, benefits will be prorated to participants within the first group for which benefits cannot be provided in full.

NOTE H - INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Administrator by letter that the Basic Plan, the General Church Plan, and the related trusts were designed in accordance with applicable sections of the Internal Revenue Code (the IRC). There have been amendments since the Administrator received those determination letters; however, the Administrator believes that the Plan, which encompasses both the Basic Pension Plan and the General Church Pension Plan, is designed and is currently being operated in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of September 30, 2016 and 2015, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by tax jurisdictions; however, there are currently no audits for any tax periods in progress.

Financial Statements and Report of Independent Certified Public Accountants

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

September 30, 2016 and 2015

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund

Report on the financial statements

We have audited the accompanying financial statements of Board of Pensions and Benefits USA of the Church of the Nazarene Pensions and Benefits Fund, which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pensions and Benefits Fund as of September 30, 2016 and 2015, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Thornton LLP

Kansas City, Missouri

February 23, 2017

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

STATEMENTS OF FINANCIAL POSITION

September 30,

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash	\$ 933,367	\$ 1,647,854
Investments, at fair value	2,858,807	1,632,115
Accounts receivable	128,958	128,808
	3,921,132	3,408,777
 Equipment	 542,310	 550,478
Less accumulated depreciation	(517,085)	(516,356)
	25,225	34,122
	\$ 3,946,357	\$ 3,442,899
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 135,908	\$ 231,370
Deferred revenue	49,425	51,481
	185,333	282,851
 DEATH BENEFIT BENEVOLENCE PLAN	 170,975	 200,425
 NET ASSETS, unrestricted	 3,590,049	 2,959,623
	\$ 3,946,357	\$ 3,442,899

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

STATEMENTS OF ACTIVITIES

Year ended September 30,

	2016	2015
Income		
Insurance and benevolence program contributions		
from local churches	\$ 13,890,301	\$ 14,040,522
Other insurance premiums income	629,054	642,474
Single Defined Benefit Plan administration fees	1,715	1,931
Investment income, net	113,733	106,328
Realized/unrealized gain (loss)	270,776	(257,363)
Administrative fees income	516,020	514,157
Other income	16,550	480
Total income	15,438,149	15,048,529
Expenses		
Program expenses		
Single Defined Benefit Pension Plan contributions	9,500,000	9,000,000
403(b) Plan contributions	1,963,215	1,714,322
Minister group life insurance premiums expense	975,206	822,485
Other insurance premiums expense	548,744	647,223
Benevolence payments	126,772	98,765
Total program expenses	13,113,937	12,282,795
Administrative expenses		
Salaries and benefits	886,368	809,834
Office operations	43,753	49,709
403(b) record keeping fees	266,510	385,135
Professional services	193,104	312,797
Conferences/committees	97,705	75,548
Rent	47,696	47,746
Travel and entertainment	40,105	30,796
Depreciation	14,199	12,783
Miscellaneous	34,665	31,406
Contracted services	69,680	86,398
Total administrative expenses	1,693,786	1,842,152
Total expenses	14,807,723	14,124,947
Change in unrestricted net assets	630,426	923,582
Unrestricted net assets, beginning of year	2,959,623	2,036,041
Unrestricted net assets, end of year	\$ 3,590,049	\$ 2,959,623

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

STATEMENTS OF CASH FLOWS

Year ended September 30,

	2016	2015
Cash flows from operating activities		
Change in unrestricted net assets	\$ 630,426	\$ 923,582
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities		
Depreciation	14,199	12,783
Gain on sale of equipment	(25)	(325)
Net realized (gain) loss on sale of investments	(83,760)	94,472
Unrealized (gain) loss on investments	(187,015)	162,891
Changes in assets and liabilities		
Accounts receivable	(150)	18,110
Accounts payable	(95,462)	41,102
Deferred revenue	(2,056)	(6,749)
Death benefit benevolence plan liability	(29,450)	(63,217)
Net cash provided by operating activities	246,707	1,182,649
Cash flows from investing activities		
Purchases of equipment	(5,302)	(25,793)
Proceeds from sale of equipment	25	325
Purchases of investments	(8,156,663)	(8,948,072)
Proceeds from sale of investments	7,200,746	8,588,697
Net cash used in investing activities	(961,194)	(384,843)
Net change in cash	(714,487)	797,806
Cash, beginning of year	1,647,854	850,048
Cash, end of year	\$ 933,367	\$ 1,647,854

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS

September 30, 2016 and 2015

NOTE A - DESCRIPTION OF THE PENSIONS AND BENEFITS FUND

The Board of Pensions and Benefits USA of the Church of the Nazarene (the Board or the Administrator) established the Pensions and Benefits Fund (the Fund) to provide various benevolence, retirement, and insurance programs to Nazarene ministers, their spouses, and their surviving family members. All of the programs are self-funded through contributions made by the local churches. The Fund is administered by the Board on behalf of the Church of the Nazarene, Inc. (the Church). The Fund provides administrative services and certain specific funding amounts as determined by the Board to the Church of the Nazarene Single Defined Benefit Plan (the Single Defined Benefit Plan) and the Nazarene 403(b) Retirement Savings Plan (the 403(b) Plan).

Benevolence programs - The Fund provides benevolence programs, including death benefit benevolence, emergency medical assistance, temporary monthly disability assistance, administrative benefit adjustment, and funeral assistance. These programs provide various kinds of benevolence assistance payments to ministers, their spouses, and their surviving family members upon the recommendation of their district advisory boards. A more comprehensive description of the Fund's benevolence programs is contained in the benefits summary brochure.

Pastors Life Insurance Plan - The Pastors Life Insurance Plan is a group term life insurance plan for district-licensed and ordained clergy or district-credentialed laypersons who are currently serving in U.S. districts in qualified assignments and who have not begun receiving retirement benefits.

Pensioners Death Benefit Plan - The Pensioners Death Benefit Plan provides death benefits to district-licensed and ordained ministers who are currently receiving a monthly benefit from the Basic Pension Plan portion of the Single Defined Benefit Plan based on years of service or, alternatively, who are vested Plan participants aged 70 1/2 or older and who have not chosen to begin receiving a monthly retirement benefit.

Church of the Nazarene Single Defined Benefit Plan - Effective January 1, 1996, the Basic Pension Plan and the General Church Pension Plan were merged to form the Single Defined Benefit Plan. After January 1, 1996, there were no new entrants in the Basic Pension Plan or the General Church Pension Plan. Participants in both plans were grandfathered in so that no one who had been credited with years of service under the predecessor plans would receive less under the Single Defined Benefit Plan than what would have been paid under the former defined benefit plans had membership in those plans continued unchanged.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE A - DESCRIPTION OF THE PENSIONS AND BENEFITS FUND - Continued

Nazarene 403(b) Retirement Savings Plan - Effective January 1, 1996, the 403(b) Plan was established for all U.S. ministers and laypersons serving local congregations and districts, as well as for general church employees. The annual pension supplement (APS) contribution is deposited into individual accounts for each eligible U.S. clergy member and layperson from Fund receipts or agency funds, depending upon the participant's employer. Some years, an additional bonus amount is deposited for eligible participants whose local congregation pays 100% of their Fund amount or whose district pays 100% of their Fund amount. The 2016 APS contribution for eligible senior pastors and associates was established using an agreed-upon schedule to be based on the amounts paid to the Fund by eligible participants' local congregations during the 2015-2016 assembly year. The 2015 APS contribution for eligible senior pastors and associates was established using an agreed-upon schedule to be based on the amounts paid to the Fund by eligible participants' local congregations during the 2014-2015 assembly year. The 2016 and 2015 APS contribution for eligible district superintendents, district-assigned, and evangelists was \$1,000.

Employees may elect to participate in the 403(b) Plan through salary-reduction contributions. Employers may elect to make matching contributions to their respective participating employees' accounts. Local church and agency employers are encouraged to establish policies to match amounts of voluntary salary-reduction contributions up to at least 3% of salary. Contributions are made directly to Fidelity Investments. The cash value of all participant accounts that were not included in the Fund was \$396,593,049 and \$366,683,776 as of September 30, 2016 and 2015, respectively.

Effective October 1, 2012, Fidelity Investments lowered their per participant record keeping fee from \$39 to \$29 per quarter. Subsequently, effective October 1, 2015, Fidelity lowered their participant record keeping fee from \$29 to \$20 per quarter. Based upon action by the Board, in order to provide additional income to the Fund to assist with administrative expenses for the 403(b) Plan, Fidelity Investments continues to collect the \$39 record keeping fee from the participants of the 403(b) plan and remits the fees collected to the Fund. Fidelity Investments invoices the Fund each quarter for the \$20 per-participant recordkeeping fee. The Fund retains the net \$19 per-participant recordkeeping fee. For the years ended September 30, 2016 and 2015, the Fund had administrative fees income of \$516,020 and \$514,157 and recordkeeping fees for the 403(b) Plan of \$266,510 and \$385,135, respectively, which are reflected in the statement of activities.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The accompanying financial statements were prepared on the accrual basis of accounting.

2. *Revenue Recognition*

Insurance premiums received are deferred and recognized as revenue ratably over the term of the insurance policy.

3. *Investments*

Investments consist primarily of fixed income, real estate investment trust (REIT), and equity mutual funds that are carried at fair value with realized and unrealized gains and losses included in the statement of activities. Fair values are based on quoted market prices or dealer quotes, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

4. *Fair Value Measurements*

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures* (ASC 820) establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The provisions of ASC 820 apply to all financial instruments that are being measured and reported on a fair-value basis and items disclosed at fair value in the notes to the financial statements.

ASC 820 defines fair value as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The exit price is based on the amount that the holder of the asset or liability would receive or pay in an actual transaction (or in a hypothetical transaction if an actual transaction does not exist) at the measurement date.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. *Equipment*

Equipment is carried at cost. Depreciation is computed using the straight-line method and is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, which range from four to eight years.

6. *Impairment of Long-Lived Assets*

The Fund periodically reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Assets to be disposed of are reported at the lower of carrying amount or fair value, less costs to sell. No amounts have been recorded at September 30, 2016 and 2015 with respect to impairment of long-lived assets.

7. *Payment of Benefits*

Benefits are recorded when paid, except for the death benefit benevolence plan payments, for which the liability is reduced when paid.

8. *Use of Estimates*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

9. *Income Taxes*

The Fund is exempt from federal and state income taxes since it is an entity organized under the Church, which holds a group exemption.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. *Income Taxes - Continued*

The Fund applies the provisions of ASC Topic 740, *Income Taxes*, (ASC 740) with respect to uncertain tax positions. ASC 740 requires that all tax positions be evaluated using a recognition threshold and measurement of a tax position taken or expected to be taken in a tax return. Differences between positions taken in a tax return and amounts recognized in the financial statements are recorded as adjustments to income taxes payable or receivable, or adjustments to deferred income taxes, or both. ASC 740 also requires expanded disclosures at the end of each annual reporting period. No amounts have been recorded at September 30, 2016 and 2015 with respect to uncertain tax positions.

10. *Subsequent Events*

The Fund has evaluated subsequent events through February 23, 2017, which is the date these financial statements were available to be issued.

NOTE C - CONCENTRATIONS OF CREDIT RISK

From time to time, the Fund maintains cash balances in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. Management evaluates the financial stability of these financial institutions and considers the risk to be minimal. At September 30, 2016 and 2015, the Plan had approximately \$883,000 and \$1,610,000, respectively, in excess of FDIC insured limits.

NOTE D - INVESTMENTS AND RELATED PARTY TRANSACTIONS

The Fund invests in a portfolio of mutual funds administered by the Church of the Nazarene Foundation (the Foundation). The investments are managed by Kaspick, the Investment Manager. The underlying investments are bond and equity mutual funds and reported at fair value.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE D - INVESTMENTS AND RELATED PARTY TRANSACTIONS - Continued

The Fund's investment in the portfolio consisted of the following as of September 30,

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Cash	\$ 89,020	\$ 90,408	\$ 47,255	\$ 45,764
Fixed income mutual funds				
High quality bond	278,367	283,445	170,782	165,562
Investment grade bond	1,507,967	1,547,969	944,761	884,704
International bond	591,503	614,860	368,065	353,159
High yield bond	102,824	107,098	65,627	59,466
REIT mutual funds				
Domestic REITs	109,268	114,730	72,933	67,132
Equity mutual funds				
Large company	92,335	100,297	62,183	56,328
	<u>\$ 2,771,284</u>	<u>\$ 2,858,807</u>	<u>\$ 1,731,606</u>	<u>\$ 1,632,115</u>

Net investment gain (loss) consisted of the following as of September 30,

	<u>2016</u>	<u>2015</u>
Realized (loss)gain on sale of investments	\$ 83,760	\$ (94,472)
Unrealized (loss)gain on investments	187,016	(162,891)
Investment income	156,663	148,072
Investment fees	(42,930)	(41,744)
	<u>\$ 384,509</u>	<u>\$ (151,035)</u>

The investment fees are netted against the proceeds from sale of investments in the statements of cash flows and included in investment income, net in the statements of activities.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE E - FAIR VALUE MEASUREMENTS

ASC 820 establishes a fair value hierarchy that distinguishes between assumptions based on market data (observable inputs) and management’s assumptions (unobservable inputs). Where an asset or a liability falls within that hierarchy depends on the lowest-level input which is significant to the fair value measurements as a whole. An adjustment to the pricing method used within either Level 1 or Level 2 inputs could generate a fair value measurement that effectively falls in a lower level in the hierarchy. The hierarchy consists of three broad levels as follows:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 inputs which are either directly or indirectly observable.
- Level 3 - Unobservable inputs developed using management’s estimates and assumptions, which reflect those which market participants would use.

The determination of where an asset or a liability falls in the hierarchy requires significant judgment. The Fund evaluates its hierarchy disclosures for each reporting period; based on various factors; it is possible that an asset or a liability may be classified differently from one reporting period to another. However, the Fund expects that changes in classifications between different levels will be rare.

The following is a description of the valuation methodologies used for assets measured at fair value:

Investment in pooled investment funds - Valued based on an allocation of quoted market prices for the underlying investments of the portfolio. The fair values of individual holdings in the portfolio are determined via various inputs ranging from level 1 to level 2 securities.

The following table sets forth information about the level within the fair value hierarchy at which the Plan’s investments are measured on a recurring basis at September 30, 2016:

	<u>Fair value measurements at report date using</u>			<u>Total fair value</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Investments, at fair value				
Pooled investment funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,858,807</u>	<u>\$ 2,858,807</u>

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE E - FAIR VALUE MEASUREMENTS - Continued

The following table sets forth information about the level within the fair value hierarchy at which the Plan's investments are measured on a recurring basis at September 30, 2015:

	Fair value measurements at report date using			Total fair value
	Level 1	Level 2	Level 3	
Investments, at fair value				
Pooled investment funds	\$ -	\$ -	\$ 1,632,115	\$ 1,632,115

The following is a reconciliation of the beginning and ending balances of financial assets measured on a recurring basis using significant unobservable inputs (Level 3) during the year ended September 30, 2016:

	Pooled investment funds
Fair value, September 30, 2015	\$ 1,632,115
Purchases	8,000,000
Issuances, settlements	(7,157,817)
Interest and dividends	156,663
Unrealized gains	187,016
Realized gains	83,760
Fees and expenses	(42,930)
Fair value, September 30, 2016	<u>\$ 2,858,807</u>

The following is a reconciliation of the beginning and ending balances of financial assets measured on a recurring basis using significant unobservable inputs (Level 3) during the year ended September 30, 2015:

	Pooled investment funds
Fair value, September 30, 2014	\$ 1,530,103
Purchases	8,800,000
Issuances, settlements	(8,546,953)
Interest and dividends	148,072
Unrealized losses	(162,891)
Realized losses	(94,472)
Fees and expenses	(41,744)
Fair value, September 30, 2015	<u>\$ 1,632,115</u>

**Board of Pensions and Benefits USA of the Church of the Nazarene
Pensions and Benefits Fund**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE F - FUNDING POLICY

The allocation of total Fund contributions received from local churches during the year ended September 30, 2016 and 2015, including amounts contributed to the Single Defined Benefit Plan and the 403(b) Plan, is as follows. Separate financial statements are provided for the Single Defined Benefit Plan and the 403(b) Plan.

	2016	2015
Income		
Total Pensions and Benefits Fund contributions received from local churches	\$ 13,890,301	\$ 14,040,522
Other insurance premiums collected	629,054	642,474
Other income	918,794	365,533
Total income	15,438,149	15,048,529
Expenses		
Single Defined Benefit Pension Plan contributions	9,500,000	9,000,000
403(b) Plan contributions	1,963,215	1,714,322
Insurance and benevolence program expenses of the Pensions and Benefits Fund	1,650,722	1,568,473
Administrative expenses of the Pensions and Benefits Fund	1,693,786	1,842,152
Total expenses	14,807,723	14,124,947
Increase in net assets of the Pensions and Benefits Fund	\$ 630,426	\$ 923,582

Financial Statements and Report of Independent Certified Public Accountants

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

September 30, 2016 and 2015

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans

We have audited the accompanying financial statements of Church of the Nazarene World Mission Pension Plans (the “Plans”), which comprise the statements of net assets available for benefits as of September 30, 2016 and 2015 and the related statements of changes in net assets available for benefits for the years then ended, and the statements of accumulated plan benefits as of September 30, 2016 and 2015 and the related statements of changes in accumulated plan benefits for the years then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plans’ preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plans’ internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the Church of the Nazarene World Mission Pension Plans as of September 30, 2016 and 2015 and the changes in financial status for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Johnston LLP

Kansas City, Missouri
February 23, 2017

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
September 30,

	2016	2015
ASSETS		
Cash and cash equivalents	\$ 59,222	\$ 31,451
Investments, at fair value		
Plan interest in Pension Investment Trust	8,360,833	8,516,229
Accrued interest receivable	2,413	465
Total assets	8,422,468	8,548,145
LIABILITIES		
Accounts payable	6,506	5,112
Due to the Church	14,760	13,825
	21,266	18,937
Net assets available for benefits	\$ 8,401,201	\$ 8,529,208

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Year ended September 30,

	2016	2015
Total Additions		
Investment income		
Plan interest in Pension Investment Trust income	\$ 700,158	\$ 29,940
Contributions	151,722	154,378
Total additions	851,880	184,318
 Total Deductions		
Benefits paid directly to participants	879,584	879,948
Administrative, legal, and actuarial expenses	100,303	87,255
Total deductions	979,887	967,203
 Net decrease in net assets available for benefits	(128,007)	(782,885)
 Net assets available for benefits, beginning of year	8,529,208	9,312,093
Net assets available for benefits, end of year	\$ 8,401,201	\$ 8,529,208

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

STATEMENTS OF ACCUMULATED PLAN BENEFITS

September 30,

	2016	2015
Actuarial present value of accumulated plan benefits		
Vested benefits		
Participants currently receiving payments	\$ 6,603,595	\$ 6,151,694
Other participants	<u>1,662,261</u>	<u>1,659,619</u>
	8,265,856	7,811,313
Nonvested benefits	<u>-</u>	<u>3,863</u>
Total actuarial present value of accumulated plan benefits	<u><u>\$ 8,265,856</u></u>	<u><u>\$ 7,815,176</u></u>

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans
STATEMENTS OF CHANGES IN ACCUMULATED PLAN BENEFITS
Year ended September 30,

	<u>2016</u>	<u>2015</u>
Actuarial present value of accumulated plan benefits, beginning of year	\$ 7,815,176	\$ 8,150,189
Increase (decrease) during the year attributable to		
Benefits accumulated and actuarial net loss	234,274	5,220
Increase for interest due to decrease in discount period	516,277	539,715
Assumption changes	579,713	-
Benefits paid to participants	(879,584)	(879,948)
Net increase (decrease)	<u>450,680</u>	<u>(335,013)</u>
Actuarial present value of accumulated plan benefits, end of year	<u>\$ 8,265,856</u>	<u>\$ 7,815,176</u>

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS

September 30, 2016 and 2015

NOTE A - DESCRIPTION OF THE PLANS

The following brief description of the Church of the Nazarene World Mission Pension Plans, consisting of the World Mission Non-Qualified Pension Plan and the World Mission Pension Plan (collectively, the Plans), is provided for general information purposes only. Participants should refer to their respective plan's documents for more complete information. New participation was frozen such that there were no new entrants effective January 1, 1998.

1. *General*

The Plans are noncontributory defined benefit pension plans administered by the Board of Pensions and Benefits USA of the Church of the Nazarene (the Administrator and Trustee) on behalf of the Church of the Nazarene, Inc. (the Church and Plan Sponsor). The Plans provide retirement benefits at age 65 to missionaries under contract with the Church. Additionally, the Plans are qualified church plans which have not elected to be governed by the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and are not subject to Pension Benefit Guaranty Corporation insurance coverage.

The World Mission Pension Plan (the qualified plan) integrates its benefit formula with that of the total pension benefit provided by the World Mission Non-Qualified Pension Plan (the non-qualified plan). All benefits payable under the non-qualified plan are offset by any benefits paid under the qualified plan.

2. *Pension Benefits - World Mission Pension Plan*

Missionaries with 10 or more years of service are entitled to pension benefits beginning at the normal retirement age of 65. The pension benefits are calculated at an amount equal to the greater of (a) or (b) minus (c), where (a) is the sum of (1) \$2.50 per month for each year of service (to a maximum of 50 years) plus (2) \$100 per month for participants with 25 or more years of service, or \$75 per month for participants with 20, but less than 25, years of service; (b) is \$5.00 per month for each year of service with a bonus of 0.5% of the monthly amount for each year of service in excess of 10; and (c) is the pension provided by the amount in the participant's account with the Nazarene 403(b) Retirement Savings Plan derived from deposits equal to an amount determined each plan year by the Plans' Trustee.

For purposes of determining the bonus amount, and only for such purposes, years of service credited under the provisions of the Church of the Nazarene Single Defined Benefit Plan's (Single Defined Plan) grandfathered Basic Pension Plan shall be included in the calculation of years of service under the qualified plan.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE A - DESCRIPTION OF THE PLANS - Continued

3. *Pension Benefits - World Mission Non-Qualified Pension Plan*

Missionaries with 10 or more years of service are entitled to pension benefits beginning at the normal retirement age of 65. The pension benefits are calculated at an amount equal to the greater of (a) or (b) minus (c), where (a) is the sum of (1) \$5.00 per month for each year of service (to a maximum of 50 years) for married or unmarried (single) participants plus (2) \$200 per month for married participants and \$140 per month for single participants, widows, or widowers with 25 or more years of missionary service, or \$150 or \$100 per month, respectively, with at least 20, but less than 25, years of missionary service or \$0 with less than 20 years of missionary service; (b) is \$10.00 per month for each year of service with a bonus of 0.5% for each year of service in excess of 10; and (c) is the pension provided by the amount in the participant's 403(b) plan derived from deposits equal to an amount determined each plan year by the Plans' Trustee. For purposes of determining the bonus amount, and only for such purposes, all years of service credited under this plan and under the Single Defined Plan's grandfathered Basic Pension Plan provisions shall be included. Amounts payable under the non-qualified plan are also reduced by the amount of any payments made under the qualified plan.

4. *Disability Benefits*

Active missionaries with five or more years of service who become totally disabled receive annual disability benefits based on years of service to the date of disability, plus an additional year of service credit for each two years between the date of disability and the normal retirement date.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The accompanying financial statements were prepared on the accrual basis of accounting.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. *Investment Valuation and Income Recognition*

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Church's Investment Committee determines the Plans' valuation policies utilizing information provided by the Trustee and Northern Trust Company ("the Custodian"). See Note E for discussion of the Pension Investment Trust (the "Trust") and fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plans' gains and losses on investments bought and sold as well as held during the year.

3. *Payment of Benefits*

Benefits are recorded when paid.

4. *Actuarial Present Value of Accumulated Plan Benefits*

Accumulated plan benefits are those future periodic payments that are attributable under the Plans' provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to the following: (a) retired or terminated employees or their beneficiaries; (b) beneficiaries of employees who have died; and (c) current employees or their beneficiaries. Benefits payable under all circumstances (retirement, death, disability, or termination of employment) are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by actuaries from Towers Watson as of September 30, 2016 and 2015 and is that amount which results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Actuarial Present Value of Accumulated Plan Benefits - Continued*

The significant actuarial assumptions used in the valuations for the plan year beginning January 1, 2016 and 2015 with no changes from January 1, 2016 to September 30, 2016 were as follows: (a) life expectancy of participants for 2016 is based on separate rates for non-annuitants (based on RP-2014 “Employees” tables projected back to 2007 using Scale MP-2014) and annuities (based on RP-2014 “Annuitants” table projected back to 2007 using Scale MP-2014) with generational projection starting with MP-2014 improvement rates for 2007, grading over 8 years to a long-term rate of 0.75% and no improvements past age 95. Life expectancy of participants for 2015 was based on the RP-2000 Combined Mortality Table, male and female, projected to 2015 with Scale AA for 2015 (b) retirement age assumptions (the assumed retirement age ranges from 65 to 70); and (c) investment return. The valuations from the actuary assumed (1) an average rate of return of 6.75%, compounded annually, (2) discount rates of 7.00%, and (3) a basis for actuarial equivalence for conversion between Annual Pension Supplement (APS) balances and annuities of 6.50%.

In 2016, the actuarial mortality assumption was updated from RP-2000 for males and females projected to 2015 using Scale AA to separate rates for non-annuitants (based on RP-2014 “Employees” tables projected back to 2007 using Scale MP-2014) and annuities (based on RP-2014 “Annuitants” table projected back to 2007 using Scale MP-2014) with generational projection starting with MP-2014 improvement rates for 2007, grading over 8 years to a long-term rate of 0.75% and no improvements past age 95.

The foregoing actuarial assumptions are based on the presumption that the Plans will continue. Were the Plans to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

5. *Administrative Expenses*

Certain directly related administrative, accounting, legal, and actuarial expenses are allocated to the Plans by the Administrator. All other expenses are paid by the Pensions and Benefits Fund.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. *Use of Estimates*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

7. *Subsequent Events*

The Fund has evaluated subsequent events through February 23, 2017, which is the date these financial statements were available to be issued.

NOTE C - CONCENTRATIONS OF CREDIT RISK

From time to time, the Plans may maintain cash balances in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. The Plans consider highly liquid investments with an original maturity of three months or less when acquired to be cash equivalents. Management evaluates the financial stability of these financial institutions and considers the risk to be minimal. The Plans are a participant in a commingled bank account ("Pension Trust"). At September 30, 2016 and 2015, the Plan's portion of the Pension Trust had approximately \$33,000 and \$17,000, respectively, in excess of FDIC insured limits.

NOTE D - FUNDING POLICY

The Church's funding policy is to make annual contributions to the Plans in amounts such that all participants' benefits will be fully provided for by the time they retire. For the Plans' calendar years beginning January 1, 2016 and 2015, there were no net annual contributions required from the Church to support the present benefit levels under the Plans' actuarial cost method.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE D - FUNDING POLICY - Continued

The following table shows the Plans' funded amounts as of September 30,

	2016	2015
Net assets available for plan benefits	\$ 8,401,201	\$ 8,529,208
Actuarial present value of accumulated plan benefits	(8,265,856)	(7,815,176)
Funded status - over funded	<u>\$ 135,345</u>	<u>\$ 714,032</u>

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST

1. Description of Pension Investment Trust

The entirety of the Plan's investments is in the Pension Investment Trust which was established for the investment of assets of the Plans, the Single Defined Benefit Plan and plans of certain other related parties. Each participating retirement plan has an undivided interest in the Pension Investment Trust. The assets of the Pension Investment Trust are held by The Northern Trust Company (the Custodian).

The value of the Plans' interest in the Pension Investment Trust is based on the beginning of year value of the Plan's interest in the trust plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. At September 30, 2016 and 2015, the Plans' interest in the net assets of the Pension Investment Trust was approximately 6.00% and 7.00%, respectively. There are no restrictions on the redemption of the Plans' interest in the net assets of the Pension Investment Trust as of September 30, 2016 and 2015, respectively. Investment income and administrative expenses relating to the Pension Investment Trust are allocated to the individual plans based upon average monthly balances invested by each plan.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST - Continued

1. Description of Pension Investment Trust - Continued

The following table presents the assets, including investments, of the Pension Investment Trust as of September 30,

	<u>2016</u>	<u>2015</u>
Money market funds	\$ 3,883,674	\$ 3,055,485
U.S. common stocks	34,657,250	27,446,164
U.S. government and agency securities	772	1,043
Rights/Warrants	425	425
Mutual funds	45,483,031	37,074,358
Collective investment funds	57,837,036	47,870,370
	<u>\$ 141,862,188</u>	<u>\$ 115,447,845</u>
 Plans' interest in Pension Investment Trust	 \$ 8,360,833	 \$ 8,516,229

Investment income for the Pension Investment Trust is comprised of the following for the year ended September 30,

	<u>2016</u>	<u>2015</u>
Investment income		
Net appreciation (depreciation) in fair value of investments	\$ 9,131,450	\$ (533,089)
Interest	746,521	756,890
Dividends	579,893	840,168
Expenses	(385,799)	(540,829)
	<u>\$ 10,072,065</u>	<u>\$ 523,140</u>
 Plans' interest in Pension Investment Trust income	 \$ 700,158	 \$ 29,940

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST - Continued

2. *Fair Value Measurements of Pension Investment Trust*

ASC Topic 820, *Fair Value Measurements and Disclosures* (ASC 820) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below.

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Trust has the ability to access.

Level 2 -

- Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Money market funds, U.S. common stocks, mutual funds, U.S. government obligations and agency securities, rights and warrants - Value based on quoted market prices.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST - Continued

2. Fair Value Measurements of Pension Investment Trust - Continued

Collective investment funds: The Trust applied the practical expedient to determine the fair values of collective investment funds (CIFs) of the Trust based on the net asset value (NAV) at September 30, 2016 and 2015. The Trust's CIFs are issued and redeemed daily at the NAV dollar amount per share. There are no unfunded commitments or redemption requirements. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. The practical expedient is not used when it is determined to be probable that the Trust will sell the investment for an amount different than the reported NAV. Participant transactions (purchases and sales) may occur daily. Were the Trust to initiate a full redemption of a CIF, the investment advisor reserves the right to temporarily delay withdrawal from the CIF in order to ensure that securities liquidations will be carried out in an orderly business manner.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST – Continued

The closing prices reported in the active markets in which the securities are traded are used to value the investments in the Pension Investment Trust. The following table sets forth by level, within the fair value hierarchy, the Pension Investment Trust's assets at fair value as of September 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 3,883,674	\$ -	\$ -	\$ 3,883,674
U.S. common stocks	34,657,250	-	-	34,657,250
U.S. government obligations and agency securities	772	-	-	772
Rights/Warrants	425	-	-	425
Mutual funds	<u>45,483,031</u>	<u>-</u>	<u>-</u>	<u>45,483,031</u>
Total assets in the fair value hierarchy	<u>\$ 84,025,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>84,025,152</u>
Collective investment funds measured at net asset value				<u>57,837,036</u>
Investments at fair value				<u>\$ 141,862,188</u>

The following table sets forth by level, within the fair value hierarchy, the Pension Investment Trust's assets at fair value as of September 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 3,055,485	\$ -	\$ -	\$ 3,055,485
U.S. common stocks	27,446,164	-	-	27,446,164
U.S. government obligations and agency securities	1,043	-	-	1,043
Rights/Warrants	425	-	-	425
Mutual funds	<u>37,074,358</u>	<u>-</u>	<u>-</u>	<u>37,074,358</u>
Total assets in the fair value hierarchy	<u>\$ 67,577,475</u>	<u>\$ -</u>	<u>\$ -</u>	<u>67,577,475</u>
Collective investment funds measured at net asset value				<u>47,870,370</u>
Investments at fair value				<u>\$ 115,447,845</u>

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE E - DESCRIPTION OF PENSION INVESTMENT TRUST - Continued

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

NOTE F - RISKS AND UNCERTAINTIES

The Plans invest in various securities. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

Plan contributions are made, and the actuarial present value of accumulated plan benefits are reported, based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

NOTE G - PLAN TERMINATION

Although it has not expressed any intent to do so, the Administrator has the right to terminate the Plans subject to the provisions of the plan documents. In the event the Plans terminate, the net assets of the Plans will be allocated, generally to provide the following benefits in the order indicated:

1. Benefits attributable to employee contributions, taking into account those paid out before termination.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Church of the Nazarene World Mission Pension Plans**

NOTES TO FINANCIAL STATEMENTS - CONTINUED

September 30, 2016 and 2015

NOTE G - PLAN TERMINATION - Continued

2. Annuity benefits that former employees or their beneficiaries have been receiving for the last three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plans. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under Plan provisions in effect at any time during the five years preceding Plan termination.
3. All other vested benefits.
4. All non-vested benefits.

If Plan funds are not sufficient to provide benefits for all categories, benefits will be prorated to participants within the first group for which benefits cannot be provided in full.

NOTE H – INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Administrator by a letter that the World Mission Pension Plan (the qualified plan) and the related trust were designed in accordance with applicable sections of the Internal Revenue Code (the IRC). There have been amendments since the Administrator received the determination letter; however, the Administrator believes that the Plans are designed and are currently being operated in compliance with the applicable requirements of the IRC.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the Plans and recognize a tax liability (or asset) if the Plans have taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Administrator has analyzed the tax positions taken by the Plans, and has concluded that as of September 30, 2016 and 2015, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plans are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Financial Statements and Report of Independent Certified Public Accountants

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene Health and Hospitalization Program**

September 30, 2016 and 2015

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Trustees

Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene Health and Hospitalization Program

Report on the financial statements

We have audited the accompanying financial statements of the Nazarene Health and Hospitalization Program (the “Program”), which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Program’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Program’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nazarene Health and Hospitalization Program as of September 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Grant Shouton LLP

Kansas City, Missouri
February 23, 2017

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene Health and Hospitalization Program
STATEMENTS OF FINANCIAL POSITION**

September 30, 2016 and 2015

	General Church Medical Plan	Missionary Medical Plan	Total	
			<u>2016</u>	<u>2015</u>
ASSETS				
Cash and cash equivalents	\$ 1,331,416	\$ 50,194	\$ 1,381,610	\$ 1,274,308
Investments, at fair value	2,780,096	704,404	3,484,500	3,504,139
Investments - CD's	168,162	473,218	641,380	651,602
Prepaid expenses	1,212	1,583	2,795	2,535
Total assets	<u>\$ 4,280,886</u>	<u>\$ 1,229,399</u>	<u>\$ 5,510,285</u>	<u>\$ 5,432,584</u>
LIABILITIES AND NET ASSETS				
Accounts payable to claim administrator	\$ 11,065	\$ 7,523	\$ 18,588	\$ 9,946
Claims incurred but not reported	328,859	206,601	535,460	530,721
Total liabilities	<u>339,924</u>	<u>214,124</u>	<u>554,048</u>	<u>540,667</u>
Net assets, unrestricted	3,940,962	1,015,275	4,956,237	4,891,917
	<u>\$ 4,280,886</u>	<u>\$ 1,229,399</u>	<u>\$ 5,510,285</u>	<u>\$ 5,432,584</u>

The accompanying notes are an integral part of these statements.

Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene Health and Hospitalization Program
STATEMENTS OF ACTIVITIES

Years ended September 30, 2016 and 2015

	General Church Medical Plan	Missionary Medical Plan	Total	
			<u>2016</u>	<u>2015</u>
Income				
Premium payments received	\$ 3,225,156	\$ 1,841,130	\$ 5,066,286	\$ 4,655,956
Investment income, net	68,646	18,102	86,748	110,442
Dividend income	-	2,476	2,476	3,232
Realized/unrealized gain (loss)	50,559	36,379	86,937	(65,969)
Total income	<u>3,344,361</u>	<u>1,898,087</u>	<u>5,242,447</u>	<u>4,703,661</u>
Expenses				
Program expenses				
Medical and dental claims	2,657,938	1,526,779	4,184,717	3,907,390
Reinsurance premiums paid	155,513	233,271	388,784	318,375
Total program expenses	<u>2,813,451</u>	<u>1,760,050</u>	<u>4,573,501</u>	<u>4,225,765</u>
Administrative expenses				
Administrative service fees	172,964	144,548	317,512	272,765
Salaries and benefits	68,253	68,253	136,506	133,629
Rent	1,667	1,667	3,334	3,334
Professional services	97,199	39,213	136,412	85,970
Miscellaneous	8,410	2,452	10,862	16,603
Total administrative expenses	<u>348,493</u>	<u>256,133</u>	<u>604,626</u>	<u>512,301</u>
Total expenses	<u>3,161,944</u>	<u>2,016,183</u>	<u>5,178,127</u>	<u>4,738,066</u>
Change in unrestricted net assets	182,417	(118,096)	64,320	(34,405)
Unrestricted net assets, beginning of year	3,758,545	1,133,372	4,891,917	4,926,322
Unrestricted net assets, end of year	<u>\$ 3,940,962</u>	<u>\$ 1,015,276</u>	<u>\$ 4,956,237</u>	<u>\$ 4,891,917</u>

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the Church of the Nazarene
Nazarene Health and Hospitalization Program
STATEMENTS OF CASH FLOWS**

Years ended September 30, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Change in unrestricted net assets	\$ 64,320	\$ (34,405)
Adjustments to reconcile change in unrestricted net assets to net cash used in operating activities		
Net realized and unrealized gain (loss) on investments	(86,937)	66,088
Changes in assets and liabilities		
Prepaid expenses	(260)	(82)
Accounts payable	8,642	(5,828)
Claims incurred but not reported	4,739	(65,490)
Net cash used in operating activities	(9,496)	(39,717)
 Cash flows from investing activities		
Purchases of investments and investments-other	(61,597)	(138,944)
Proceeds from sales and maturities of investments and investments - other	178,395	250,739
Net cash provided by investing activities	116,798	111,795
 Net change in cash	107,302	72,078
Cash, beginning of year	1,274,308	1,202,230
Cash, end of year	\$ 1,381,610	\$ 1,274,308

The accompanying notes are an integral part of these statements.

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program**

NOTES TO FINANCIAL STATEMENTS

September 30, 2016 and 2015

NOTE A - DESCRIPTION OF THE PROGRAM

The Board of Pensions and Benefits USA of the Church of the Nazarene (the Administrator) established the Health and Hospitalization Program (the Program) to administer, on behalf of the Church of the Nazarene, Inc. (the Church), medical, dental, and vision benefits under two separate plans: the General Church Medical Plan and the Missionary Medical Plan (collectively, the Plans). These financial statements present the fiduciary activities of the Program's Administrator and do not purport to present the financial status of the Plans. The plan assets are not held in a voluntary employee beneficiary association trust. These statements do not contain certain information regarding benefit obligations and other disclosures necessary for a fair presentation of the financial status of the Plans in conformity with accounting principles generally accepted in the United States of America.

1. *Benefits*

The Program administers the provision of medical, dental, and vision benefits to full-time employees (defined as those working at least 30 hours per week) of the Church and related employers and their beneficiaries and covered dependents (the General Church Medical Plan) and to missionaries under contract with the Church and their beneficiaries and covered dependents (the Missionary Medical Plan). Medical and dental benefits in excess of Medicare coverage may also be extended to retired participants and their beneficiaries and covered dependents pursuant to the provisions of each plan's document and/or the policies of the participating employers. This is a self-funded plan, not an insured plan.

The medical, dental, and vision benefits are similar under both plans, which pay a major portion of medical, dental, and vision expense after the satisfaction of a calendar-year deductible.

Effective March 1, 2013, retirees were no longer covered under the medical and dental benefits of the General Church Medical Plan.

Medical and vision claims of active and retired participants, dependents and beneficiaries covered by the Program are processed by UMR. Dental claims of active and retired participants, dependents, and beneficiaries are processed by Delta Dental Company. The responsibility for administration of payments to participants and providers is retained by the Administrator.

The plan has stop loss coverage. All of the claims come from the employer's pool of money, not an insurance company and is considered to have self-insured benefits. Participants should refer to the plan documents for a complete description of the Plans' provisions.

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015**

NOTE A - DESCRIPTION OF THE PROGRAM - Continued

2. *Contributions*

Not less than one-half of the contributions for participant coverage are paid by the Church-related employers. Employees also make contributions through payroll deductions and annually sign up during the open enrollment period. The contributions provide for the payment of benefits, administrative costs, and insurance premiums. The Program is self-funded with specific and aggregate reinsurance limits.

3. *Plan Termination*

Although it has not expressed any intent to do so, the Administrator has the right under the Plans to modify the benefits provided to active participants, to discontinue contributions at any time, and to terminate the Plans subject to the Plans' provisions, if applicable.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Accounting*

The financial statements are prepared on the accrual basis of accounting.

2. *Revenue Recognition*

Insurance premiums received are deferred and recognized as revenue ratably over the term of the insurance policy.

3. *Investments*

Investments consist primarily of marketable debt, equity securities, and fixed income and equity mutual funds that are carried at fair value with realized and unrealized gains and losses included in the statement of activities. Fair values are based on quoted market prices or dealer quotes, if available. If a quoted market price is not available, fair value is estimated using quoted market prices for similar securities. See Note E for the discussion of fair value measurements.

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. *Investments – CD’s*

Investments - CD’s consists of certificates of deposit with original maturities greater than three months and is carried at amortized cost.

4. *Claims Incurred but Not Reported (IBNR)*

Other obligations for current benefit coverage at September 30, 2016 and 2015 include IBNR amounts, which represent estimated medical and dental costs for services performed in the Plan year that have not yet been submitted for payment by Plan participants. Payments for claims are recorded by the Plan when paid. Self-funded claims that have been incurred for which benefit payments have been and/or will be made subsequent to that date are labeled as “estimated claims incurred but not reported.” Estimated claims incurred but not reported is based on management’s judgment and information available regarding claims incurred during the Plan year, claims lag history of the Plan, claims paid subsequent to year-end, and similar restrictions on benefits and other trend factors.

The IBNR amounts are estimated based on historical lag factors between the date of service and the date of payment. Claim payments are recorded when paid by the third party claims processor. Amounts due to claims processors that have yet to be reimbursed by the Plan are recorded as payable to the claims administrators in the accompanying statements of net assets available for benefits.

5. *Investment and Dividend Income*

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Program’s gains and losses on investments bought and sold as well as held during the year.

6. *Administrative Expenses*

Directly related administrative and other expenses of the Administrator are allocated to the Program.

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program**
NOTES TO FINANCIAL STATEMENTS - CONTINUED
September 30, 2016 and 2015

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. *Investment Risks & Uncertainties*

The Program invests in funds that hold various securities which may include U.S. government securities, corporate debt instruments, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The estimate for claims incurred but not reported is based on certain assumptions pertaining to health care trend rates, claims lag and historical claims data. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonable possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

8. *Use of Estimates*

The preparation of financial statements in accordance with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

9. *Subsequent Events*

The Program has evaluated subsequent events through February 23, 2017, which is the date these financial statements were available to be issued.

NOTE C - CONCENTRATION OF RISK

From time to time, the Program maintains cash balances in excess of the Federal Deposit Insurance Company (FDIC) insurance limits. The Company considers highly liquid investments with an original maturity of three months or less when acquired to be cash equivalents. Management evaluates the financial stability of these financial institutions and considers the risk to be minimal. At September 30, 2016 and 2015, the Program had approximately \$1,059,000 and \$985,000, respectively, in excess of FDIC insured limits.

**Board of Pensions and Benefits USA of the
Church of the Nazarene Health and Hospitalization Program
NOTES TO FINANCIAL STATEMENTS - CONTINUED**

September 30, 2016 and 2015

NOTE D - INVESTMENTS AND RELATED PARTY TRANSACTIONS

The Program's investments, at fair value, consist of equity securities and other investments maintained in pooled investment funds (the PIF) administered by the Church and a portfolio of bond and equity mutual funds (the Funds) administered by the Church of the Nazarene Foundation (CNF), a related party.

The Program's investment in the PIF consisted of the following at September 30,

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Bonds	\$ 703,196	\$ 708,340	\$ 755,314	\$ 762,926
Common stock	199,697	224,270	194,703	197,985
Mutual funds	564,484	554,477	615,517	597,509
Cash	58,219	58,286	45,527	45,781
CDs	641,380	641,380	651,602	651,602
	<u>\$ 2,166,976</u>	<u>\$ 2,186,753</u>	<u>\$ 2,262,663</u>	<u>\$ 2,255,803</u>

During June 2013, the Program invested \$2,000,000 in a portfolio of mutual funds administered by CNF. The investments are managed by Kaspick, the Investment Manager. The underlying investments are bond and equity mutual funds and are reported at fair value. The Program's investment in the Funds with CNF consisted of the following at September 30,

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Cash	\$ 62,304	\$ 61,324	\$ 52,094	\$ 53,270
Fixed income mutual funds				
High quality bond	194,823	192,260	188,268	192,730
Investment grade bond	1,055,393	1,049,986	1,041,495	1,029,881
International bond	413,980	417,059	405,752	411,112
High yield bond	71,964	72,645	72,347	69,225
REIT mutual funds				
Domestic REITs	76,474	77,821	80,400	78,149
Equity mutual funds				
Large company	64,623	68,031	68,550	65,571
	<u>\$ 1,939,561</u>	<u>\$ 1,939,126</u>	<u>\$ 1,908,906</u>	<u>\$ 1,899,938</u>

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NOTE D - INVESTMENTS AND RELATED PARTY TRANSACTIONS - Continued

Investment management fees totaled \$16,844 and \$17,669 at September 30, 2016 and 2015, respectively. These fees are netted against proceeds from the sale of investments in the statement of cash flows and included in investment income on the statement of activities. The above transactions are party in interest transactions.

There are also three parties that are claims providers: UMR, Delta Dental, and Express Scripts.

NOTE E - FAIR VALUE MEASUREMENTS

The Program applies the provisions of Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under ASC 820 are described below.

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 - Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in inactive markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair

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NOTE E - FAIR VALUE MEASUREMENTS - Continued

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

While certificates of deposit are carried at amortized cost, fair value must be determined for disclosure purposes. Fair value is estimated by quoted prices for similar assets in active markets (Level 2 inputs).

Following is a description of the valuation methodologies used for the assets measured at fair value:

Investment in pooled investment funds - Valued based on an allocation of quoted market prices for the underlying investments of the portfolio. The fair values of individual holdings in the portfolio are determined via various inputs ranging from level 1 to level 2 securities.

Certificates of Deposit - carried at amortized cost, fair value must be determined for disclosure purposes. Fair value is estimated by quoted prices for similar assets in active markets (Level 2 inputs).

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Program believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table sets forth, by level within the fair value hierarchy, the Program's assets at fair value as of September 30, 2016:

	Fair value measurements at September 30, 2016			
	Level 1	Level 2	Level 3	Total
Investments, at fair value				
Certificates of Deposit	\$ -	\$ 641,380	\$ -	\$ 641,380
Pooled investment funds	-	-	3,484,500	3,484,500
	\$ -	\$ 641,380	\$ 3,484,500	\$ 4,125,880

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NOTE E - FAIR VALUE MEASUREMENTS - Continued

The following table sets forth, by level within the fair value hierarchy, the Program's assets at fair value as of September 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments, at fair value				
Certificates of deposit	\$ -	\$ 651,602	\$ -	\$ 651,602
Pooled investment funds	-	-	3,504,139	3,504,139
	<u>\$ -</u>	<u>\$ 651,602</u>	<u>\$ 3,504,139</u>	<u>\$ 4,155,741</u>

The following is a reconciliation of the beginning and ending balances of financial assets measured on a recurring basis using significant unobservable inputs (Level 3) during the year ended September 30, 2016:

	<u>Pooled investment funds</u>
Fair value, September 30, 2015	\$ 3,504,139
Purchases	-
Issuances, settlements	(161,551)
Interest and dividends	71,819
Unrealized losses	32,084
Realized gains	54,853
Fees and expenses	(16,844)
Fair value, September 30, 2016	<u>\$ 3,484,500</u>

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September 30, 2016 and 2015

NOTE E - FAIR VALUE MEASUREMENTS - Continued

The following is a reconciliation of the beginning and ending balances of financial assets measured on a recurring basis using significant unobservable inputs (Level 3) during the year ended September 30, 2015:

	Pooled investment funds
Fair value, September 30, 2014	\$ 3,728,412
Purchases	-
Issuances, settlements	(233,070)
Interest and dividends	92,435
Unrealized losses	30,746
Realized gains	(96,781)
Fees and expenses	(17,603)
Fair value, September 30, 2015	\$ 3,504,139

NOTE F - MEDICARE PRESCRIPTION DRUG, IMPROVEMENT, AND MODERNIZATION ACT OF 2003

The Program applies the provisions of ASC Topic 715, *Medicare Prescription Drug, Improvement, and Modernization* (ASC 715). ASC 715 provides guidance on accounting for the effects of a subsidy available, under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (the Act) to companies that sponsor retiree medical programs with drug benefits which are at least actuarially equivalent to those available under Medicare. In addition to the direct benefit to a company from qualifying for and receiving the subsidy, the effects would include expected changes in retiree participation rates and changes in estimated health care costs that result from the Act.

The Administrator believes that its postretirement benefit plans currently provide prescription drug coverage which is at least actuarially equivalent to the new benefit available under the Act and it will therefore qualify for the subsidy for an initial period of time after the Act is implemented until actuarial equivalency changes as a result of existing limits on the Plans' cost of providing the benefit. During the years ended September 30, 2016 and 2015, the Program's sponsor received a subsidy of approximately \$12,671 and \$0, respectively, under the Act.

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NOTE G - INCOME TAX STATUS

The Program is exempt from federal and state income taxes because it is an entity organized under the Church, which holds a group exemption. The Administrator has not obtained a determination letter from the Internal Revenue Service for the Plans. However, the Administrator believes the Plans are designed and are currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require plan management to evaluate tax positions taken by the plan and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of September 30, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

SUNDAY SCHOOL AND DISCIPLESHIP MINISTRIES INTERNATIONAL

To the Board of General Superintendents and Delegates of the 29th General Assembly:

The mission of Sunday School & Discipleship Ministries International (SDMI) is “to carry out the Great Commission to children, youth, and adults in preparation for a lifetime of making Christlike disciples in the nations.”

SDMI has a fourfold purpose:

- A. To intentionally develop relationships with unreached people until they are Christlike disciples and making Christlike disciples.
- B. To teach the Word of God until children, youth, and adults are saved, sanctified wholly, and maturing in the Christian experience.
- C. To help Christians grow spiritually, involving them in evangelism, Christian education, and disciple making.
- D. To encourage children, youth, and adults to enroll in Sunday Schools, small groups and/or discipling ministries, and faithfully participate.

In the last four years Sunday School and Discipleship Ministries International (SDMI) could appropriately be described by this verse: “The word of God spread, and the number of the disciples multiplied greatly in Jerusalem...” (Acts 6:7, NKJV). Further on, Luke reports the same shift took place with the churches: “Then the churches throughout all Judea, Galilee, and Samaria had peace and were edified. And walking in the fear of the Lord and in the comfort of the Holy Spirit, they were multiplied” (Acts 9:31, NKJV). SDMI is consumed with the urgency of making disciples of Christ who multiply in a local setting and realize the impact globally.

Global Sunday School and Discipleship Ministries International (SDMI) surged forward in 2013-2017 through the diligent efforts of SDMI leaders around the world. Under the direction of the Global Mission department of the General Board, SDMI serves the local church through each world region. In 2013 the Quadrennial report accounted for 1,094,975 in attendance. Globally in 2014, discipleship ministries continued to grow with 1,150,620 people regularly attending, an increase of 1.91 % from the previous year. In 2015, discipleship ministries continued to grow with an attendance of 1,210,871, an increase of 5.24 % over the previous year. In 2016, one year later, every week, 1,245,818 are reported as attending a Nazarene Sunday School class, small group, or discipleship ministry somewhere in the world, an increase of 2.98%. This results in a decadal growth of 55%, an increase over attendance ten years ago in 2006! Praise God for His faithful hand in the building of His church and the vital role SDMI plays as the relational glue holding the local church together.

The Board of General Superintendents has proclaimed a 2020 Vision that challenges Sunday School and discipleship ministries to grow to 2.5 million in the next four years. In order to achieve that goal SDMI is served by three lasting pillars - prayer, the Word, and discipleship. The task of calling children, youth, and adults to be “a people of prayer, engaged in the Word, making Christlike disciples in the nations” fills our days and opens our global mission to enormous potential for kingdom advance. The 2020 Vision with the Lord’s help will be attained as we pursue our God given mission.

The mission launched by Jesus in Matthew 28:19-20 is being personified in the lives of generations of Nazarenes. Since our founding, the church has advanced for decades through people like Annabelle Ward Phillips. Annabelle set the direction of her life by giving herself to Jesus Christ when she was only eight years old. Her passion for the Lord led her to teaching Sunday School at age eighteen; a ministry she has continued for over 70 years. Now, after a distinguished career as a professional educator, at 91, she sees teaching Sunday School as one of the most fulfilling joys of her life.

Annabelle models the values of SDMI. Her granddaughter, Rachel Purvis, writes: *“My grandmother has impacted my life in several ways. First is her desire and love for teaching. I have wanted to be a teacher since I was a little girl and she began telling me early about the importance of love and patience with children. Her prayer life has also impacted me. She is truly an example of a praying mother, wife, and grandmother. Her patience, unconditional love, and selfless attitude are examples to live by. I love and appreciate her so much, and I am truly grateful for such an amazing woman to be my Nana!”*

Annabelle’s passion for the Lord extends far beyond her own family. Her neighbor recounts: *“I moved next door to Annabelle and Ed in 1997. They were wonderful neighbors; but more than that, they were friends in the truest sense of the word. Annabelle showed me how someone lives the way God expects us to. She is one of the best friends I have ever been blessed to have and I thank God for the opportunity to know her and Ed. They both touched my life in a way very few people have. I love both more than words can express.”*

Even advancing age has not reduced Annabelle’s passion for serving God and her church. Her pastor, H. Lamar Smith, reported: *“Annabelle Phillips has been a faithful servant of Christ and the church all her adult life. For almost ten years I knew her as her pastor at Mobile (Alabama, USA) First Church of the Nazarene. She was a treasured friend and a faithful supporter of the church and her pastor. She was faithful in every assignment. Her (Sunday School) lessons were well prepared. Her sweetness and demeanor have endeared her to hundreds of friends across the years.”*

Does Annabelle have a secret? How does she counsel the next generation? She advises, *“Be willing to do whatever God asks you to do – including teaching Sunday School! Be a friend to others, get to know them, and win them to the Lord.”* Thousands of dear saints just like Annabelle have brought us to today with the largest SDMI attendance our church has ever known.

The name “Sunday School” may not be as relevant as it once was, but the need for what Sunday School provides has never been greater. Times and cultures change. People’s interests and priorities change, but our need for Biblical teaching, discipleship, fellowship, accountability, and support will never change.

Sunday School teachers and leaders are being trained in how to be more creative and relevant in their lessons. The benefits of small group ministries and specific needs based ministries are demonstrated as teachers are resourced with solid Wesleyan/Biblical teaching materials in multiple languages. A global decadal growth rate of 55% is certainly something we can celebrate, yet in the USA and Canada, Sunday School and small group growth has slowed while in other regions we are experiencing rapid expansion.

In the last four years as our changing church continues to emerge around the world, Tell THE Story (TTS) is a fresh wind blowing through SDMI. Dr. Jesse C. Middendorf, general

superintendent emeritus, recently suggested that Tell THE Story might be a pivot point that revitalizes the lay educational arm of the local church.

At a recent Tell THE Story training in Colorado Springs; participants came from North Africa, the Bahamas, California, Kansas, and Colorado. One pastor wrote, "This is the most important training I ever did." Another pastor commented it was, "the best thing I've seen come out of Kansas City." Another pastor called it "a top notch educational tool." Still another said, "TTS is one of the greatest discipleship and evangelism tools we can use."

Tell THE Story has made a global impact for equipping the laity to evangelize and make disciples. Oral Bible storying methodologies, using the Bible Story Cloth and "Let's Talk" in Africa, have been effectively used in Benin and other rapid growth areas of largely story centric Sahel countries in West Africa. In some places of the world, carrying a Bible can be dangerous. Using oral methodologies is providing another tool for equipping disciple-makers. Pastor Antoine Dioh, in Dakar, Senegal went home after just one brief exposure to Tell THE Story. He used the methodology with his small group. He returned the next week thrilled by the response of His people to God's Word and was very eager to learn more. He reported, *"People were responding to me who have never responded before!"*

Another pastor noted after his training: *"What an exciting day! This morning I preached using story, after last week's training. As I told the story of "Jesus Calms the Storm," tears began to flow. At the end, a hardened Marine came to the altar with three others as well. This evening I went through the process with the story of Mary and Martha. EVERYONE IN THE SERVICE, about 40 people, spoke up and participated. Three came to me afterwards and said. 'Pastor, we need to do this more often.' One said, 'Pastor, you know it's good if it gets me to talk.' Praise the Lord for His Living Word and its faithfulness!"*

Through the years the faithful service of God's people who made disciple makers, who made disciple makers is resulting in exponential growth around the world. We believe the teaching model Jesus provides in Mark 4:33-34, is a model we should adopt for teaching His truth. We love the message of Jesus; maybe we ought to consider His methods. All over the world, God is using this reproducible methodology for teaching God's word to laity. Equipping laity with the tools they need to reproduce their faith and disciple others is foundational for the continued advance of the mission.

Angel Sigui, a Tell THE Story master trainer, conducted Cuenta La Historia (Tell THE Story) training in Colombia with district superintendents from that field. German Picavea, of the South America regional office said to him, "Kudos, Angel. You had all those DSs hanging on every word for over 20 hours of training. DSs don't do that for anybody!"

Tell THE Story suffers from misconceptions due to its association with fairy tales, fiction, and "lightweight" communication. Our modern educational methods have created a bias against story. However, research indicates that learning is actually enhanced through story. For years, Harvard Business School has used "case studies" (stories) as an effective tool for teaching complex, abstract business principles. Doesn't it make sense, that the church should use the Socratic, narrative, inductive methodology that Jesus used to help people of all ages discover God's hidden truths in His Living Word?

The following testimony was received from Lisa after she experienced storytelling during devotionals at a recent meeting in Senegal: *"I'd like to share that I was able to tell the first story I learned last week, the one Woodie told from Luke 11 about prayer/intercession. I told it to my*

parents as part of our weekly skype call. It went so well, I think I'll try to learn or remember one each week. My Dad teaches adult Sunday School and while he is a lecturer type teacher he has been looking for a way to do something different in his lesson presentations. He's talked about storytelling before but I think he feels like he can't memorize well enough at his age...so maybe he'll catch the vision of how telling the story could make a huge difference. It is not about memorizing, but it is all about telling THE Bible story..."

Throughout this last quadrennium, the development of SDMI on each region has solidified as the Global SDMI Council met three times in person and quarterly on video conference. Kansas City, Argentina, and Germany hosted the annual meetings. The benefit to the development of a strong council and increased communication comes as each regional coordinator is resourced and encouraged to aggressively pursue the Sunday School and Discipleship ministries on each of the regions.

SDMI ON EACH REGION

Africa Region SDMI has been served by coordinator Daphne Mathebula under the leadership of regional director Filimao Chambo. The Africa Region reported several districts rejoicing in the spiritual impact on children through events including Sunday School, VBS, quizzing, camping, music competitions using church hymns in local languages, creative competitions with Articles of Faith, and graduation of the 12-year olds to NYI. SDMI is helping produce healthy holiness church multiplication. Steps have been taken to increase awareness of the need for everyone to intentionally make disciples. In addition, Sunday School classes and small groups have been promoted by equipping members to implement intentional discipleship focused on basic spiritual disciplines, Basic Bible Studies, and similar resources. SDMI has sought to equip members with personal spiritual formation skills, promote development of relevant age-group ministries, and challenge each one to win one and each one disciple one. "Celebrating Holiness" initiative study resources have also motivated leaders. The Africa regional SDMI office is intentionally seeking to cultivate a listening culture and a culture of a prayer as a life style. "Celebrating Holiness" includes an emphasis on the priority of prayer and prayer groups intentionally seeking to be a people of prayer. The use of relevant methods for discipling is helping the region move, innovate, contextualize, and resource local Sunday Schools and small groups. Developing a sustainable SDMI includes cultivating a culture of giving, including:

1. Promoting the stewardship of life - time, talent, possessions - by all members.
2. Promoting SDMI as a budget item at all levels in the region.
3. Encouraging SDMI entities to creatively raise funds within *Manual* ¶138-38.2.
4. Holding leaders accountable through regular reports on achievements and failures.
5. Continuously recruit, equip, and meaningfully involve members in the ministry of service.
6. Creating an environment conducive for leadership transference.
7. Regular assessment of performance and progress of all activities, events, and programs.

Efforts to increase district awareness were successful. The task is enormous and the needs are great, but with God's help the mission will be achieved.

Asia Pacific Region Mark Louw, regional director, has used MRK, Todd Aebischer, and Grant Zwiegle, all assisted by Grace Tia, as SDMI coordinators in the last four years. The shift in regional education focus from content to competency provided a significant opportunity to create the same educational philosophy at the ground level. A regional SDMI vision in harmony with the Course of Study, impacts the local church directly enabling, mentoring, and equipping church laity and leaders to become intentional in making Christlike disciples that make Christlike disciples in children, youth, and adults and impact unreached people in their community. MKR developed the first SDMI initiative developed for the Asia-Pacific Region. Below are some of the strategic objectives and implementation steps that are being implemented and serve as helpful guidelines for any SDMI in our church to observe:

We will develop a team of representatives from each field/district that will work together to assist, support, and develop the field/district in this area of ministry. The Wesleyan Digital Holiness Library has been created to provide to churches affordable, if not free, discipleship materials for all ages. Each region needs to discover/create training programs and materials to guide building bridges to, developing relationships with, and the discipleship of unreached people.

SDMI's role is to provide training, equipping, and mentoring programs to local/district/field churches which will assist in the development of leaders. Partnering with other ministry entities in providing opportunities to meet the discipleship training and workshop needs of churches and districts is a key strategic move for all. And of prime importance SDMI must encourage each local/district/field leader to model intentional discipleship that will gently demonstrate to all believers how to make Christlike disciples in the nations.

Eurasia Region Arthur Snijders serves as the regional director. In this past quadrennium, Cezi Glendenning served as the regional SDMI coordinator. Milon Patwary has most recently assumed that role. Children are at the heart of our SDMI ministries and the Eurasia Region has accomplished significant advances in this essential disciple-making ministry.

The Ukraine Eurasia field has been translating VBS materials and is making an incredible difference in serving not only our denomination, but sister organizations as well. Cezi represented Eurasia well as the region transitioned with a change in SDMI. The enormous diversity of the region stretches the resources and has limited the formal structuring of efficient SDMI communication channels. Yet, progress is being made in meeting with leaders to listening to their needs and challenges. Some districts have done a great job independently to develop a strong SDMI ministry. For many, there is currently no structure in place, but they are excited to see what can be developed in the next quadrennium as they pursue the mission.

Mesoamerica Region Carlos Saenz directs the region. In spite of great diversity the region is unified around Christ and the mission to make Christ-like disciples in the Mesoamerica Region. God has put together an incredible team of field leaders to help accomplish the task. Under the capable leadership of Monte Cyr, as the regional SDMI coordinator, multitudes of Nazarenes, using programs, ministries, training, and resources have been dedicated to pursuing and reaching the mission of making Christlike disciples. The regional efforts focused on six major areas:

A step-by-step *Discipleship Plan* has been provided for discipling someone. The plan is complete with discipleship training for the disciplers and discipling resources. The Spanish

resources are being translated into English and French.

The second area of emphasis is *Sunday School*. A new report form for local churches and districts is helping leaders evaluate the discipleship ministries taking place in the churches. The statistics include the number of children, youth, and adults being discipled, the number of people involved in small groups, and available ministries.

Ministry Training for local and district leaders is another focus. The impact of this training effort has been more knowledgeable and creative leadership in local churches and district councils. New ministries are being started, and old ministries are being refocused for more effectiveness.

Leadership Training is another important component. Mesoamerica is training leaders in basic and advanced leadership principles. The results from the training include more effective Nazarene leadership in church ministries, businesses and workplaces. Events and ministries are planned and led more successfully, ministry teams are working together better, and people are being more effectively discipled.

The fifth major concern on the region is *Ministry Resources*. Planning, setting goals, and training are being supplemented with quality Nazarene resources in an understandable language. Discipleship materials are being written, contextualized, translated, and printed in Spanish, English, French, and Haitian Creole. This is a high priority for all SDMI leaders and we have high expectations.

The sixth major effort on the regions revolves around the World Wide Web and Technology. Nazarenes in Mesoamerica are utilizing the internet for information like never before. Discipleship Ministries Facebook pages – in English, Spanish, and French, as well as Discipleship Ministries Web pages are available. Plans are in place to achieve the Vision 2020 goals.

South American Region, directed by Christian Sarmiento, employs Patricia Picavea as the SDMI coordinator for this region. She has traveled extensively to train church leaders in how to organize SDMI and publicize the resources available as a region to carry out the mission. In Brazil, Uruguay, Argentina, Colombia, and Peru, 373 leaders have been trained using 6 books containing all the information needed to help their Sunday Schools and small groups flourish. Many of the resources have been translated into Portuguese. Two training manuals are used for introducing SDMI to the new and growing church.

Patricia and her SDMI team have diligently worked hard to seize every opportunity to identify, train, recruit, and deploy Nazarenes in South America who will make Christlike disciples in all the nations of South America.

USA/Canada Region, directed by Bob Broadbooks, employs Larry Morris, SDMI coordinator, as the champion for Sunday School and Discipleship Ministries on the region. Highlights of the last four years include:

Engage the Word has been a productive ministry partnership with the American Bible Society, Nazarene Publishing House, and Go Tandem. This multi-year journey since 2011 has included print, audio, and electronic materials for engaging Nazarenes in multiple languages and nations with the Living Word of God. It has been well received.

Children's Bible Quizzing translations into the five major languages of the Church of the Nazarene saw the 4th year, Genesis, reach completion. To date Genesis, 1 & 2 Samuel, Matthew, and Acts have been completed and are now available in Global English, French,

Korean, Portuguese, and Spanish. Exodus and Joshua, Judges, and Ruth will follow.

Kids Reaching Kids Children's Ministries KKR Offering Project in 2013, *The Ultimate Adventure*, raised over \$190,000 for discipleship resources for children and those who work with children. The 2014 Kids Reaching Kids Mission Offering Project *Listen, Learn, and Let It Out!* aimed at raising money for audio Bibles, along with helping to fund orality ministries throughout each world region. The 2015 KKR VBS Offering project was *In His Name*. In 2016 the theme was *Bold* and for 2017 *Angel Birds*. You will be glad to know that Nazarene children have raised over 5.2 million dollars for reaching other children all around the world. We are grateful to Dan Harris for his creative leadership.

Children's World Quiz hosted over 6,500 children as quizzing participants in the USA/Canada Region and in the English-speaking Mesoamerica Region. Quizzing reports have come from Guatemala, Argentina, South Africa, Senegal and Kenya. Approximately 2,000 children gathered in Indianapolis in 2013 for the fifth World Quiz. For the first time, quizzers from outside the United States joined the World Quiz traveling from Jamaica, the Leeward Virgin Islands, Swaziland, and Kenya. A satellite World Quiz was held in the Leeward Virgin Islands. Finally, the Jamaica West District Assembly hosted its very first Children's Bible Quiz.

Continuing Lay Training (CLT) at TheDiscipleshipPlace.org has seen significant advancement in the past four years. Thousands of lay ministry lessons have been completed, representing just one of the many modules available on the website. Multiple webinar sessions have been offered on topics such as parenting, spiritual formation, understanding the nature of sexual addictions, and many other topics. This quadrennium, 308 certificates of Lay Ministry were awarded through the Discipleship Place. John Comstock has distinguished himself with his selfless efforts through this significant ministry to the local churches.

Men's Ministries' focal point is for every man to have a living, growing relationship with Jesus Christ and for every man to be a disciple who makes disciples. To that end W. Marshall Duke has provided leadership to publish a book of men's devotionals, spoken at men's retreats, and provided the Church of the Nazarene a presence and voice at national and international conferences.

Nazarene Motorcycle Fellowship (NMF) through the *Rusty Bellomy Bikes for Missions Project* enables local pastors in other world regions to follow an application process to request a motorcycle for ministry. In the spring of 2011, the first motorcycle was placed in Guatemala. Since then, over 100 applications have been received and, through donated funds from individuals, local congregations, and biker groups, NMF is responding to these international pleas for help.

Nazarene Educators Worldwide (N.E.W.) is international and all educators associated with the Church of the Nazarene are offered the resources and support to fulfill their calling. This includes educators ministering in childhood learning centers, Christian schools, public or private schools, homes schools, international schools, and university teacher education departments. Throughout the global regions there are now 1,129 Nazarene schools serving 107,959 children from the ages of birth through secondary school.

Prime Time Ministries serve the target audience of 55-and-over in the United States and Canada. That audience is a larger segment of the population than those 18-and-under. In January 2013, the Missional Survey of almost 5000 individuals in 100+ churches, conducted by Research Services, revealed that 95% of all 55-64 year olds are actively involved in their local

congregation's ministry. Prime Time SDMI Retreats have been held in every part of the country this quadrennium, sponsored primarily on and by the various educational zones.

Marriage and Family Ministries, with Dr. Dean Blevins, supplement the materials and network housed and linked to a website at www.faithfulhomes.org. The purpose of Faithful Homes is "to come alongside families and equip them to bring Christ into the center of their home, making every light on the hill a Christ-centered home lighting the community for the world to see." *Strategic Marriage Initiative* was created at the request of the Board of General Superintendents and fueled by an annual and quadrennial survey of Nazarene clergy and laity. The SMI monitors marriage and family health in North America and guides marriage and family ministry initiatives. Two continuing initiatives are the promotion of approved premarital counseling tools and access to existing marriage enrichment resources. BGS approval of SMI extends to 2019.

Women's Ministries, sponsoring the *Women's Consortium* held before the SDMI General Convention, encouraged and inspired more than 100 women who learned, worshipped, and prayed together. The *PoWeR Conference (Pastors' Wives Resources)*, also held in Indianapolis, drew more than 100 pastors' spouses.

Young Adult & Single Adult Ministries is called *Bridges*. It focuses on young adults and single adults in the Church of the Nazarene. The leadership team met in March to reorganize for more effective ministry to this population. Work continues on the Bridges ministry website with the goal of providing resources for leaders and information for single adults and young adults experiencing life's various transitions.

Global Council The ministry of SDMI is currently evident in our local churches across all the regions in varying degrees from flourishing to non-existent. In discussion with several leaders, it has been found that some see SDMI as simply another program within the church, while others are intentionally and successfully fulfilling the vision and mission of SDMI, but unaware that it is a formalized ministry within the church.

This variation in understanding of the role and function of SDMI throughout the regions is partially due to the lack of prioritized and cohesive global and regional strategies with regard to SDMI. Multiple mixed messages sent by influential voices on many levels of the church led to a sense of ambiguity for the role of SDMI. Leadership transitions resulted in unclear focus and direction. Now the agenda of the Global Council meetings includes identifying strategic steps necessary for vibrant evangelism and discipleship to characterize the laity in our local church. The expected result is an increase awareness of the essential role an organize SDMI plays in the church around the world.

Global SDMI continues to pursue useful tools to serve each of the regions as they pursue the mission. The equipping of the body in the local church to make disciples who make disciples is the primary objective. The wide variety of ministry initiatives that are being developed can and should be effectively shared through the SDMI networks on districts, fields, and regions. New levels of communication among the Global Council leaders have strengthened the development of leadership on each level of the church and have achieved a fresh level of love, compassion, and collegiality.

The SDMI coordinators have shown great patience, endurance, and love throughout this quadrennium. I am grateful for all the efforts of Daphne Mathebula, MKR, Todd Aebischer, Grant Zweigle, Cezi Glendenning, Monte Cyr, Patricia Picavea, and Larry Morris and the SDMI

UCRO team Kathy Lewis, Linda Hardin, Leslie Hart, John Comstock and Dan Harris. My administrative assistant, Jeanne Hubbs, has endured far more than she should have as she patiently served all my very human efforts. I am grateful for her creative support and hard work.

I want to express appreciation to Dr. Verne Ward for his role in promoting SDMI as an essential part of the Global Mission Team.

SDMI OBJECTIVES 2017 -2021

We intend to continue to improve communication and resourcing for regional, district, and local SDMI Leaders. Living in the digital age brings blessings and challenges. Information travels faster than a bullet through email and social media. It is now far cheaper to send a message around the world via the Internet than to buy a cup of coffee. So SDMI intends to take advantage of the cost savings of going digital without losing the personal connection with ministry leaders. We are challenged to avoid getting lost in the avalanche of email filling our ministry leaders' inboxes. While there is no perfect solution, we do have a strategy for achieving the best outcomes.

First, we are updating and maintaining an accurate database of our SDMI ministry leaders seeking to improve our connection with regional, field, district, and local SDMI leadership.

Second, we are providing information in a format that allows the recipient to quickly select an item of preference or to move on to another topic on our renewed website.

Third, there is great value in both sharing resources and listening to leaders from around the world as they share ministry needs and vision. The Global SDMI Council meetings of the new quadrennium will continue championing the equipping of laity for ministry in the local church and community.

Fourth, reaching and teaching children will be kept high on our priority list. SDMI is the active voice in the church speaking loudly for those who cannot speak for themselves. Reaching our children and equipping their parents to effectively disciple them is crucial for our mission.

Fifth, we long for each delegate to the 2017 Global SDMI Convention to leave inspired, informed, resourced, and motivated to pursue investing their lives in evangelism and discipleship to the glory of God so that we can celebrate the Vision 2020 at the next convention in 2021.

Sixth, in the next four years we will continue to search for additional discipleship resources and methods to advance the mission of the Church of the Nazarene and communicate them to our regional, district, and local leaders.

Seventh, we will encourage churches to use the growing number of resources available through intentional partnerships with our sister ministry entities of NMI, NYI, JFHP, GNP, NCM, and IBOE.

Eighth, we will continue to urge every Nazarene to daily engage with God's Word and His Spirit so that they might be transformed into Christlikeness and be on mission with Him.

Respectfully Submitted,
WOODIE J. STEVENS
Sunday School and Discipleship Ministries International Director

GLOBAL MISSION

To the Board of General Superintendents and delegates of the 29th General Assembly:

It is my privilege and honor to share with you my second report as Global Mission director. My hope is that as you read this report you catch a glimpse of the amazing things God is doing through our church. You are a leader in this movement. God is using your local community of faith to transform people, communities, and nations near and far.

Acts 1:8 reminds us “...you will receive power when the Holy Spirit comes on you; and you will be my witnesses in Jerusalem, and in all Judea and Samaria, and to the ends of the earth.” What an incredible promise and challenge. We are reminded that everything we do is through the enabling power of the Holy Spirit. This is the Spirit whose sanctifying work in our lives enables us to go out in the name of Jesus to share the Gospel. Whether in our neighborhoods or around the world, I am continually humbled at the way God continues to call Nazarenes to extraordinary ministry and bless their faithfulness.

It is such a joy to serve in this environment where Christ, the head of the church, is praised, the Holy Spirit guides, and God’s mission is lived in unique contexts around the world. When we join together in this worship and service there is great synergy that unites us as a people, called out into participation in an incredible movement of God’s grace upon the world.

These past four years have been times of great challenge for our world. We have seen incredible amounts of violence in deed and language. Racism and persecution of people and religious groups continues to spread discord in our communities. Conflicts have displaced people, wounded lives, and destroyed relationships. We live in challenging times, yet I believe in this context, in this time, God is challenging us to renew our commitment as a people of hope and holiness that we might be his witness to a broken world.

In Isaiah 43:19 Scripture speaks to this need: “See, I am doing a new thing! Now it springs up; do you not perceive it? I am making a way in the wilderness and streams in the wasteland.” God is doing a new thing among us! Even in the deserts of life, God is bringing up a new spring of living water, renewing and restoring the world. This stream is flowing from over 30,000 churches around the world. Together we began discipling over 320,000 new Nazarenes and we organized 2,715 new churches. These are merely statistics that attempt to name the growing witness and passionate mission engagement of our church. God is continuing to call men and women around the world to join in this incredible movement.

It is our privilege in Global Mission to assist Nazarenes in developing and pioneering the church to make Christlike disciples in the nations, to see people, communities, and nations transformed. I serve with dedicated, Spirit-filled leaders, committed to this mission.

Our team of regional directors helps serve the church in the six world regions:

Africa Regional Director – Filimao Chambo

Asia Pacific Regional Director – Mark Louw

Eurasia Regional Director – Arthur Snijders

Arhtur Snijders was nominated and approved by the Board of General Superintendents in consultation with the Global Mission director and was

ratified by the General Board. He began serving as regional director on 1 November 2013.

Mesoamerica Regional Director – Luis Carlos Saenz

South America Regional Director – Christian Sarmiento

USA/ Canada Regional Director – Bob Broadbooks

These regional directors and the ministries in the regions are supported by a great team:

Global Director of Nazarene Missions International – *Lola Brickey*

Lola Brickey was nominated by the Global Mission director in consultation with the general superintendent in jurisdiction. The NMI Global Council approved the nomination, the Global Mission Committee of the General Board also approved the nomination and recommended Lola Brickey to the General Superintendents who in turn elected her to the position of global NMI director beginning service on 1 March, 2015.

Global Director of Nazarene Youth International – Gary Hartke

Global Director of Sunday School & Discipleship Ministries International – Woodie Stevens

Administrative Director of Nazarene Compassionate Ministries – Nell Becker Sweeden

After a hiring search conducted by the Global Mission office, Nell Becker Sweeden was approved by the Board of General Superintendents and the NCM board at the recommendation of the Global Mission director and began serving on 27 June, 2016.

JESUS Film Director – Brian Helstrom

Global Mission Office Manager – Jennifer Moore

Mission Personnel and Partnership Director – Marty Hoskins

Administrative Director of Global Mission – William Turner

After a hiring search conducted by the Global Mission office, William Turner was approved by the Board of General Superintendents at the recommendation of the Global Mission director and began work in 1 April, 2016 after working in the GMC since February 2014.

Administrative Director of Global Mission Finance – Kevin Brunk

After a hiring search conducted by the Global Mission office, Kevin Brunk was approved by the Board of General Superintendents at the recommendation of the Global Mission director and began serving on 1 August, 2014.

I am grateful for these leaders and their tireless service to the church. We are also thankful for the service of Larry Bollinger, Daniel Ketchum, Raymond Moore, and Daniel Schafer. While their location of service has changed, their passion for the missions work of the church remains strong. I want to thank each of them for serving the church with excellence.

As we reflect back on these past four years, we turn to our statistics. These are lagging indicators of our mission movement and represent the stories, gifts, and obedience of Nazarenes around the world. We recognize statistics are unable to testify to the scope of the work of these Nazarenes, yet we hope they paint a small picture of the great work God continues to do through our church around the world.

Global Mission Statistics

The **Africa** region had a net gain of 105,923 members in this quadrennium. The region's total membership now stands at 674,414, a net gain of 15.7 percent. There was a net gain of 515 organized churches in these four years, bringing the total of organized churches to 4,523. The Africa region currently has 4,364 churches that are not yet organized.

Africa Region

Year	Membership			Churches		Ministers		
	Full	Fellowship	Total	Organized	Other	Elders/ Deacons	Licensed Ministers	Total
2009	412,352	45,030	457,382	3,430	3,725	728	1,418	2,146
2010	465,222	46,151	511,373	4,100	3,905	728	1,418	2,146
2011	495,052	54,411	549,463	4,237	4,195	1,196	1,741	2,937
2012	515,931	52,560	568,491	4,372	4,040	1,446	1,192	2,638
2013	549,914	50,371	600,285	4,430	4,157	1,503	1,765	3,268
2014	565,186	46,212	611,398	4,490	4,196	1,397	2,013	3,410
2015	592,364	54,680	647,044	4,504	4,264	1,556	1,870	3,426
2016	613,635	60,779	674,414	4,523	4,364	1,582	1,969	3,551

The **Asia-Pacific** region had a net gain of 8,268 members in this quadrennium. The region's total membership now stands at 122,045, a net gain of 6.7 percent. There was a net gain of 24 organized churches in these four years, bringing the total of organized churches to 1,377. The Asia-Pacific region currently has 498 churches that are not yet organized.

Asia-Pacific Region

Year	Membership			Churches		Ministers		
	Full	Fellowship	Total	Organized	Other	Elders/ Deacons	Licensed Ministers	Total
2009	93,743	13,149	10,6892	1,278	416	1,040	654	1,694
2010	97,592	12,348	109,940	1,290	447	1,097	606	1,703
2011	99,549	10,886	110,435	1,322	470	1,066	703	1,769
2012	103,424	10,353	113,777	1,353	505	1,313	685	1,998
2013	105,316	9,865	115,181	1,386	484	1,261	717	1,978
2014	108,964	10,385	119,349	1,400	494	1,287	719	2,006
2015	109,873	16,827	126,700	1,418	490	1,335	744	2,079
2016	105,683	16,362	122,045	1,377	498	1,440	796	2,236

The **Eurasia** region had a net gain of 102,857 members in this quadrennium. The region's total membership now stands at 318,190, a net gain of 32.3 percent. There was a net gain of 1,890 organized churches in these four years, bringing the total of organized churches to 6,467. The Eurasia region currently has 2,049 churches that are not yet organized.

Eurasia Region

Year	Membership			Churches		Ministers		
	Full	Fellowship	Total	Organized	Other	Elders/ Deacons	Licensed Ministers	Total
2009	146,573	28,321	174,894	2,896	2,110	505	776	1,281
2010	167,053	36,820	203,873	3,385	2,503	516	1,168	1,684
2011	187,449	34,426	221,875	3,941	2,631	716	1,097	1,813
2012	195,392	19,941	215,333	4,577	2,509	754	1,199	1,953
2013	218,168	55,568	273,736	5,186	2,441	763	1,285	2,048
2014	229,670	40,915	270,585	5,692	2,140	807	1,388	2,195
2015	249,453	65,320	314,773	6,038	2,062	852	1,403	2,255
2016	265,144	53,046	318,190	6,467	2,049	882	1,470	2,352

The **Mesoamerica** region had a net gain of 54,404 members in this quadrennium. The region's total membership now stands at 402,429, a net gain of 13.5 percent. There was a net gain of 237 organized churches in these four years, bringing the total of organized churches to 3,029. The Mesoamerica region currently has 291 churches that are not yet organized.

Mesoamerica Region

Year	Membership			Churches		Ministers		
	Full	Fellowship	Total	Organized	Other	Elders/ Deacons	Licensed Ministers	Total
2009	257,640	68,999	326,639	2,720	213	1,337	1,245	2,582
2010	265,665	72,391	338,056	2,751	229	1,336	1,249	2,585
2011	272,911	71,346	344,257	2,766	221	1,421	1,234	2,655
2012	278,399	69,626	348,025	2,792	238	1,458	1,226	2,684
2013	294,318	62,448	356,766	2,850	257	1,520	1,305	2,825
2014	303,035	61,333	364,368	2,877	256	1,571	1,309	2,880
2015	318,477	85,594	404,071	2,983	268	1,611	1,294	2,905
2016	329,781	72,648	402,429	3,029	291	1,694	1,247	2,941

The **South America** region had a net gain of 62,669 members in this quadrennium. The region's total membership now stands at 315,065, a net gain of 19.8 percent. There was a net gain of 149 organized churches in these four years, bringing the total of organized churches to 2,346. The South America region currently has 350 churches that are not yet organized.

South America Region

Year	Membership			Churches		Ministers		
	Full	Fellowship	Total	Organized	Other	Elders/ Deacons	Licensed Ministers	Total
2009	186,224	33,998	220,222	2,126	330	958	1,275	2,233
2010	199,886	32,758	232,644	2,190	320	1,010	1,323	2,333

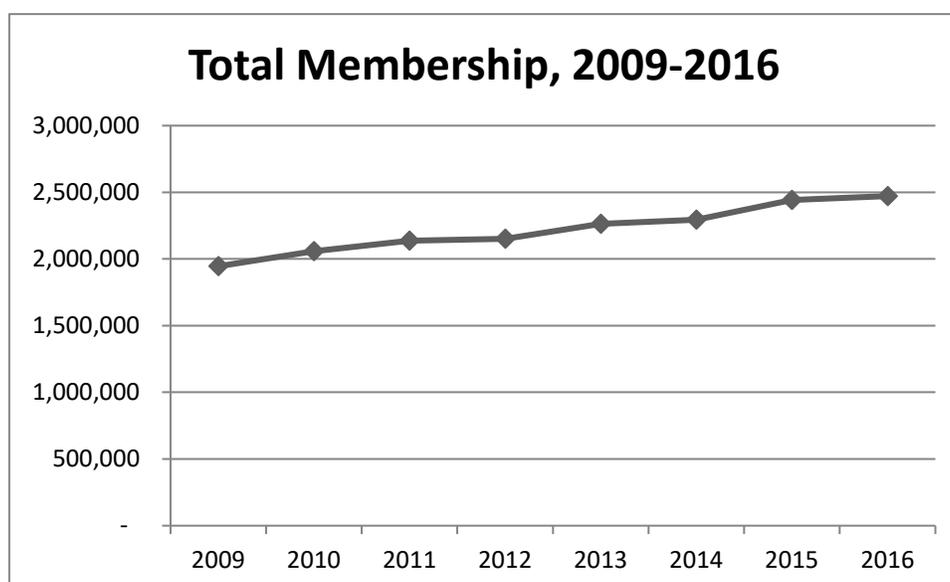
2011	210,092	36,099	246,191	2,178	322	1,014	1,327	2,341
2012	218,455	33,941	252,396	2,197	323	1,187	1,485	2,672
2013	226,434	38,092	264,526	2,242	332	1,293	1,621	2,914
2014	235,123	44,285	279,408	2,275	328	1,408	1,734	3,142
2015	242,929	57,559	300,488	2,309	346	1,485	1,706	3,191
2016	252,791	62,274	315,065	2,346	350	1,552	1,902	3,454

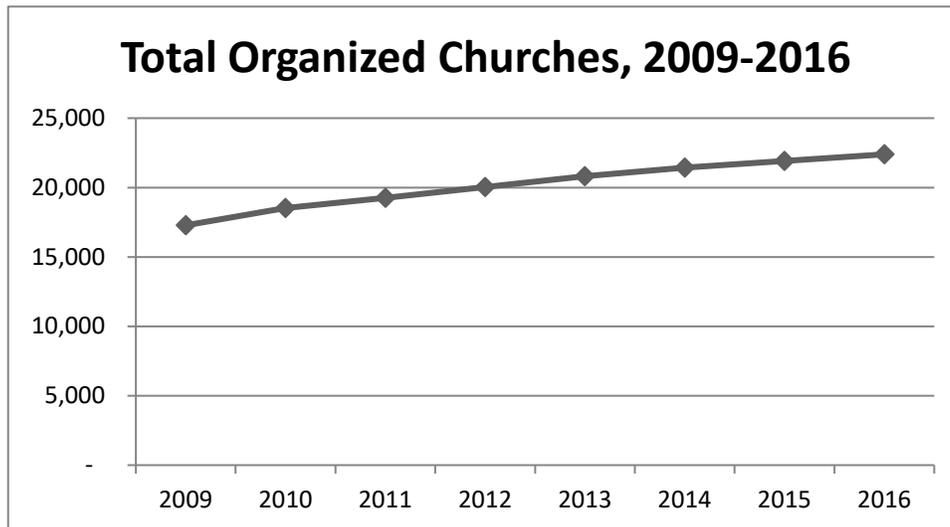
The **USA/Canada** region had a net loss of 13,451 members in this quadrennium. The region's total membership now stands at 639,410, a net loss of 2.1 percent. There was a net loss of 100 organized churches in these four years, bringing the total of organized churches to 4,650. The USA/Canada region currently has 630 churches that are not yet organized.

USA/Canada Region

Year	Membership			Churches		Ministers		
	Full	Fellowship	Total	Organized	Other	Elders/ Deacons	Licensed Ministers	Total
2009	652,691	6,822	659,513	4,830	413	11,209	2,973	14,182
2010	654,541	8,834	663,375	4,811	422	11,185	2,868	14,053
2011	655,286	8,615	663,901	4,810	431	11,291	2,823	14,114
2012	650,656	2,205	652,861	4,750	474	11,172	2,799	13,971
2013	650,579	2,176	652,755	4,722	520	11,285	2,751	14,036
2014	644,487	5,511	649,998	4,691	556	11,385	2,684	14,069
2015	640,560	7,736	648,296	4,660	603	11,392	2,646	14,038
2016	636,801	2,609	639,410	4,650	630	11,518	2,622	14,140

In the last four years, the global Church of the Nazarene received 320,670 new Nazarenes, which gives a total of 2,471,553 members and a net growth of 8.9 percent. The regions also reported 2,715 newly organized churches totaling 22,392 churches, a 12.1 percent gain for this quadrennium.





New World Areas

This quadrennium the Church of the Nazarene entered three new world areas: Curaçao, Mongolia, and Singapore. We celebrate this important recognition of official presence in 162 world areas and continue to pray for the church’s work throughout the world.

Unreached People groups

We not only celebrate the recognition of new world areas, we also continue to seek to take the church where it is not yet. We continue to prioritize the work of our church to reach unreached people groups in our world. These are people without a church at all in some cases, or without a Christian witness that can reach the whole population. These people are difficult to reach for many reasons and yet God is providing ways for us to reach them and make disciples and plant churches.

The world continues to urbanize at an unprecedented rate. God is stirring the hearts of Nazarenes to move into new neighborhoods, to move into cities, to be a witness in the midst of the challenge and diversity of urban areas around the world.

We recognize there are barriers to the spread of the Gospel in several of these areas. This does not dishearten us. As Nazarenes we are committed to reaching these people; to living among them. We go to stay; to be a witness to a holy God who desires to bring restoration to all of creation. God is faithful to provide creative and unique ways to reach people each and every day through the ministry of our church.

Theological Education

Our commitment to theological education remains strong. The Church of the Nazarene has held education as a cornerstone to assist in the advancement of mission. This occurs through the cooperative work of our schools around the world joining together in service to our districts and local churches. As our church continues to grow, we depend on the theological education and equipping of leaders, especially in new pioneer areas or areas with great growth.

Higher education is changing and shifting globally. Our educational institutions continue to deliver quality education in a variety of methods. While the paradigm continues to evolve, we work diligently to ensure that our schools provide quality education that equips and enables

students to serve Christ through their vocation. The International Board of Education reports 52 schools, providing education in more than 120 nations. The Church of the Nazarene currently operates thirty-five Bible colleges and seminaries, fourteen liberal arts colleges and universities, and three specialized training colleges on the six regions. Currently, these institutions train 51,555 students.

Global Sending

During this past quadrennium we continued to focus on the entire world as the sending church, recognizing that God calls missionaries from every area of the world. We continue to modify and flex our deployment process to come alongside the men and women responding to God's call.

Currently the Church of the Nazarene has missionaries originating from 50 different countries:

Albania	Mexico
Argentina	Mozambique
Armenia	Netherlands
Brazil	Nicaragua
Burma	Panama
Cape Verde	Papua New Guinea
Canada	Paraguay
Colombia	Peru
Costa Rica	Philippines
Dominican Republic	Portugal
Ecuador	Russia
El Salvador	Samoa
Ethiopia	Senegal
France	South Africa
Germany	South Korea
Guatemala	South Sudan
Guyana	Swaziland
Haiti	Switzerland
India	Thailand
Ireland	Trinidad and Tobago
Ivory Coast	United Kingdom
Japan	United States
Jordan	Venezuela
Kenya	Zambia
Lebanon	Zimbabwe

Ministry Areas

Nazarene Youth International

This quadrennium, NYI continued to live out their commitment to calling young people and youth leaders to live a dynamic life in Christ. The vision of NYI is that young people will be vital participants in the church today and continue serving in the church throughout their

lifetimes. We anticipate the continuation of transformational youth ministry through Nazarene Youth International, which focuses on the three core strategies of evangelism, discipleship, and leadership development. NYI remains eager to win youth to Christ, equip them to follow Him, and for each of them to live a life of service in their world.

NYI Membership

The NYI membership increased by 37,529 (+9.14%) in 2016, totaling 448,325 members worldwide. The number of Local NYIs increased by 722 (4.39%) in 2016 totaling 17,185. The following table lists NYI membership by region.

#	Region	2016	2015	Increase / Decrease	Percent Change
1	Africa	98,666	92,329	+ 6,337	+ 6.5%
2	Asia-Pacific	18,172	17,828	+ 344	+ 2%
3	Eurasia	51,516	52,202	- 686	- 1%
4	Mesoamerica	82,253	79,830	+ 2,423	+ 3%
5	South America	93,286	61,509	+ 31,777	+ 66%
6	USA/Canada	104,432	107,098	- 2,666	- 2.5%
7	Total	448,325	410,796	+ 37,529	+ 9%

The table below illustrates the number of local NYIs in organized churches by region.

Region	Local NYIs	Organized Churches	Not Yet Organized Churches
Africa	3,471	4,523	4,364
Asia-Pacific	918	1,377	498
Eurasia	5,244	6,467	2,049
Mesoamerica	2,196	3,029	291
South America	1,685	2,346	350
USA/Canada	3,671	4,650	630
Total	17,185	22,392	8,182

Bible Quizzing

Youth Bible Quizzing continues to be a thriving ministry for NYI throughout the world. In 2016 thousands of young people studied and quizzed on Galatians, Ephesians, Philippians, Colossians, and Philemon. Hundreds of additional zone, district, field, and national quizzing tournaments were held. Highly dedicated adults passionate about helping youth learn Scripture lead Bible Quizzing ministries. The NYI office continues to provide the youth Bible Quiz materials in English, French, Portuguese, and Spanish.

Global NYI Convention Preparation

Global NYI continued preparation for the 24th Global NYI Convention that will take place 21-23 June 2017 in nine locations throughout the world. NYI delegates will be able to fully participate via two-way videoconferencing throughout the convention. This strategy allows broader participation in the global NYI convention for delegates who had difficulty obtaining visas to the USA. Approximately 25% of the NYI delegates participated through a regional site outside of the USA in 2013. As many as 50% are anticipated to participate in a regional site outside of the USA in 2017, as the strategy continues to be embraced.

Justice Movement

NYI continued to partner with Nazarene Compassionate Ministries (NCM) to engage youth in learning about compassionate ministries as well as provide an opportunity to participate through the Just Water initiative organized to help provide clean water through NCM strategies. The Just Water initiative includes a three day curriculum for a local church youth group to learn about the needs for clean water around the world and challenges the participants to make water their only beverage for those three days. More information on the Justice Movement can be found at www.justicemovement.com.

Nazarene Youth Conferences

Three regional NYCs were hosted in 2016 in Nicaragua (Mesoamerica), Brazil (South America), and South Africa (Africa). The Mesoamerica NYC theme was “Indestructible” and included approximately 750 youth and youth leaders. The South America NYC theme was “Altitude” and included approximately 3,000 youth and youth leaders. The Africa NYC theme was “Chosen To Change” and included approximately 500 youth and youth leaders.

We continue to see youth impacted in powerful ways through these conferences as they leave having heard from God and responded in obedience. We praise God for these opportunities, and the NYI leaders that give extraordinary creative leadership in their development.

Timothy Award

The Timothy Award was established in 1995, to recognize outstanding leadership and service to youth leaders at the local, district, field, regional, and general level. In 2016, 25 youth leaders received the Timothy. A website was developed in 2016, to provide a directory of Timothy Award recipients since it was established in 1995. Though still in development, the Timothy Award recipient database will be available at www.nazarene.org/nyi this year.

NYI Partner Region Listing

NYI has established partner regions to provide the opportunity for global connection, collaboration, and community. Partner regions meet during the Global NYI Convention, Third Wave Leadership Conference, and the Field Youth Coordinator Conference. Also, national, field, and regional NYI leaders seek ongoing opportunities to support and encourage one another through prayer, projects, events, etc.

Youth Ministry Training

Global NYI began a new training strategy in 2016 by providing webinars in English, Portuguese, and Spanish. Four different webinars were hosted in 2016 on the topics of Servant Leadership, Serving Others in Youth Ministry, Small Groups, and Youth Missions. Following the live presentation, the webinars are made available on the NYI YouTube channel (youtube.com/NazareneYouth) for continued viewing. The webinar strategy will continue in 2017 as the global NYI office team continues to develop leaders worldwide.

Nazarene Missions International

Nazarene Missions International (NMI) is the church relations heart of Global Mission within each local church globally. The purpose of NMI is to mobilize churches in mission.

This past year, NMI celebrated 100 years. While the name, program, and methods evolved over the years, the purpose and objectives remain the same. The history of NMI is rich, filled with a mission passion to reach the lost.

For the first time in four years, NMI membership and the number of organized local NMIs has increased and is now the highest in our 100-year history. We are pleased to see many Nazarenes understanding the impact of their involvement in missions and desiring to join their efforts with others worldwide to transform lives. NMI added 75,549 members globally (+7.46 percent) and added NMI in 417 local churches (+2.53 percent).

Global Region	Church	2016 NMI Membership	Percent Change from 2015	2015 NMI Membership	2014 NMI Membership
Africa		252,130	48.67%	169,592	200,941
Asia-Pacific		36,721	4.89%	35,010	32,692
Eurasia		66,250	(8.60%)	72,484	61,779
Mesoamerica		141,522	(4.25%)	147,805	145,427
South America		138,432	7.04%	129,332	119,705
USA/Canada		453,643	(1.15%)	458,926	466,457
Total		1,088,698	7.46%	1,013,149	1,027,004

Global Region	Church	2016 Local NMIs	Percent Change from 2015	2015 Local NMIs	2014 Local NMIs
Africa		3,048	(0.33%)	3,058	3,497
Asia-Pacific		843	2.80%	820	805
Eurasia		5,070	8.22%	4,685	4,392
Mesoamerica		2,241	1.91%	2,199	2,296
South America		1,687	1.63%	1,660	1,666
USA/Canada		4,011	(1.23%)	4,061	4,141
Total		16,900	2.53%	16,483	16,708

Key Initiatives Implemented

Communication

As a result of new and dynamic communications with NMI leaders, many district presidents are adopting similar approaches to communication with local NMI presidents on their districts. We are now able to connect with, inform, and inspire our volunteers on a regular basis as they channel their passion for transforming lives.

Educational Resources

Through a partnership with Nazarene Publishing House, significant price reductions for resources and an enhanced availability online were provided. NMI lessons and NMI missions books were produced in English, Spanish, Portuguese, and French. Historically, books have been provided in English only and lessons in languages other than English were a year behind.

This year, they were all released within a similar time frame as we worked to resource all churches regardless of size, location, language, or organizational status. MP3 files and other resources were also available online free or at minimal cost.

Convention

Planning continues for the Global NMI Convention in June 2017. We are a connected church that is energized when we come together as a body. We are endeavoring to ensure that the Convention is forward-looking and that delegates will leave inspired, motivated, and engaged, partnering with God in transforming lives within their circle and around the world. Nazarenes worldwide have contributed more than US\$65,000 to the Buddy Plan. These funds help facilitate the involvement of NMI convention delegates from outside North America. It is anticipated that districts and individuals will continue to give in the months to come.

Sunday School & Discipleship Ministries International

Sunday School and Discipleship Ministries International (SDMI) pursued the mission of making Christlike disciples in the nations by preparing children, youth, and adults for a lifetime of Christian holiness through Sunday Schools, small groups, and a wide range of discipleship ministries.

Today we have been given the largest SDMI attendance we have ever known. Every week, 1,234,818 attend a Sunday School class, small group or discipleship ministry in a Church of the Nazarene somewhere in the world. That is a 55% increase over our attendance in 2006. Globally, Nazarenes in the local church have intentionally given themselves to passionate evangelism and discipleship. The goal has been to develop mature believers who are fully prepared and equipped for the building up of the body of Christ within the local church. One of the ways we have been excited to see God's movement is through "Engage the Word."

Engage the Word

Engage the word is a free digital online Bible reading program available for the world. In 2016, SDMI partnered with the *Nazarene Essentials* project in a three month multi-language study of the Church of the Nazarene's history, doctrine, and mission. These have been widely used in Sunday Schools, small groups, children's ministries and other settings. The weekly lessons in Spanish, French, Portuguese, and English began on September 4, 2016.

Through this initiative and others, we can see that SDMI is about the invested life, championing each Nazarene around the world to do exactly what Jesus has instructed them to do. Through SDMI we empower and encourage Nazarenes everywhere to continue to make disciples who make disciples, who make disciples.

Nazarene Compassionate Ministries (NCM)

We believe God wants to use Nazarene Compassionate Ministries to mobilize local churches around the world to engage in holistic, transformational ministry—that is, both to proclaim and to demonstrate the gospel of Christ. Holistic ministry works toward spiritual, physical, and relational wholeness for individuals and communities. We believe God is using NCM to equip, educate, and inspire churches in coming alongside those called "the least of these" in Matthew 25, even in places where the church does not yet exist.

Our philosophy of ministry centers on a *church-based* community development that emphasizes local leadership and lay mobilization. We believe local churches are best positioned to meet the needs in their communities because they understand the specific needs of their neighbors, and they have the potential for longstanding presence within a community. What we are hearing from local churches and fields is that they want more training in compassionate ministry areas. The requests are for basic lay training, higher-level leadership training, and technical training in specialized areas. In response, our plan is to increase our training opportunities, increase the usability of existing tools, and add new tools as needed to increase the capacity and leadership in local churches, districts, and fields.

Without local ownership and leadership, the investments in community development programs and projects are too often wasted. There are high numbers of projects that simply die once an international NGO discontinues its involvement because the NGO did not successfully partner with the local community. For example, a 2009 study by the International Institute for Environment and Development (IIED) found that up to US \$360 million was spent on installing borehole wells that became useless because they weren't maintained or fixed when they broke. NCM attempts to mitigate this kind of situation by spending time to create a sense of ownership by the church and community and offering the training and tools necessary for long-term community contribution. A good example is a current NCM-supported project in Sierra Leone and Liberia to create comprehensive WASH (water, sanitation, and hygiene) programs in several communities; as wells are installed, church-led water committees are trained to do maintenance and collect a small fee for usage that will enable the community to pay for needed parts.

Further, when local churches do not invest in the call to biblical compassion, then the holistic mission of the church is handicapped. We know from anecdotal evidence and conversations that young people in our churches and at Nazarene universities are looking to the church to live out faith in active ways. They are looking to the denomination to lead the way in compassion, and when they sense that outward-focused ministries of care, compassion, and even justice are not prioritized; they interpret that as the church not caring. In response, they often find somewhere else to serve, sometimes leaving the denomination or even the Church altogether.

Our hope through these efforts is to see more healthy church-led ministries of compassion, more local churches engaging in the global church's compassionate work, and compassion as part of the heart of more local congregations.

A young boy named Tarek (not his real name) fled from Syria to Jordan with his family. When he arrived he was extremely traumatized, and one manifestation was speech problems and mumbling. He received a scholarship to a Nazarene school, where he found hope and healing. Now he no longer mumbles, he is healing from his trauma, he has friendships, and he is doing well in fourth grade. He wrote, "I was destroyed from the inside out. ... Thanks for the Nazarene school for helping me to feel that I'm still a human being."

Nazarene churches around the world continue to respond to the refugee situation and NCM continues to resource the response. More than 18,950 children have gained education, improved health, life skills, and spiritual formation through 164 Nazarene child development centers in 37 countries worldwide in the past year alone.

We are proud to be an arm that is an expression of our Nazarene roots of Christlike holiness, which changes us and spills out through our lives. And we are committed to being part of creating Christlike disciples in the nations as we equip and empower local congregations to become expressions of lived-out holiness in their communities.

JESUS Film Harvest Partners

This quadrennium, the JESUS Film Harvest Partners (JFHP) ministry reached a milestone of 14 million decisions for Christ! We celebrate each one of these divine encounters! JESUS Film teams continue to multiply. God blessed the field with 710 teams in 2016. Since the beginning of the JESUS Film ministry in 1997, JESUS Film teams have used the film in 290 language translations and have worked in 138 countries. The teams have reported a cumulative total of 76,091,304 evangelistic contacts. Of these contacts, 14,713,345 indicated decisions for Christ (19.3% of contacts), and 6,698,700 participated in initial discipleship follow-up (45% of decisions). There have been 64,769 Preaching Points started.

In 2013, JESUS Film Harvest Partners began using the Mini Solar Set. This 25-pound backpack set is half the weight of the traditional backpack set and half the cost as well at only \$2,000. It can be used to share the JESUS film with up to 200 people! The portability allows the Good News to go to harder to reach places.

In this quadrennium, JESUS Film Harvest Partners began a new campaign to fund and deliver equipment to launch the 147 new teams requested by the field...all in places the Church had never been! Praise the Lord, each of these teams were successfully equipped to take the Good News to some of the most difficult people and places to reach around the world. Currently, around the globe, the *JESUS* film is being shared with people who have never heard the gospel before.

In the spring of 2015 on the cusp of the Ebola crisis in West Africa, JFHP launched the Equip West Africa campaign to raise \$100,000 for 25 sets for equipment for our teams in West Africa. We asked the help of each JESUS Film Ambassador to raise \$500. After meeting the goal, the equipment was hand-delivered. The equipment is now in the hands of JESUS Film teams in West Africa who are sharing the gospel in places it has never been before.

JESUS Film Harvest Partners works with approximately 3,900 donors. These individuals, families, churches, organizations, and groups have been faithful to pray and give beyond all expectations. Many of these partners are not a part of the Church of the Nazarene and we celebrate the diversity of people who support this ministry!

Global Mission Personnel & Partnerships

Global Mission Personnel works closely with all aspects of the missionary process. Together our global team works to guide Nazarenes called to mission service through discernment, assessment, and deployment. Changing dynamics in mission continue to influence the methods and processes by which we carry out this work as we seek to resource our growing church. We also provide member care for our missionaries for their physical, financial, and spiritual needs.

During this quadrennium we have worked to transition our missionaries into new deployment types, implemented new training and resourcing tools, improved our performance and development system, and more. Our hope is to create the capacity to double the number

of our deployed missionaries while continuing to serve our missionaries well.

Year	2013	2014	2015	2016
Missionaries	687	702	706	700
Missionary kids	231	310	327	309

One unique aspect of our care occurs through our Rendezvous events. These events are a unique time to invest in missionary kids. The participants learn to embrace their unique story, find a safe place to share openly with fellow missionary kids and with leaders who understand their journey, experience times of personal renewal & healing, explore God’s calling upon their lives, examine their strengths in 1-on-1 coaching sessions with an expert Strengths Finder coach, and ultimately come to understand and live in light of the fact that their identity is found not in the changing shifting cultures of our world, but in Jesus Christ.

Nazarenes continue to serve in various volunteer capacities around the world. Through programs such as Youth in Mission and Work and Witness, women and men, young and old continue to serve God through the missions of the Church of the Nazarene.

Year	2013	2014	2015	2016
Short-term volunteers	292	325	301	285
W&W team members	10,219	10,011	8,484	9,208
Total of volunteers	10,511	10,336	8,785	9,493

I am thankful for the way our church continues to work to enable Nazarenes at all levels to serve in missions. Together we are making a difference in the Kingdom of God.

Global Mission Finance

The Global Finance team in collaboration with the General Treasurer, continues to support the mission work of the church by providing financial management resources, accountability, and processes to our field workers. This quadrennium, our Global Finance team has continued to support the work of Global Mission in a number of new, innovative ways:

Refining the budget process to align with a funding model that focuses on impact

We were able to implement with the regions and ministries a process that utilizes a two-year short view as well as a five-year long view. We adjusted the timeframes for submitting budget information and improved the systems that support the creation of the budget.

Creation of a web-based interface for fund management for ministry coordinators, regional finance coordinators, and missionaries who manage their support funds

The work on this project was in conjunction with the office of the GTS and Information Technologies. We were able to utilize the Nazarene Online Accounting (NOA) interface, used by the regions to give access to data in the GMC accounting systems. This new system provides fund managers at the GMC current data on Project (Activity Fund) balances as well as drill down capacity for viewing the transactions that make up those balances. While the system is

working, we are now working with Keith Cox and Bill Sawyer on a broader roll out for all fund managers at the GMC. We are also working with Donor Services, Information Technologies, and Mission Personnel on a planned roll out in the first quarter of 2017, for access for missionaries for their deputation and support accounts.

Expansion of the Nazarene Online Accounting system to the fields

While all of our regional offices are now utilizing this system that offers the three key components of accounting, fund management, and donation management and at the same time rolls up into the GMC SUN system, we are continuing to roll the system out to the fields. All of the fields on three of the five regions, outside of the USA/Canada, are on this system and two regions are taking steps to full implementation.

We are looking with great anticipation to the expansion of our missionary workforce. We must expand the systems that allow us to better support our missionary team who will be supported by WEF funding, support (partner) funding, deputation and platform funding. We recognize that the source of funding is less important than the ministry of the missionary but at the same time helping missionaries, missionary teams, and regional leaders to understand what financial resources are available when taking on new ministries and taking the church where it is not yet.

Global Nazarene Publications

The development of publications continues to expand on all six world regions. Over 300 new projects were completed in the last four years. This includes textbooks, curriculum, discipleship training materials, brochures, and magazines. We currently have publications in 89 languages of the world from A to Z (Afrikaans to Zulu).

Digital products remain an important and growing part of our development efforts with the Wesleyan-Holiness Digital Library being our primary means of distribution, free to anyone anywhere in the world at any time.

World Mission Broadcast (WMB)

Media technology has never been more far-reaching in its global impact. The lives of today's youth are clearly driven by their use of media technology. Whether in a large, Asian metropolitan city or in the far reaches of the African bush—youth share the desire to express themselves through media and to be connected to community through technology. In fact, youth are no longer just consumers of media, but creators.

Inspired by a local church in the United States that shifted their focus to media arts to connect with youth from the community, World Mission Broadcast (WMB) continues to expand its focus in utilizing youth to share the gospel through media technology. The creation of the first WMB Media Discipleship Center in Riobamba, Ecuador, is a prime example of how WMB will use the "My Media Generation" to broadcast hope.

At the WMB Media Discipleship Center, media technology is used to connect with youth. Focusing on creation of relevant media, the center discipled youth in the ways of Jesus while using media production as the connecting point. Youth experience a hands-on learning environment to produce audio, video, and digital design. The Center's goal is to come alongside the "My Media Generation," assisting them to become fully discipled believers in

Jesus, who in turn take their passion for media and go into the entire world, reaching their generation for Christ.

This next quadrennium will see global youth taking their place in the kingdom by creating new media through WMB Media Discipleship Centers around the world. The ministry of WMB will continue to do whatever it takes so the whole world will know the love of Jesus.

Global Mission Committee

It has been an honor to work with the Global Mission committee who served the general church this quadrennium. I would like to express my sincere thanks to these devoted leaders who have journeyed with our team by encouraging, challenging, and working together that we might be faithful to the mission God has invited us into. Larry Dennis has served as a remarkable chairman for our committee. Likewise, Ian Fitzpatrick has served with excellence as vice chairman. We also at this time remember the life and work of John Seaman, Global Mission Committee board member, missionary and DS. We remember him in our hearts as we strive to continue the work about which he was so passionate. Below is a complete list of the Global Mission committee members for the 2014 to 2017 quadrennium.

Larry D. Dennis, <i>Chair</i>	Kafoa Muaror
Carmen Checo de Acosta	Solomon Ndlovu
Peter Are	Haroldo Neves
Darryl Bodkin	Judy Owens
Lola Brickey	Milon Patwary
Jimmy de Gouveia	Patrick Paulse
David Falk	Gerson Rueda
Ian Fitzpatrick	John Seaman
Loren Gresham	Ramon Sierra
Dwight Gunter II	Anips Spina
Rob Kegel	Amadeu Teixeira
Johannes Marakalla	Philip Weatherill

In Conclusion

God continues to provide incredible opportunities for the spread of the gospel into new places, reaching new people with the message of holiness. We are called to take the church where it is not yet. The challenges of this work continue to grow as we move into difficult places and new contexts. Yet we believe that it is our task to prepare the way of the Lord, to seek those who are lost, and trust that God is indeed doing a new thing. God is making a way in the wilderness, providing streams in the wasteland, and by God's grace we participate in this movement in order to see people, communities, and nations transformed to the glory of God.

Respectfully Submitted,
VERNE S. WARD III
Global Mission Director

NAZARENE MISSIONS INTERNATIONAL

To the Board of General Superintendents and delegates of the 29th General Assembly:

The clear purpose of Nazarene Missions International (NMI) is mobilizing the Church of the Nazarene in missions.

This quadrennium, NMI celebrated 100 years. While our name, program, and methods evolved over the years, the purpose and objectives remain the same. Our history is rich, filled with a mission passion to reach the lost.

As part of the celebration, almost 300 projects were adopted by districts globally; US\$983,591 has been received to fulfill these projects. Many projects involved districts helping other districts on their region; these funds are not included in the total. The impact from the 100th Anniversary projects will be felt for years to come. Thank you to Nazarenes everywhere who participated.

NMI is a committed, focused, and effective volunteer organization within the church; and we continue to listen to and learn from our volunteers. During the past quadrennium, everything in which NMI is involved has been reexamined to ensure it meets the current needs of our churches and missionaries. NMI needs to be positioned as we want it to look in 2030. The reality is 2030 is here now; tomorrow is here today. In the reexamination process, we have considered answers to questions like these:

- How does NMI position itself when our churches are full of people who did not grow up Nazarene, who do not know our acronyms, our heritage, our successes?
- How can we ensure that NMI, an organization serving Christ and the church in a quickly evolving world, remains relevant, engaged, and effective?
- What does NMI need to be now and in the future?

As we consider these questions, we are committed to make NMI what it must be: a cross-generational, cross-cultural movement that mobilizes the church in missions, because Jesus is Lord and Christ is the motivation for all we do.

Everything NMI does is supportive of four clear objectives: praying, giving, engaging children and youth, and learning as we share the story. Through varied means, NMI accomplishes each of these objectives; however, some churches are overwhelmed with the many choices, feeling they must participate in every option. Others feel the options are too restrictive and do not allow adaptation to their culture. To help churches, NMI encourages every group—regardless of its organizational status, size, location, or language—to participate in five areas of impact.

NMI Areas of Impact

1. **Prayer.** Prayer is the lifeblood of all we do. This is not a program or a new focus. From the beginning of NMI, prayer has been at the center. This is about falling in love with Christ and wanting everyone in every culture to know Him.
2. **World Evangelization Fund (WEF).** NMI is committed to share the story of transformed lives as a result of contributions and to encourage continued giving. The raising of WEF has

always been the responsibility of the entire congregation, and it is key to the fulfillment of our mission.

3. **Alabaster.** This tangible example of a life poured out in love for the Savior is not a program, but an NMI brand. In many places around the world, Nazarenes know and love Alabaster and are confident that contributions are used to construct buildings and to purchase land.
4. **Children and Youth.** Without a focus on children and youth to respond to God's call to service and support, our future is limited. NMI continues to encourage churches to involve children and youth in all missions endeavors and to nurture them as they seek to respond to His call. We urge collaboration with experts (Nazarene Youth International, Sunday School & Discipleship Ministries International), participating in existing activities and engaging the entire church family in missions. We believe nurturing and leadership development are best accomplished through the local church and individuals.
5. **Links.** A revitalized Links, with renewed energy, focus, and structure, is best able to connect churches and missionaries, helping both to achieve more for Him.

These areas of impact have been shared and encouraged. They do not replace our four foundational objectives, but support them. We are pleased that these areas of impact are being embraced as we move from being program-driven to being an active movement engaging local Churches of the Nazarene in global missions involvement.

Focusing on these five items does not diminish other areas of NMI emphasis; these items are stepping stones to deeper involvement in missions support through the Church of the Nazarene. They are a way to initiate involvement; they are easily understood and adaptable in every culture and language.

Key Initiatives Implemented This Quadrennium

1. **Communication.** As a result of new and dynamic communications from the NMI Office to NMI leaders, many district presidents are adopting similar approaches to communication with local NMI presidents on their districts. We are now connecting, informing, and inspiring our volunteers on a regular basis as they channel their passion for transforming lives.
2. **Educational Resources.** Through a partnership with Nazarene Publishing House, significant price reductions for resources and enhanced availability online were provided. NMI lessons and NMI missions books were produced in English, Spanish, Portuguese, and French. Historically, books have been provided in English (with occasional Spanish books) and lessons in languages other than English were a year behind. They are all now released within a similar time frame as we work to resource all churches regardless of size, location, language, or organizational status. MP3 files and other resources were also available online free or at minimal cost.

For the first time in four years, NMI membership and the number of organized local NMIs has increased and is now the highest in our 100-year history. We are pleased to see many understanding the impact of their involvement and desiring to join their efforts with others worldwide in the transformation of lives. As more NMI leaders share their missions passion with their churches, we anticipate further growth in the coming years.

During this quadrennium, a new global director was elected due to the resignation of Daniel Ketchum's pursuing a missionary call. I am deeply humbled to be able to serve the

church in this role and am grateful to the directors who have previously served; I am a product of their investment in me and their continued guidance to me.

Dr. Philip Weatherill has been a true partner in leading NMI forward. NMI and the church are blessed to have Philip serving as global NMI president. He is a volunteer, using most of his vacation days for NMI. He spends so many hours each week for NMI, it is as if he is working two full-time jobs. I am grateful for his dedication and to his wife, Laura, in sharing him with NMI and the global church.

NMI is more than a mouthpiece for missions or a communications channel to local churches. NMI is a vital part of the Church of the Nazarene as a volunteer force that is part of a connected church. We are vision; we are action; and we are impact. We are mobilization; we are engagement; and we are passion. We are people united in our belief that our involvement changes lives worldwide. We are a cross-cultural, cross-generational movement that mobilizes Churches of the Nazarene in missions.

STATISTICS

NMI Membership by Region

Global Church Region	2012 Members	2016 Members	Increase/ (Decrease)	Percentage Increase/ (Decrease)
Africa	184,990	252,130	67,140	36.29%
Asia-Pacific	34,738	36,721	1,983	5.71%
Eurasia	49,266	66,250	16,984	34.47%
Mesoamerica	156,670	141,522	(15,148)	(9.67%)
South America	116,867	138,432	21,565	18.45%
USA/Canada	481,675	453,643	(28,032)	(5.82%)
Total	1,024,206	1,088,698	64,492	6.30%

Number of Local NMIs by Region

Global Church Region	2012 Local NMIs	2016 Local NMIs	Increase/ (Decrease)	Percentage Increase/ (Decrease)
Africa	3,689	3,048	(641)	(17.38%)
Asia-Pacific	762	843	81	10.63%
Eurasia	3,434	5,070	1,636	47.64%
Mesoamerica	2,473	2,241	(232)	(9.38%)
South America	1,643	1,687	44	2.68%
USA/Canada	4,232	4,011	(221)	(5.22%)
Total	16,233	16,900	667	4.11%

**Districts Giving 100 Percent or More of World Evangelism Fund Goals
During All Four Years of the
2012-2016 Quadrennium**

Africa
Democratic Republic of the Congo Maniema
Ghana North
Mozambique Nampula Mecuburi
Sierra Leone

Asia-Pacific
Papua New Guinea Bromley Memorial
Papua New Guinea East Sepik
Vanuatu

Eurasia
Armenia
Hungary
Kazakhstan Central Asia
Nepal
Russia North
Russia South
Sri Lanka

South America
Peru Amazonas

USA/Canada
Alaska
Anaheim
East Ohio
East Tennessee
Eastern Michigan
Florida
Georgia
Indianapolis
Intermountain
Iowa
Joplin
Kansas
Louisiana
MidSouth
Missouri
Nebraska
New Mexico
North Arkansas
Northeast Oklahoma
Northeastern Indiana
Northern Michigan
Northwestern Illinois
Northwestern Ohio
Oklahoma
Pittsburgh
Rocky Mountain
South Arkansas
South Carolina
Southwest Indiana
Upstate New York
Virginia
West Virginia South

NMI Quadrennial Financial Progress Report					
	2013	2014	2015	2016	Total
World Evangelism Fund	37,965,171	37,745,955	38,704,857	38,155,592	152,571,575
Mission Special Detail					
Alabaster	2,642,173	2,565,079	2,548,661	2,461,614	10,217,527
Nazarene Compassionate Ministries	8,782,433	8,624,281	9,185,038	8,678,158	35,269,910
Deputation	2,462,757	2,162,016	2,679,135	3,197,644	10,501,552
Global Mission Partnerships	—	1,373,053	1,280,474	905,448	3,558,975
JESUS Film	3,925,842	4,309,576	4,093,973	3,711,850	16,041,241
LINKS	237,593	253,277	245,662	241,420	977,952
Mission Corps	1,164,452	1,397,426	1,393,485	490,837	4,446,200
Missionary Christmas Fund	51,442	49,736	42,263	48,433	191,874
Missionary Health Care	423,217	418,371	398,816	442,850	1,683,254
Work & Witness	1,935,607	2,288,891	2,021,917	2,140,535	8,386,950
World Mission Broadcast	419,616	440,431	665,118	397,637	1,922,802
Vacation Bible School	187,638	191,538	202,647	172,315	754,138
Other (i.e. Field Specials, etc.)	4,283,995	2,617,043	2,873,465	3,471,084	13,245,587
Specials Sub-totals	26,516,765	26,690,718	27,630,654	26,359,825	107,197,962
TOTAL GIVING	64,481,936	64,436,673	66,335,511	64,515,417	259,769,537

Respectfully Submitted,
LOLA BRICKEY
Global NMI Director

GENERAL EDITOR

To the Board of General Superintendents and Delegates of the 29th General Assembly:

I am humbled to present my first quadrennial report as general editor to this distinguished body. I assumed this role shortly after General Assembly 2013 and have worked with an incredible staff of talented and committed employees over the past four years.

In this report, I will offer a brief summation of the ministries and services provided from the office of general editor.

Holiness Today

The general editor serves as editor-in-chief of our denominational periodical, *Holiness Today*. Over the last four years we have worked diligently to present articles, stories, and information that will connect and inspire believers in Christ's service. The goal with each issue is to address three major themes:

1. This is *who we are* as Nazarenes.
2. This is *what we believe* as Nazarenes.
3. This is *how we go into the world and make Christlike disciples* as Nazarenes.

An example is the "We Believe" series which appeared in each issue throughout this quadrennium. The magazine featured one of the Articles of Faith from our *Manual*. A wide array of scholars, both pastors and educators, formed the team of writers who represented every region of our global church. It was both informative and exciting to see our Articles of Faith come to life as presented in the cultural contexts of our diverse group. These articles have now been gathered together in book form for future reading and instruction.

The magazine embarked on a new business model in May, 2015 which has resulted in several positive developments. Readership has grown. A marketing firm is making every effort to inform Nazarenes of a wide variety of methods by which they can subscribe to the magazine. A digital edition was added which enables readers to enjoy the magazine on their smart phone, tablet, or computer. Costs for the publication and distribution of the magazine have decreased as quality of printing has increased over this quadrennium as a result of moving to this new business model. The social media component of the magazine continues to grow with a current following of about 50,000 readers. Passion Week 2015 brought 1.3 million viewers to the HT social media page, illustrating the incredible reach of this Wesleyan-holiness communication channel.

Nazarene.org

This quadrennium began with an assignment to develop a new denominational website. Jeff Beam, Chad Schnarr, and I turned this dream into a reality. The Asia-Pacific Region's Resource Center and World Mission Communications in Manila brought substantial help in the data transfer from our old website. They have continued to support Global Ministry Center (GMC) communication efforts throughout this quadrennium. The new website was built on a smart phone platform, which expands to a tablet screen and then to a computer screen. This allows the majority of our global Nazarene audience to enjoy its content from a wired computer or a wireless device.

Great effort has been made in this quadrennial to feature information, resources, and materials which will be of benefit to our entire global constituency. As soon as the new website functioned efficiently, we took the next step of translating it into Spanish for our 501,000 Spanish-speaking Nazarenes. We are now moving forward with additional language translations of the website. We want our website to be as accessible as possible for our denomination and all who are interested in learning more about the Church of the Nazarene.

Nazarene Communications

The Internal Communications Agency (ICA) assumed the new name of Nazarene Communications as their portfolio of responsibilities extended this quadrennium to assisting

leaders and workers throughout the GMC. This expansion of responsibility resulted from the general editor and his team shifting their reporting from the general secretary to the chief administrative officer.

The efforts of Nazarene Communications aim to improve the denominational communication processes by ensuring that communication through various channels is Spirit-led, consistent in content, clear, concise, contextually appropriate, timely, accurate, and aligned with the vision, mission, and strategy of the Church of the Nazarene. The overarching mission of all communication at the GMC is to articulate what God is doing through the Church of the Nazarene to transform people, communities, and nations.

A big step forward with Nazarene Communication Network (NCN) news took place this quadrennium as the news feed received a prominent place on the front page of nazarene.org. Major stories about the work of the Church of the Nazarene around the world are featured in each edition, which broadcasts on Friday. Daily updates are posted to the news feed as they become available. This provides our constituents with the ability to learn more about global Nazarenes in a real-time environment. Posted prayer requests usually receive tens of thousands of views; some prayer requests have been read by several hundred thousand viewers. NCN news remains the trusted source for official news, immediate statements, and information from or about the global Church of the Nazarene. The next step for our news service is to add language translations to weekly news updates.

In addition to providing leadership to and collaboration with communication efforts at the GMC, the Nazarene Communications team continues to provide video, graphic design, general media, communications consulting, social media, audio, public relations, marketing, promotion, web content entry and maintenance, and project writing and editing to anyone in the building who wishes to partner with them.

The GMC entered the world of social media like never before following General Assembly 2013. Known as “the social media general assembly,” tens of thousands of Nazarenes and interested friends followed the proceedings of the assembly on their internet devices. The Church of the Nazarene created an appetite for up-to-date information at that assembly. So, in the months following the June 2013 gathering, Nazarene Communications hired a marketing and graphic design specialist to coordinate the social media presence of all of the accounts which originate from the GMC. Nazarene Communications works to recommend and consult with GMC ministries to create a collaborative social media strategy for all accounts. This effort will no doubt expand in the years ahead.

Nazarene Essentials and One Lord, One Faith, One Baptism

Nazarene Essentials: Who We are—What We Believe was introduced to the global church in 2015–16 in regional conferences around the world. The Board of General Superintendents (BGS) of the Church of the Nazarene sponsored this project, which began with four languages: English, Spanish, Portuguese, and French. In the last year and a half the number of translations has grown to nearly 30. It has been warmly received by our global church. A variety of resources, including sermons, PowerPoint presentations, video presentations, discussion guides, and student worksheets for small group study, may be found along with all translations available on the website. The address for this material is nazarene.org/essentials.

The companion piece of *Nazarene Essentials* entitled *One Lord, One Faith, One Baptism: Essential Teachings for Faith Formation in the Church of the Nazarene* is debuting at General Assembly 2017. The BGS sponsored this project as well. It is now available in a variety of languages with additional translations to come. It has the potential of drawing us more closely together than ever before around our Articles of Faith and theological coherence.

Collaboration

A great deal of collaboration has highlighted the efforts of the general editor over the last quadrennium. I work closely with the BGS in providing editorial and journalistic services as well as providing responses to issues related to our faith and our denomination. Partnering together with Nazarene Publishing House has been rewarding as we coordinate efforts for books and curriculum which informs, instructs, and inspires both Nazarene clergy and laity. I collaborate with Global Nazarene Publications in providing materials in multiple languages to meet the needs of our global constituents. Assisting with Global Clergy Development on such projects as the Wesleyan Holiness Digital Library (WHDL at WHDL.org) has changed the way we provide resources to our constituents. This incredible digital library is available free of charge in multiple languages for Nazarene pastors, laity, and anyone interested in reading or viewing materials from a Wesleyan–holiness perspective.

One of the most rewarding collaborative efforts of the general editor was involvement in the Articles of Faith Study Group. The group of Nazarene scholars, pastors, and leaders worked together in face-to-face meetings and with email exchanges throughout the quadrennium. They made recommendations to the BGS about resolutions from General Assembly 2013. Many of these recommendations resulted in resolutions for legislative consideration at General Assembly 2017. I was honored and privileged to have been given the opportunity to think together for the past four years with this group of esteemed Nazarene theologians. I believe their efforts will assist the General Assembly as they seek to improve *Manual* language to offer a clearer understanding of our Christian beliefs.

In conclusion, I am extremely thankful to the Lord for extending this ministry opportunity to me over the past four years and for allowing me to work with individuals who love our church, care deeply for the needs of lost humanity, and work for the common goal of participating in God’s mission to our world. We want everyone to know, “Jesus is Lord!”

Respectfully Submitted,
FRANK MOORE
General Editor

INTERNATIONAL BOARD OF EDUCATION/ GLOBAL CLERGY DEVELOPMENT

To the Board of General Superintendents and Delegates to the 29th General Assembly:

This is the first full quadrennium for the Global Education and Clergy Development department and my serving in the dual role as Education Commissioner and Global Clergy

Development Director. We continue to find that this dual role works well in strategic partnership with the regions and regional education coordinators, particularly as the regional education coordinators serve in a similar dual role.

Central to our strategic partnership with the regions are foundational commitments to theological formation and leadership development. These foundational commitments are central to our work with the Regional Course of Study Advisory Committees, International Course of Study Advisory Committee, International Board of Education (IBOE), and the Global Education and Clergy Development Committee of the General Board. As each of these groups of global leaders gather, central to the work being done is consideration for how we can best help resource the synergistic partnership of the local churches, district boards, and IBOE schools working closely together, particularly in the process of preparing ministerial candidates for Ordination. To assure the quality of clergy and number of clergy needed for our global church, we must all renew our steadfast conviction to this synergist partnership with our local churches, districts, and schools working closely together to faithfully help steward the call of God as we come alongside women and men called by God to prepare for ordained ministry. The strategic vision and initiatives of our work continue to be driven by this conviction.

During this quadrennium, our office (partnering with Global Mission, Global Ministry Center Information Technology (IT), Nazarene Publishing House, and others) has helped to advance a number of strategic initiatives.

Through the outstanding leadership of Dr. Tammy Condon, our administrative director for global education, we continue to see the advancement of the Wesleyan-Holiness Digital Library providing capacity for virtually unlimited educational resources in the languages of our global church. This online library is already fully searchable in six languages, contains resources in 68 languages, and includes 9 institutional repositories. In the last two years there have been over 47,000 separate users (41% outside of the USA and 31% using languages other than English). I encourage you to become acquainted with this important global resource at **WHDL.ORG**.

Additionally, we have expanded the deployment of systems management support for our IBOE schools that otherwise would not have access to such vitally important educational management systems. System support for student records, finances, libraries, and other services are being deployed to our schools that otherwise would not have access to such critical systems for advancing the work of Nazarene Higher Education.

Through the outstanding leadership of Dr. Stan Rodes, our administrative director for global clergy development, we are now deploying the new “Global Lifelong Learning Registry.” Our global church recognizes the importance of lifelong learning in the theological formation and leadership development of our clergy. This new web-based, multi-lingual Lifelong Learning Registry will provide support to Nazarene ministers and districts around the world for recording the progress of each minister. Even before being formally launched in 2017, there were already 3,000 registered users representing 156 districts and all six regions. I encourage you to become acquainted with this important global resource at **LEARNING.NAZARENE.ORG**.

As Education Commissioner and Global Clergy Development Director, I am privileged to serve the global church and to report on strategic partnerships and initiatives advancing our foundational commitments to theological formation and leadership development. I am also privileged to report on particular challenges we face (challenges you will also hear in this report

from each of our regional education coordinators) and to invite our global family to pray with us as we seek to faithfully engage the challenges.

As we engage the present and look to the future, along with the challenge I described earlier of assuring that our ordination process is providing the needed quality of clergy and number of clergy, I would also highlight closely-related challenges for our schools all around the world: The increasing role of decentralized education (from primarily residential to more online, video conferencing, and extension centers), and the changes to school funding/business models. The education and funding models that have sustained many of our schools in the past are changing as our schools are working with reduced denominational investment, new education models, challenging government regulations, and rising costs, all at an accelerating pace while each school seeks to transition to a new and mission-faithful future. To assist, our office is working with the International Board of Education, our schools, Global Mission, Regional Offices, and others to find strategic ways to collaborate more closely together and leverage our global network of schools and leaders to help provide strategic assessment, direction, and resourcing. We do invite our global Nazarene family to pray with us.

On behalf of the International Board of Education, I am pleased to report that we are working with 52 Nazarene colleges, universities, and seminaries providing education through campuses and learning centers in over 120 nations. We celebrate with our International Board of Education the increases and continued global impact of Nazarene Higher Education during the last four years:

	<u>2013</u>	<u>2016</u>
Schools	53	52
Students	50,390	51,555
Assets	\$1,198,768,929	\$1,291,433,171
Church Support	\$18,445,996	\$20,453,872

On behalf of Global Clergy Development, while acknowledging that our global clergy development efforts are not yet keeping up with the needs of a growing global Church, I am pleased to report an increase of nearly 16% in the official record for the total number of credentialed clergy and local licenses over the last 4 years:

	<u>2013</u>	<u>2016</u>
Ordained Elders	16,846	17,848
Ordained Deacons	779	820
District Licensed Ministers	<u>9,444</u>	<u>10,006</u>
Total Credentialed Clergy	27,069	28,674
Locally Licensed	<u>7,868</u>	<u>11,704</u>
Total Credentialed and Local Licensed	34,937	40,378

This Global Education and Clergy Development report represents the work of each region, and is a summary of reports provided by each regional education coordinator. These are gifted leaders and valuable partners in the work of Global Education and Clergy Development.

AFRICA REGION

Rev. Gabriel Benjiman, Regional Education Coordinator

This quadrennium brought several changes to the Africa Region. Dr. Greg Crofford served as regional education coordinator until 2016, when he accepted a faculty position at **Africa Nazarene University (ANU)**. We are pleased to welcome Rev. Gabriel Benjiman as the new regional education coordinator. Also, six institutions installed new leaders during the quadrennium.

An important part of education ministry in Africa is extension education. Many institutions on the Africa Region, including **Nazarene Bible College of East Africa (NBCEA)**, **Nazarene Theological College of Central Africa (NTCCA)**, **Seminário Nazarene em Moçambique (SNM)**, and **Nazarene Theological Institute (ITN/NTI)**, have decentralized education networks, bringing classes to where pastors live at an affordable cost.

Africa Nazarene University (ANU) in Kenya is partnering with Nazarene Theological Seminary (NTS) in the United States to deliver a Kenya-accredited Doctor of Ministry degree. This collaborative effort with funding and teacher support from NTS is appreciated by the students who are grateful for a chance to do further study for more effective leadership. ANU continues to produce a record number of graduates each year.

Nazarene Theological College-Manchester (NTC-M) was instrumental in establishing **Nazarene Theological College, South Africa (NTCSA)** as a delivery point for the Master of Arts in Christian Holiness. Several students have graduated from this program along with 80 ministerial students graduating in 2016 from NTCSA.

Southern Africa Nazarene University (SANU) in Swaziland offers degrees in three academic disciplines: theology, health sciences, and education. The institution launched the Diploma in Business Management Entrepreneurship Program in 2016.

Nazarene Bible College of East Africa (NBCEA) focuses on training pastors for East Africa. In 2016 the big breakthrough of the college is the 26 courses offered. Two key achievements this quadrennium were registering Burundian students and the establishment of a recreation center.

Nazarene Theological Institute (ITN-NTI), serving Central and West Fields, reported that the church is growing well in Benin and Togo. In many instances, many will take a course at ITN and then once the course is done, they will officially organize a church out of those who attended the class. Theological education has become a church-planting tool.

At **Seminário Nazareno de Cabo Verde (SNCV)** extension centers are growing, and students are graduating and serving in churches. Three teachers have received their Bachelor of Theology degrees. The donation of computers made a computer lab possible.

At **Nazarene Theological College of Central Africa (NTCCA)** in Malawi there is a growing interest from working professionals who are engaging in evening studies.

Seminário Nazareno em Moçambique (SNM) had their strategic plan implemented by the Board of Governors.

One goal on the region is to find ways to build on the Pastor and Leaders Conferences (PALCONS) for the sustainable interest of lifelong learning for pastors. Work on the Unified Curriculum Program (UCP) is underway towards full approval. This program will put together a single curriculum for the ordination track (certificate/diploma) for the six Bible (Theological) colleges. Thus far the region has been granted conditional approval until March 2018.

ASIA-PACIFIC REGION

Dr. John Moore, Regional Education Coordinator

Several leadership changes occurred on the Asia-Pacific Region. Dr. Melvin Rigsby served as regional education coordinator until 2015 when we welcomed Dr. John Moore to the position. Eleven institutions installed new leaders during the quadrennium.

The first gathering of Association of Nazarene Educational Systems of Asia-Pacific was organized in 2016. Twelve of Asia-Pacific's 13 schools were represented by their presidents, academic deans, field education coordinators, and field strategy coordinators. Point Loma Nazarene University President Dr. Bob Brower and Provost Dr. Kerry Fulcher were guest presenters leading a weeklong discussion on missional education. Dr. Dan Copp and Dr. Tammy Condon also presented education philosophy and resources available for schools.

A memorandum of understanding was established with **Asia-Pacific Nazarene Theological Seminary (APNTS)**, **Philippine Nazarene College (PNC)**, and **Visayan Nazarene Bible College (VNBC)** offering a Bachelor of Theology degree to the Metro Manila area. It is anticipated this program will be adopted in 2017.

Asia-Pacific Nazarene Theological Seminary (APNTS) continues to support the region by offering its courses through multiple sites outside the Philippines. The institution began offering the Master's degree in a Creative Access country that will be developed as the hub for graduate theological education for that nation.

Korea Nazarene University (KNU) continues to enjoy the reputation for being the best Korean university for educating students with disabilities. KNU has been mandated by the government to downsize its enrollment by 30% over the next few years, presenting a formidable task to the administration. KNU celebrated its 60 year anniversary in 2014.

Melanesia Nazarene Teachers College (MNTC) in Papua New Guinea continues to train certified teachers to share the love of Christ in unreached remote villages.

Nazarene Theological College-Brisbane (NTC-B), received a USD \$40,000 grant to launch the Culturally and Linguistically Diverse Program. This program will enable the institution to deliver this degreed course of study, accredited through Sydney College of Divinity, to students in developing countries.

The **Southeast Asia Nazarene Bible College (SEANBC)** Board of Regents completed an extensive institutional restructure and a revision of its delivery system, which will allow the institution to more effectively impact Southeast Asia.

The **Taiwan Nazarene Theological College (TNTC)** Board of Trustees has rewritten the school's constitution in preparation for approval by IBOE in order to begin teaching the approved Course of Study, training pastors and leaders for ministry.

Two new opportunities for the region are the delivery of an integrated, accessible, affordable, and approved regional Course of Study to creative access and newly entered areas, and to offer bi-vocational training for ministers alongside theological education in developing countries.

EURASIA REGION

Rev. Stéphane Tibi, Regional Education Coordinator

After serving as regional education coordinator since 1985, Rev. John Haines accepted another assignment in the Church in 2016. We welcome Rev. Stéphane Tibi as the new regional education coordinator. Additionally, one institution installed a new leader during the

quadrennium.

The Eurasia Education Council and Regional Course of Study Advisory Committee met and completed the revision of the Regional Sourcebook for Ministerial Studies. The sourcebook was approved by the International Course of Study Advisory Committee (ICOSAC), and all education providers are on track for timely revalidations of Courses of Study.

Eastern Mediterranean Nazarene Bible College (EMNBC) has shifted its focus from summer intensive courses to field courses, which are offered more consistently in centers like Amman, Jordan. More students were enrolled and taking field courses during the quadrennium. There is an increase in Arabic-speaking faculty joining the network of learning centers, and there are good reports of growing relationships with districts and pastors. Online options of delivery are being investigated.

During this quadrennium, **European Nazarene College (EuNC)** became an exclusively decentralized program, offering courses in 17 learning centers across Europe. The Büsingen campus was sold to the Village of Büsingen and space sufficient for central library holdings and offices has been secured in Linsengericht, Germany. EuNC is currently revising its curriculum and preparing for reaccreditation through the European Evangelical Accrediting Association (EEAA). Significant changes have been enacted to energize the EuNC learning centers in the CIS (Russia, Ukraine, Kazakhstan, Armenia, and Moldova), which should yield better results in clergy development there.

All programs offered by **Nazarene Nurses Training College (NNTC)** are fully approved and the college is in good standing with all its accrediting agencies. New faculty members have joined the college and there are many encouraging signs of renewal and development. Efforts continue to strengthen Reynolds Memorial Hospital to assure the presence of a strong host hospital for NNTC.

Nazarene Theological College-Manchester (NTC-M) created the new Master of Arts program in Christian Engagement as well as other programs in justice, community development, and urban mission. Student enrollment is up to its highest level in years, and the influence of NTC-M is growing on and beyond the region. Challenges arising out of governmental strictures and shifts in connection to the European Union, as well as several changes on the board of governance, require continued prayer. NTC-M passed its most recent Quality Assurance Agency review.

South Asia Nazarene Bible College (SANBC) continues to work with Asia Theological Association (ATA), moving towards accreditation. Quality assurance is a priority in decentralized education, and SANBC is seeking to develop more rigorous quality assurance policies and procedures. The sixth series of Professional Development Seminars (PDS's) have recently been concluded in Nepal, India and Sri Lanka. Course revisions are ongoing, and SANBC soon hopes to produce its full curriculum in 15 languages, anticipating a day when its Course of Study will be available through the Wesleyan-Holiness Digital Library (WHDL).

MESOAMERICA REGION

Dr. Rubén Fernández, Regional Education Coordinator

The Mesoamerica Region reports that in 2016 there were 737 professors who taught 2,247 courses on 375 campuses and educational centers to 4,982 students, of which 67% are

Nazarenes and 32% are currently pastors or have expressed a pastoral call. Seven new school leaders were installed during the quadrennium.

Caribbean Nazarene College (CNC) is currently under the interim leadership of Dr. Victor George. Teaching continues on the main campus in Santa Cruz as well as in decentralized learning centers, which provide ordination requirements for the English, Dutch, and French fields in the Caribbean. CNC and the interim president continue to work through various challenges, including changing government regulations and resulting financial difficulties.

Séminaire Théologique Nazaréen d’Haiti (STNH) elected Dr. Jean Robert Maitre as president after serving STNH in various capacities for many years. The institution began a re-engineering process in which the institution operates, and we are seeing positive results. During the General Board meeting in 2014, STNH’s constitution was approved.

Seminario Nazareno Dominicano (SND) is in an important time of transition under the leadership of Rev. Ernesto Bathermy. Meetings held with national leadership last year fostered a renewed commitment between SND and the district superintendents. SND continues to face various challenges with finances and properties. With God’s help and the leadership of the Board, SND hopes to find creative ways to resolve these challenges.

Seminario Teológico Nazareno Cubano (SETENAC) continues on a good path led by Dr. Pedro Luis Urgellés. The institution is working with the IBOE to approve their new constitution and bylaws. An historic decentralization for the Bachelor’s program on the East District was started in 2016.

Seminario Nazareno Mexicano (SENAMEX) has an interim president, Dr. Ely Camas, during the year-long sabbatical of Rev. Obdulia Martínez for medical reasons. The institution is also working to resolve challenges with their finances and properties. They experienced record numbers of graduates during this quadrennium.

Seminario Teológico Nazareno (STNG), located in Guatemala, is under the able leadership of Rev. Ulises Solís. The financial situation of the school continues to be difficult, but because of Rev. Solís’s leadership, significant progress has been made. A video conference classroom was dedicated on the main campus and a network was launched to remote sites.

Instituto Bíblico Nazareno (IBNG) in Guatemala is led by Rev. Edyn García. IBNG serves various districts in north Guatemala, mainly in indigenous areas. The institution continues to offer pastoral lifelong studies at its main campus in Coban.

Seminario Nazareno de las Américas (SENDAS) in Costa Rica continues to lead the way in technological innovation. Along with on-campus courses, SENDAS offers education via videoconferencing and online courses. Lifelong learning to pastors and teachers is offered through these same mediums. SENDAS has experienced some financial instability but continues to seek other ways to generate more permanent local income. SENDAS and South African Theological Seminary in South Africa signed a “Memorandum of Understanding” to develop an association between the two entities, enabling SENDAS graduates opportunity to enter into a PhD program wherever they are in the world. This agreement is in addition to what SENDAS has already established with Nazarene Bible College and Northwest Nazarene University, both in the USA.

Nazarene Virtual Seminary (SVN) is a strategic alliance among Nazarene institutions in Latin America that continues to grow. SENDAS and Seminario Teológico Nazareno del Cono Sur in Argentina are the seminaries that administrate the courses.

SOUTH AMERICA REGION

Dr. Jorge Julca, Regional Education Coordinator

Modules for the ordination program were distributed to all decentralized theological education centers in the region. This has been a great step forward in supporting the educational work through the decentralized system. Throughout 2016, the region's 200 Decentralized Education Centers have opened their doors, providing excellent training as an expression of their service to God. Four new school leaders were installed during the quadrennium.

The Regional Theological Education office supported the initiative known as "Living the Great Commission." This provided training to over 7,000 lay-people allowing them to serve in their local ministries as they engage in the Disciples in Ministry program.

In 2013, the Theological Education National Board of Peru made an historic decision to merge the two educational institutions of Peru, **Instituto Biblico Nazareno (IBN)** and **Seminario Teológico Nazareno del Perú (STNP)**, in order to strengthen their resources and advance their service to the Church. STNP decentralized its Bachelor's degree in Theology in several areas, and the campus in Lima, Peru was opened. The institution developed a degree in Holistic Childhood and Adolescence Development in a joint effort with the National Office of Compassion International-Peru.

Seminario Teológico Nazareno del Cono Sur (STNCS), **Seminario Teológico Nazareno Sudamericano (STNS)**, and **Seminario Teológico Nazareno del Perú (STNP)** have initiated their Youth Ministries Diploma and Bachelor's degree in Youth Ministries in a partnership with the regional Nazarene Youth International. Currently, students are taking online classes. We are working on new initiatives to expand the program throughout the region.

The Seminário Teológico Nazareno do Brasil (STNB) has appointed its new president, Dr. Geraldo Nunes. STNB offered training for district superintendents, decentralized education district coordinators, and professors.

Seminario Bíblico Nazareno de Chile (SBNC) has strengthened the semi-residential program aimed to attract college-aged students and professionals, yielding great results. SBNC is beginning to use the Video Conference Delivery System with the purpose to connect with Decentralized Theological Education (ETED) that is located far away from the seminary.

Seminario Teológico Nazareno del Cono Sur (STNCS) in Argentina held its 13th Decentralized Faculty (FADES) Workshop. They were also received as a member of the Evangelical Association of Theological Education in Latin America.

Seminario Nazareno del Área Central (SENAC) serves Bolivia and Paraguay under the leadership of President Rev. Isaí Murga. They increased the number of students and courses offered through its Decentralized Delivery System. There is an increase in the number of women called to ministry who are currently enrolled in theology studies. During the quadrennium, the graduation ceremony for the first group of students with the diploma in Childhood and Adolescence was held. Its decentralized education program was consolidated through 20 educational centers where Theological Education for ministers is offered.

Faculdade Nazarena do Brasil (FNB) received its accreditation from the Brazil Ministry of Education for its Theology and Music programs. They celebrated the fact that 127 pastors were able to validate their studies in theology that they had formerly taken at the STNB as part of the Integration of Theological Studies, which is recognized by the Department of Education

of Brazil. FBN is also offering a graduate program to train professors in theology throughout Brazil. The institution has continued to offer the Virtual Delivery System in Portuguese. They began the Wesleyan Studies Nucleus with the goal of carrying out research in the field of Wesleyan theology.

Seminario Teológico Nazareno Sudamericano (STNS) in Ecuador has reorganized their Decentralized Program for the Andino North Field. The institution held an event called “Youth Be Alerted” aimed at Ecuadorian Youth. The first group completed its diploma in Children’s Ministry; the Nazarene International Language Institute Program continues; and a new degree in Intercultural Studies is being offered for missionaries serving with Extreme Nazarenes who are planting churches in Ecuador.

UNITED STATES/CANADA REGION

Dr. Dean Blevins, Regional Education Coordinator

In 2016, USA/Canada Course of Study maintains 5,422 students based on the number of ministers with district or local licenses. The Regional Advisory Committee is finalizing the Handbook for Christian Ministry to accompany our new sourcebook for ministerial education. In addition, **Nazarene Theological Seminary (NTS)** hosted our Regional Theology Conference in September 2016 with 400 in attendance. Overall, the total number of students enrolled in USA/Canada Nazarene institutions reflects a modest increase over the last four years. Two of the institutions installed new leaders.

Enrollments continue to rise in several colleges and universities. **Olivet Nazarene University (ONU)**, **Point Loma Nazarene University (PLNU)**, **Southern Nazarene University (SNU)**, and **Trevecca Nazarene University (TNU)** saw record enrollments alongside increases at **Ambrose University (Ambrose)**, **Mount Vernon Nazarene University (MVNU)**, and **Eastern Nazarene College (ENC)**. **Southern Nazarene University (SNU)** and **Northwest Nazarene University (NNU)** also celebrated record graduating classes.

Several schools received significant funding to help with the improvement of the campus, programs, and scholarships. ONU reported record donations, while MNU received a \$9 million trust along with a \$10 million grant for a new Center for Academic and Professional Success. TNU launched a \$75 million campaign with \$50 million already secured in commitments. NTS received the renewal of a Luce Foundation grant and an anonymous foundation gift supporting NTS global initiatives. PLNU’s inaugural President’s Gathering provided the historically largest single fundraising event with \$3.3 million given and pledged. NNU received an \$8.5 million second gift, culminating in \$18.5 million total from the Conrad Family. The Board of Trustees provided significant giving to the MVNU new center for Student Success.

Program expansion included continued growth in science and engineering, with significant building expansion to serve those programs at MVNU, NNU, ONU, PLNU, and SNU, as well as in environmental research at SNU, business at ONU, and a new online degree for PLNU. Several schools continue to nurture new partnerships for the coming year, including NNU’s partnership with a new NASA satellite program and PLNU’s partnership with regional community colleges. In addition, NTS has developed partnership with neighborhood associations as part of its remodeling local houses for student occupancy, ENC has partnered with the Quincy Chamber of Commerce to open the Quincy Center for Innovation, and

Nazarene Bible College (NBC) announced a planned partnership with the Global Ministry Center when they relocate administrative offices from Colorado Springs. Program changes include NBC's plan to leave their Colorado campus and provide totally online instruction, while Ambrose, ENC, and NTS also saw significant administrative leadership changes.

Ambrose University in Canada moved from a Canadian designation of "University College" to "University" providing a stronger academic standing for the school, and initiating an interdisciplinary program title the Poverty Institute, a first for Canada.

Diversity remains an emerging theme as NTS continues its Spanish-speaking DMin degree and plans for a Korean-speaking DMin program, while also forming a new partnership with Center for Black Leadership. In addition, NNU, PLNU, and TNU saw increased diversity in their student bodies, while MVNU and NTS hosted conversations on campus addressing racial issues in society. NBC offers an online Bachelor of Arts degree in Ministry to Spanish-speaking students, and NBC enrolled the first cohort of students from the Hong Kong Institute for Christian Counseling in the Christian Counseling Program.

During this quadrennium all schools celebrated their service to the church by hosting PALCON's (Pastor and Leaders Conferences). The NTS Center for Pastoral Leadership expanded offerings in clergy continuing education, and PLNU Center for Pastoral Leadership continued a joint venture with the Southwest Region. ENC faculty presented a Bible Women's Project in New York City, while NNU's Crusader Choir ministered for two weeks in South Korea, and SNU deployed 20 mission teams of students, faculty, and staff.

STATISTICAL SUMMARIES

Assets, Liabilities, and Net Worth for 52 Institutions

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Assets	\$1,198,768,929	\$1,277,466,789	\$1,293,730,277	\$1,291,433,171
Liabilities	\$416,412,614	\$423,403,343	\$450,418,693	\$443,546,709
Net Worth	\$782,356,315	\$854,063,446	\$843,311,584	\$847,886,462

Church Support (General, District, Local) for 52 Institutions:

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Support	\$18,445,996	\$18,168,998	\$17,840,371	\$20,453,872

2016 Enrollment and Financial Statistics

	Total Enrollment	Degrees Granted	Total Assets (USD\$)	Total Liabilities	Total Net Worth
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AFRICA REGION

Africa Nazarene University (Kenya, East Field), Dr. Leah Marangu, Vice Chancellor

3,872 1,417 \$9,403,375 \$5,137,729 \$4,265,646

Nazarene Bible College of East Africa (Kenya, East Field) Rev. Elijah King'ori, Principal*

1,400 4 \$665,957 \$16,159 \$649,798

Nazarene Theological College (South Africa, South Field), Rev. Catherine Lebeso, Principal

150 80 \$1,136,156 \$200,877 \$935,279

Nazarene Theological College of Central Africa (Malawi, South-East Field) Rev Chinyama Lilema, Principal*	573	11	\$856,155	\$0	\$856,155
Nazarene Theological Institute-ITN/NTI (Decentralized; serving West & Central Fields) Rev. Katambu Balibanga & Rev. Antero Fontes, Co-Directors*	1,037	40	\$785	\$0	\$785
Seminário Nazareno de Cabo Verde (Cape Verde), Rev. Gastão Correia, Principal**	25	4	\$860,584	\$118	\$860,466
Seminário Nazareno em Moçambique (Mozambique, Lusophone Field), Rev. Adolfo Tembe, Director	945	95	\$203,313	\$0	\$203,313
Southern Africa Nazarene University (Swaziland, South Field) Dr. Winnie Nhlengethwa, Vice Chancellor	1,878	374	\$686,179	\$136,526	\$549,653
Creative Leadership Institute (Ethiopia, East Field), Rev. Philip Rodebush, Director*	717	0	\$0	\$0	\$0

*NBCEA; NTCCA; ITN/NTI; CLI-HOA (Articulation Agreement with ANU)
** Bachelors degree through the Nazarene University in Brazil

ASIA-PACIFIC REGION

Asia-Pacific Nazarene Theological Seminary (Philippines), Dr. Bruce Oldham, President	138	31	\$3,055,365	\$221,617	\$2,833,748
Indonesia Nazarene Theological College, Dr. Stephanus Hartoyo, Rector	84	12	\$2,249,030	\$0	\$2,249,030
Japan Nazarene Theological Seminary, Dr. Ishida Manabu, President	7	3	\$162,084	\$0	\$162,084
Korea Nazarene University, Dr. Im, Seung-An, President	5,208	1,311	\$127,069,151	\$17,752,693	\$109,316,458
Melanesia Nazarene Bible College (Papua New Guinea), Rev. Jacob N. Urri, President	417	48	\$19,111	\$9,814	\$9,297
Melanesia Nazarene Teachers College (Papua New Guinea), Mr. Kelaki Peter, Principal	185	82	\$506,608	\$79,941	\$426,667
Nazarene College of Nursing (Papua New Guinea), Mr. Wallace W. Kintak, Principal	114	32	\$439,802	\$0	\$439,802
Nazarene Theological College (Brisbane, Australia), Rev. Robert Fringer, Principal	59	3	\$3,559,070	\$1,015,014	\$2,544,056
Philippine Nazarene College, Rev. Marcos Eugenio, President	57	27	\$231,669	\$17,109	\$214,560
South Pacific Nazarene Theological College (Decentralized; serving Melanesia-South Pacific Field) Rev. Lelani Roqara, Chancellor	46	11	\$83,303	\$0	\$83,303
Southeast Asia Nazarene Bible College (Thailand), Dr. Bill Kwon, President	314	0	\$140,796	\$0	\$140,796
Taiwan Nazarene Theological College, Inactive Institution*	*	*	*	*	*
Visayan Nazarene Bible College (Philippines), Rev. Stephen Gualberto, Interim President	78	24	\$183,559	\$10,102	\$173,457

*TNTC is currently an inactive institution, but is included in the IBOE total number of 52 global institutions.

EURASIA REGION

Eastern Mediterranean Nazarene Bible College (Jordan) Mr. Haidar Hallasa, Principal

	132	0	\$5,000	\$0	\$5,000
European Nazarene College (Decentralized; serving Eurasia), Rev. Klaus Arnold, Rector					
	191	3	\$2,237,280	\$0	\$2,237,280
Nazarene Nurses Training College (India) Mrs. Rajula Asir, Principal					
	227	18	\$123,905	\$6,428	\$117,477
Nazarene Theological College - Manchester (England), Dr. Deirdre Brower Latz, Principal					
	246	34	\$8,375,051	\$322,873	\$8,052,178
South Asia Nazarene Bible College (India), Rev. Simon Jothi, Principal					
	2,701	231	\$20,845	\$0	\$20,845

MESOAMERICA REGION

Caribbean Nazarene College (Trinidad), Dr. Victor George, Interim President					
	476	44	\$888,618	\$254,522	\$634,096
Instituto Bíblico Nazareno (Guatemala), Rev. Edyn García, Director					
	428	38	\$143,707	\$0	\$143,707
Séminaire Théologique Nazaréen d'Haiti, Dr. Jean Robert Maitre, President					
	69	65	\$1,971,312	\$0	\$1,971,312
Seminario Nazareno de las Américas (Costa Rica), Dr. Rubén Fernández, Rector					
	952	91	\$748,963	\$83,357	\$665,606
Seminario Nazareno Dominicano (Dominican Republic), Rev. Ernesto Bathermy, Director					
	232	0	\$1,129,656	\$0	\$1,129,656
Seminario Nazareno Mexicano (Mexico), Dr. Ely Camas, Interim Rector					
	1,268	101	\$1,950,436	\$81,601	\$1,868,835
Seminario Teológico Nazareno (Guatemala), Rev. Ulises Solís, Rector					
	1,367	82	\$215,195	\$6,231	\$208,964
Seminario Teológico Nazareno Cubano (Cuba), Dr. Pedro L. Urgellés, Rector					
	323	65	\$4,000	\$0	\$4,000

SOUTH AMERICA REGION

Faculdade Nazarena do Brasil (Brazil), Mr. Carlos Oliveira de Paulo, Interim Rector					
	191	63	\$1,347,709	\$213,801	\$1,133,908
Seminario Bíblico Nazareno (Chile), Rev. Oscar Varas, Rector					
	81	0	\$500,000	\$0	\$500,000
Seminario Nazareno del Área Central (Bolivia), Rev. Isaí Murga, Rector					
	275	6	\$2,440,000	\$0	\$2,440,000
Seminario Teológico Nazareno del Cono Sur (Argentina), Dr. Jorge Julca, Rector					
	682	33	\$7,889,041	\$0	\$7,889,041
Seminário Teológico Nazareno do Brasil (Brazil), Dr. Geraldo Nunes Filho, Rector					
	850	80	\$2,830,189	\$0	\$2,830,189
Seminario Teológico Nazareno del Perú, Dr. Evelio Vásquez, Director					
	367	39	\$4,611,817	\$0	\$4,611,817
Seminario Teológico Nazareno Sudamericano (Ecuador), Rev. David Lemache, Rector					
	1,210	23	\$5,052,675	\$0	\$5,052,675

USA/CANADA REGION

Ambrose University (Alberta, Canada), Dr. Gordon T. Smith, President					
	871	167	\$36,752,999	\$32,267,503	\$4,485,496
Eastern Nazarene College (Massachusetts, USA), Dr. Corlis A. McGee, President					

	871	297	\$57,210,614	\$27,959,472	\$29,251,142
MidAmerica Nazarene University (Kansas, USA), Dr. David J. Spittal, President					
	1,737	661	\$58,820,757	\$26,942,161	\$31,878,596
Mount Vernon Nazarene University (Ohio, USA), Dr. Henry W. Spaulding II, President					
	2,045	550	\$96,552,239	\$20,007,457	\$76,544,782
Nazarene Bible College (Colorado, USA), Dr. Harold B. Graves Jr., President					
	414	102	\$10,784,739	\$4,702,954	\$6,081,785
Nazarene Theological Seminary (Missouri, USA), Dr. Carla D. Sunberg, President					
	243	55	\$13,455,562	\$513,330	\$12,942,232
Northwest Nazarene University (Idaho, USA), Mr. Joel K. Pearsall, President					
	2,053	615	\$119,955,605	\$28,259,120	\$91,696,485
Olivet Nazarene University (Illinois, USA), Dr. John C. Bowling, President					
	4,670	1,378	\$267,105,218	\$126,692,392	\$140,412,826
Point Loma Nazarene University (California, USA), Dr. Bob Brower, President					
	3,806	891	\$214,567,602	\$74,741,294	\$139,826,308
Southern Nazarene University (Oklahoma, USA), Dr. Loren P. Gresham, President					
	2,180	772	\$120,045,739	\$43,463,515	\$76,582,224
Trevecca Nazarene University (Tennessee, USA), Dr. Dan L. Boone, President					
	3,093	701	\$102,184,645	\$32,430,998	\$69,753,647
TOTALS	51,555	10,802	\$1,291,433,171	\$443,546,709	\$847,886,462

Conclusion

As I conclude I want to provide a brief overview of some of our continuing challenges, opportunities, and initiatives. May this help serve as a summary of important information and a list over which you would join us in prayer:

Some of the challenges and opportunities for Global Education and Clergy Development:

- Increasing role of decentralized modes of education (online, videoconferencing, and extension centers). The need to strategize together assuring necessary education and clergy formation in these diverse modes and assuring necessary transitions for campuses originally designed for residential education.
- Changes to school funding models and decreased denominational financial investment.
- Changing socio-political climates influencing government/accreditation regulations, immigration policies, outside funding, etc.
- Better connecting our local churches/boards/pastors, our district ministerial studies boards/boards of ministry, and our IBOE schools in a synergistic partnership supporting the clergy formation and ordination process.
- Continually improving intentional leadership development support for laity and clergy, including support for the ordination preparation and lifelong learning of our clergy.
- Continually improving intentional leadership development support for school leaders (over 50% turnover in the 2013-2017 quadrennium) and school boards.
- Continually improving theological coherence support for a global church.

Some of the Global Education and Clergy Development initiatives:

- Global Wesleyan-Holiness Digital Library (WHDL).
- Global Lifelong Learning Registry.
- Global education systems support (enterprise, library, and learning management systems).
- Working with the BGS to plan for the 2018 Global Theology Conference.
- Nurturing a variety of global education and clergy development consortia.
- Updating the IBOE Handbook and International Sourcebook for Ordained Ministers.
- Planning and implementing Phase II of the Quality and Missional Reviews.
- Development of GNEC – Global Nazarene Education Consortium.
- Development of GERC – Global Education Resource Center.
- Reviewing Regional Course of Study Advisory Committee (RCOSAC) and International Course of Study Advisory Committee (ICOSAC) curriculum review process.
- Assuring access to Validated Course of Study.
- Resource partnership of local churches, district boards, and IBOE schools in ordination preparation process
- Facilitate continuing education, ministerial proficiency, leadership development, theological coherence, Pastors and Leaders Conferences (PALCONs), conferencing, etc.
- Resource the church in support and ministerial placement for our women clergy.
- Sharing of “Best Practices” from various regions.

I want to express my appreciation to Kent Brower who serves as chair for the International Board of Education and to Randy Craker who serves as chair for the Global Education and Clergy Development Committee of the General Board. Both of these friends are valuable colleagues and partners in this important work. I also want to express my appreciation to our staff for their spirit and service in this important work: Barb Najarian, Dana Porter, Darlene Friend, Krista Fischer, Stan Rodes, and Tammy Condon.

Finally, I want to once again thank God for the treasure He gives the Church of the Nazarene in the wonderful connection of schools, local churches, districts, and regions around the world. As we work together to steward this treasure God gives us, I remain profoundly grateful for the opportunity to serve alongside a great host of gifted leaders in our office, across the Global Ministry Center, and around the world.

Respectfully Submitted,
DANIEL COPP
International Board of Education Commissioner
Global Clergy Development Director

NAZARENE YOUTH INTERNATIONAL

To the Board of General Superintendents and Delegates of the 29th General Assembly:

Nazarene Youth International (NYI) continues to be inspired by the words of the Apostle Paul to the younger Timothy as recorded in 1 Timothy 4:12: “Don’t let anyone look down on

you because you are young, but set an example for the believers in speech, in life, in love, in faith, and in purity” (New International Version). This Scripture serves as the theme verse for NYI globally, and is a reminder of the important role young people has in the church as leaders today, as well as tomorrow.

We believe that God is using young people in significant roles in the church today. Compelled by that belief, the NYI ministry “exists to lead young people into a lifelong relationship with Jesus Christ and to facilitate their growth as disciples for Christian service” (NYI Charter 810.003). The year 2016 completed 93 years of formalized ministry for NYI. But really the story of youth ministry in the Church of the Nazarene goes back to our earliest days as a denomination.

In October of 1908 when the Church of the Nazarene was formally organized, youth ministry was already in place at the First Church of the Nazarene located in Los Angeles, California, USA. The young women of the church had organized into “Company E.” The young men of the church had organized into “The Brotherhood of Saint Stephen.” These groups helped the young women and men live what they referred to as “the higher Christian life.” As a way of identifying with the group, and reminding them of their spiritual commitment, each youth wore a silver Maltese cross badge with a verse of Scripture engraved with these words: 1 Timothy 4:12: “Let no man despise thy youth; but be thou an example of the believers, in word, in conversation, in charity, in spirit, in faith, and in purity” (King James Version).

Over the next several years youth ministry, given the name “Nazarene Young Peoples Society” (NYPS), gained broad recognition. D. Shelby Corlett wrote in the March 1917 “Herald of Holiness”: “Pastor, if you do not have a young peoples society, start one at once, put your young folks to work and it will be surprising the way the Lord will use them.” We were gaining momentum.

Then in 1923, the NYPS was granted permission to host the first General NYPS Convention. The date chosen was 18 September 1923. The place chosen was Kansas City, Missouri, USA. An open invitation was extended to the 12,768 young people in the Church of the Nazarene to participate as delegates. There were no elections; all who would come would be considered delegates. A group of 72 delegates attended, and over a period of days, organized NYPS. This convention established the basis of a transformational ministry with and through young people in the Church of the Nazarene that flourished through the decades. The NYPS name would be later changed to Nazarene Youth International (NYI).

Now, 93 years later, the NYI ministry continues to provide support to the Church of Nazarene worldwide through 471 districts containing 22,392 organized churches, and 8,182 not yet organized churches, to facilitate transformational ministry with and through young people. As we close in on our 100-year celebration, we are making changes to best align our leaders and resources toward a renewed focus on our message and mission.

NYI STRATEGY

Three core strategies serve as the foundation for NYI ministry. The first is evangelism – reaching young people for Christ. The second is discipleship – equipping young people to grow in their faith and become Christlike. The third is leadership development – empowering and mobilizing young people into Christian service. NYI refers to these strategies as Be (evangelism), Do (discipleship), and Go (leadership development). The combination of these strategies is

critical in producing a healthy and holistic transformational youth ministry. Youth ministry is as important today as it has ever been, and the implementation of these three strategies are as important today, as they have ever been.

The evangelism of young people continues to be a strategic and intentional priority. For many years it was understood that approximately 85% of all people came to know Jesus Christ as their personal Savior by the age of 18 or they never would. Over the last decade studies have reported that this age has lowered from 18 to 14. The current understanding changes this statement to read: 85% of all people will come to know Jesus Christ as their personal Savior by the age of 14 or they never will. This realization brings a sense of urgency and importance for developing local church youth evangelism strategies. Our ministry to young people 11 to 14 years of age must include effective, contextual, intentional, and purposeful strategies to reach young people for Christ. This does not mean we diminish our attempts to reach older age groups; however, it is vital that we reach young people for it is there that we will receive our greatest results.

Discipleship of young people continues to be a strategic and intentional priority. NYI has fully embraced the denominational theme of “making Christlike disciples in the nations.” This is more than a theme; however, it is a core NYI strategy. Increasingly youth are living with less adult influence in their lives. Broken families, scattered families, and general anonymity amongst cultures, have placed young people at higher risk. Young people need the influence of other generations to help them navigate life. Too many communities are at the place where adults step out of the way of young people, avoiding them, feeling intimidated by them. The church must be a place where adults step in the way of young people and walk beside them. We need a church that views multigenerational discipleship relationships as a way of life. The result of adults engaged in the discipleship of young people is helpful to all involved to become more like Jesus.

Leadership Development of young people continues to be a strategic and intentional priority. Young people who discover their God given gifts and talents, are developed and nurtured in them, and entrusted to leadership, will be more fulfilled in their faith, in the church, and in their own personal life. A way to integrate young people into the church for a lifetime to is include them as a responsible leader in the body of Christ. Without this, they will likely leave in search of a church that will provide them an opportunity. We must be a church that helps young people become leaders by providing them meaningful service opportunities.

It is with that mission and vision that local, zone, district, national, field, regional, and global NYI leaders serve worldwide to lead young people into a lifelong relationship with Jesus Christ and to facilitate their growth as disciples for Christian service. The inclusion of the Be, Do, Go core strategies are vital in every local Church of the Nazarene. Free evangelism, discipleship, and leadership development resources are available in multiple languages at www.nazarene.org/nyi.

NYI CHARTER AND MINISTRY PLANS

The NYI Charter and Ministry Plans, adopted in 2001, continue to provide the basic organizational models for NYI globally. These ministry plans were created to serve as templates with the hope that NYI ministries would modify them in order to be most effective in each context. Now 16 years later, many local churches, districts, and regions have modified these

plans and are experiencing more effective youth ministry. Directions on how to modify a local, district, or regional NYI ministry plan are included within each ministry plan.

THE 10 NYI VALUES

These ten values, listed in the NYI Charter, help guide and shape Nazarene youth ministry:

1. We value young people, significant in the kingdom of God.
2. We value the Bible, God’s unchanging truth for our lives.
3. We value prayer, vital interactive communication with our heavenly father.
4. We value the Church, a global holiness community of faith, diverse in culture but one in Christ.
5. We value worship, life changing encounters with an intimate God.
6. We value discipleship, a lifestyle of becoming like Christ.
7. We value community, building relationships that help bind us together and to God.
8. We value ministry, extending God’s grace to our world.
9. We value witness, sharing God’s love in word and deed.
10. We value holiness, a work of grace whereby, God, through the working of His Holy Spirit, enables us to live a life representing Christ in who we are and in everything we do.

NYI MEMBERSHIP

The NYI membership reached 448,325 in 2016. The table below shows 2013-2016 NYI membership by region:

Region	2016 Membership	2015 Membership	2014 Membership	2013 Membership
Africa	98,666	92,329	98,049	105,400
Asia-Pacific	18,172	17,828	17,388	17,831
Eurasia	51,516	52,202	45,923	42,438
Mesoamerica	82,253	79,830	86,372	85,791
South America	93,286	61,509	60,917	62,068
USA/Canada	104,432	107,098	113,363	117,355
Total Membership	448,325	410,796	422,012	430,883

In February 2017, the NYI office began working with district NYI presidents, national, field, and regional youth coordinators to improve the reporting of NYI membership, and local NYIs, through the Annual Pastor’s Report. According to the 2016 Annual Pastors report, 5,207 of the 22,392 organized local churches reported no youth. This represents nearly one out of four churches. Beginning in February 2017, the global NYI office distributed information from the prior year’s Annual Pastor’s report to each district NYI president listing the churches on their district that reported youth, and did not report youth, in order to inform district NYI leadership for strategic engagement. District NYI presidents will be resourced with these reports annually in order to more effectively support local churches reach youth.

GLOBAL NYI CONVENTION

The 23rd Global NYI Convention took place 19-21 June 2013 with 851 delegates, representing 64 countries, and 172 districts. 25% of the NYI delegates participated via one of the 10 regional convention sites. Each site was provided the opportunity to involve NYI delegates through two-way video conferencing in one of the eight convention interpretation languages.

The list of regional convention sites along with NYI delegate participation is as follows:

#	Region	Convention Site	Participating Delegates
1	Africa	Nairobi, Kenya	19
2	Africa	Johannesburg, South Africa	25
3	Asia-Pacific	Metro Manila, Philippines	35
4	Eurasia	Razgrad, Bulgaria	21
5	Eurasia	Hyderabad, India	42
6	Mesoamerica	Guatemala City, Guatemala	23
7	Mesoamerica	Port au Prince, Haiti	27
8	Mesoamerica	Port of Spain, Trinidad	6
9	South America	Pilar, Argentina	20
10	South America	Quito, Ecuador	7
11	USA/Canada	Indianapolis, Indiana USA	626
	Total		851

The delegates of the 23rd Global NYI Convention celebrated the past 90 years of denominational youth ministry noting that first NYPS convention was hosted in 1923. Additionally, the delegates embraced a new vision for future global NYI conventions to focus outwardly on mission, and mission accomplishment, more than an inward focus on structure and organization. This included adopting a recommendation to reduce the global NYI council size from 20 to eight by eliminating the roles of Global NYI Vice President, Youth Member at Large, Senior Youth Member at Large, and Young Adult Member at Large. The role of the global NYI president was changed to global NYI council chair. Furthermore, the convention adopted a recommendation to reduce regional representation from two to one.

As a result of the convention action, the revised global NYI council includes a global NYI council chair, global NYI director, and one representative from each of the six regions. The role of the global NYI council chair includes presiding at global NYI Council Meetings, Global NYI Conventions, and representing NYI on the General Board and at the General Assembly.

Up until the 2013 Global NYI Convention, the elections of the large global NYI council representatives required several hours of convention time. As a result of these changes, the 23rd Global NYI Convention immediately experienced the beginnings of repurposing by focusing on the three core strategies of evangelism, discipleship, and leadership development. These strategies were captured by the words, "Be," "Do," and "Go," and became session themes to learn about what God was doing globally through NYI ministry, and where He is leading us in the present future.

As a result of this timely change, it is hoped that NYI convention delegates would better understand these core strategies, lead responsibly to accomplish them, and fully own the mission. I believe this change will produce a revitalized and dynamic NYI ministry that will strengthen youth ministry everywhere.

Since the 2013 Global NYI Convention, NYI has been working to increase district representation to the 2017 Global NYI Convention. In the 2013 convention, 248 of the 461 districts were represented, which is about 45%. It is our hope to engage more districts to the repurposed NYI convention in order to strengthen our youth ministry understanding and efforts globally.

GLOBAL NYI COUNCIL

The Global NYI Council has met four times during this quadrennium. The desire for global youth ministry continues to provide challenge and inspiration for this group that represents seven nations of the world. Here is the 2013-2017 Global NYI Council member listing:

- Gay, Milton – Mesoamerica Region NYI President and Youth Coordinator
- Godoy, Jana Suyat De – Asia Pacific Region Youth Coordinator
- Gonzalez, David* – Global NYI Council Chair
- Gouveia, Jimmy de* – South America Region Youth Coordinator
- Hartke, Gary* – Global NYI Director
- Lopez, Diego – Eurasia Region Youth Coordinator
- Miller, Ronald – Africa Region Youth Coordinator
- Pickard, Justin – USA/Canada Region Youth Coordinator
- *Denotes Global NYI Council executive committee member.

Also serving on the Global NYI Council for a portion of the quadrennium was Scott Armstrong, from June 2013-August 2013 (Mesoamerica Region Youth Coordinator) and Sabine Wielk, from June 2013 to January 2015 (Eurasia Region Youth Coordinator).

NAZARENE YOUTH CONFERENCE

Nazarene Youth Conferences (NYCs) continue to be life-changing events in the lives of youth and youth workers. Participants have come to know Christ as their personal Savior, make decisions of total commitment, seek healing, and testify to God’s calling in their lives. Encountering the Holy Spirit amidst a crowd of peers creates a lifetime memory for participants. Many testify to an unforgettable and transformational moment with God at an NYC. Four regional NYC’s were held this past quadrennium.

Region	Date	Theme	Total Participants
USA/Canada	July 2015	Thy Kingdom Come	7,500
Mesoamerica	July 2016	Indestructable	650
South America	October 2016	Altitud	1500
Africa	December 2016	Chosen 2 Change	450

FIELD YOUTH COORDINATOR CONFERENCE

A Field Youth Coordinator Conference was held on 12 & 13 January 2015 on the SENDAS campus in San Jose, Costa Rica. The 32 participants, representing 42 fields, discussed challenges to youth ministry throughout the world and shared ideas on how to be more effective in the future. The continuation of regional sites for the Global NYI Convention to engage more delegates through the two-way video conferencing strategy was affirmed. The NYI leadership often references the African proverb, “if you want to go fast, go alone; if you want to go far, go together.” We believe that connected field and regional NYI leadership will help us go far by going together.

THIRD WAVE LEADERSHIP CONFERENCE

Third Wave 2015 was held on the SENDAS campus in San Jose, Costa Rica on 6-11 January. The participants included 169 leaders from 35 countries. To accomplish strong connection and balanced representation, each of the 42 NYI Fields were eligible to bring up to five participants. The plenary sessions of the conference focused on the three NYI strategies of Be (evangelism), Do (discipleship), and Go (leadership development) to facilitate greater understanding and stronger implementation worldwide. In addition to the seven plenary sessions, Third Wave included workshops, Ministry With Others projects, cultural immersion, regional breakouts, and fellowship.

The desire of young leaders in the Church of the Nazarene to be connected, encouraged, informed, included, and challenged continues to be clearly evident. I am convinced that together we are better as each person contributes individually to achieve a synergistic collective contribution to the work of the church. More information about Third Wave can be reviewed at www.facebook.com/NYI.thirdwave.

The Third Wave participants raised \$2,311.00 USD through the World Market to support youth ministry in the Mesoamerica Region. These funds were utilized to purchase five video projectors and cases for Mesoamerica youth ministry training initiatives.

The next Third Wave Leadership Conference will be held on the Eurasia Region in January 2019. The location was chosen at the 2017 Global NYI Council meeting and announced during the 2017 Global NYI Convention.

BIBLE QUIZZING

Bible Quizzing continues to be a thriving ministry and is expanding to new world areas every year. Bible Quizzing, as a discipleship strategy, is getting more young people into Scripture. It also serves as an opportunity to gather youth throughout a district, field, and region in various quizzes. The eight-year youth quizzing material continues to be translated for worldwide implementation. The quizzing cycle is as follows:

2016-17	Luke
2017-2018	1 & 2 Corinthians
2018-2019	John
2019-2020	Hebrews, 1 & 2 Peter
2020-2021	Matthew
2021-2022	Romans / James
2022-2023	Acts

COMMUNICATIONS

The www.nazarene.org/nyi website has been redeveloped and serves as the primary resource strategy to support youth ministry worldwide. This website now contains a translation feature to enable more young people and youth leaders to access information. NYI also utilizes social media platforms such as Facebook, Twitter, and Instagram. Additionally, the NYI YouTube channel provides various videos and webinars. Each of these can be accessed through the www.nazarene.org/nyi website.

PARTNER REGIONS

The partner region strategy continued during the 2013-2017 quadrennium as a means of support and encouragement among youth leaders. The partner regions for the 2013-2017 quadrennium were:

- Africa – Eastern USA – East Central USA
- Asia Pacific – North Central USA – Northwest USA
- Eurasia – Southwest USA
- Mesoamerica – Canada – South Central USA
- South America – Central USA – Southeast USA

JUSTICE MOVEMENT

A partnership between Nazarene Compassionate Ministries (NCM) and NYI was formed during the 2013-2017 quadrennium to educate and engage youth more strategically in compassionate ministries. Brooklyn Lindsey was named as the Global Justice Advocate. In July 2015 the Just Water initiative was launched. The Just Water curriculum provides resources for a two-day local church-led experience designed for youth to gain a greater understanding of the need for clean water around the world. As part of the weekend Just Water experience, youth are also encouraged to raise monetary support to help provide clean water through NCM strategies. The Justice Movement website, www.justicemovement.com, provides free video, curriculum, and promotional resources in multiple languages.

PAUL SKILES YOUTH MINISTRY ENDOWMENT

The financial needs of global youth ministry are supported in part through the Paul Skiles Youth Ministry Endowment established in 2009. This endowment, facilitated through the Church of the Nazarene Foundation, continues to grow with contributions.

TIMOTHY AWARD

The Timothy Award was established in 1995 to recognize outstanding leadership and service to youth leaders at the local, district, field, regional, and general level. The award embodies the words of the Apostle Paul, who in Philippians 2:20, recognized Timothy's commitment to the needs of others: "I have no one else like him, who takes a genuine interest in your welfare" (NIV). It was Timothy who had been encouraged to "not let anyone look down upon you because you are young, but set an example for the believers in speech, in life, in love, in faith and in purity" (1 Timothy 4:12, the theme verse of NYI). He then proved himself as a

trusted leader devoted to serving the body of Christ. His legacy was his genuine interest in the welfare of others, a description given by the one who knew him best.

A total of 73 Timothy Awards were presented throughout the quadrennium to outstanding youth leaders who are investing their lives into our young people. In 2017, the NYI office created a listing of all those who have received the Timothy Award since its inception in 1995. This can be viewed on the NYI website at www.nazarene.org/nyi.

YOUTH MINISTRY ACADEMY

A 20-lesson youth ministry curriculum is available to train youth leaders globally. These courses are designed to give foundational elements to youth ministry as well as to develop strategy. These 20 lessons include: Introducing Youth Ministry; Cultural and Social Contexts for Youth Ministry; Psychological and Developmental Influences in Youth Ministry; Biblical and Theological Foundations of Youth Ministry; History of Youth Ministry; Philosophical Foundations of Youth Ministry; Relationship With God; Relationship With Others; Relationship Within the Body of Christ; Worship; Witness and Evangelism; Nurturing and Teaching; Compassion and Service; Community and Belonging; Simplicity and Retreat; Offering Direction; Providing Care; Equipping Leaders; Empowering Youth; and Legacy of Long-Term Ministry.

The Youth Ministry Academy lessons are available worldwide in multiple languages and at no cost. We know that better equipped youth leaders are more effective in their ministry and also serve longer. This training material can be studied individually or used in a group setting.

Quarterly webinars were started in 2016 to provide additional training to youth leaders. Each webinar was provided in English, French, Portuguese, and Spanish on topics including servant leadership, small groups, and how to lead mission experiences. Archived versions of the webinars can be viewed on the NYI YouTube channel(www.youtube.com/user/NazareneYouth).

PERSONAL REFLECTIONS

These have been an incredible four years. NYI continues to be a growing ministry seeking to be transformational in all we do to call this generation to a dynamic life in Christ. I thank God for His faithfulness through His young people called Nazarenes. This report reflects NYI's commitment to reach, equip, and empower young people to the glory of God.

Respectfully Submitted,
GARY W. HARTKE
Nazarene Youth International Director

NAZARENE PUBLISHING HOUSE

To the Board of General Superintendents and Delegates of the 29th General Assembly:

Introduction

The publishing industry continues to experience rapid and evolving change in a mobile and digital world that emphasizes seeing, hearing, personal interaction, and rapid communication. At the same time, many of those we serve lack the infrastructure to access this

change and continue to depend on traditional print mediums. Nazarene Publishing House (NPH) is navigating the fluidity of the industry and the needs of the church with an eye to the new opportunities for expanding the reach of our ministry and enhancing its effectiveness. The mission of NPH is to publish or otherwise produce, merchandise, own, license and otherwise manage the content of all media for the benefit of the Church of the Nazarene and other Christian markets consistent with the mission of the church.

Following its 100th year of service, NPH ended the last quadrennium with an urgent need for a viable response to the significant changes in the publishing industry. After more than a decade of operating losses at Nazarene Publishing House, the Church responded by implementing new leadership and direction, shifting focus to communications and media. Inherent with significant change in an era of flux, there have been obstacles and challenges along the way.

The challenges allowed for reassessment of business strategies and revealed the need for a realignment of organizational structure defining the relationship of NPH to the General Church. NPH governance concerns created the opportunity for review and standardization of all General Church subsidiaries. The roll-up of NPH financial statements into those of the Church of the Nazarene, Inc. gave further impetus for risk management and solid governance procedures.

Initial strategic response

In December 2012, Gerald Smith was elected President with the directive to address the mission of NPH in new and sustainable ways. Mr. Smith brought with him extensive experience in communications and media production, and NPH acquired his company Premier Studios, LLC.

The NPH Board was affirmative of this decision with its particular challenges and possibilities, yet there were persistent questions regarding conflict of interest issues and increased decline in revenues that plagued the transition.

After the decision by Mr. Smith to not allow his name to be considered for reelection, the Board of General Superintendents in May 2014 engaged Mr. Jim VanHook as interim CEO, which he held until September. Under Mr. VanHook's leadership;

- Closed and liquidated Premier Studios, LLC
- Reduced NPH/Premier Studios workforce by approximately 30 positions
- Executed due diligence necessary for selling Lillenas Publishing Company
- Investigated a viable future model for NPH
- And, in September, recommended closing and liquidating NPH

At the end of September 2014, the NPH Board of Directors tendered its resignation. The Board of General Superintendents then declared NPH in crisis and made the difficult but necessary decision to cease business operations under the current model, including dismissal of all employees effective December 1, 2014.

A change in direction

In October 2014, a new three-member Board of Directors was appointed and led by Chairman Dr. Bob Brower and joined by Mr. Monte Chitwood and Mr. Keith Pardue, secretary. This board work tirelessly to grasp the varied business, financial and legal challenges facing NPH in an effort to determine its viability. The Board's Situational Analysis Report: <http://nazarene.org/sites/default/files/docs/bgs/BGSSituationalAnalysisReportFeb2015.pdf>.

Mr. Mark D. Brown was appointed as interim CEO in October 2014.

After a great deal of review regarding the plan to close and liquidate NPH, the new NPH Board requested management to develop a plan for a significant restructure with the view of developing a sustainable publishing ministry to the Church of the Nazarene and her Wesleyan partners. There was consensus that closing and liquidating NPH for an uncertain period of time before restarting a new model would be detrimental to the relationship with the churches and that churches would find it difficult to function in the interim without resources. The decision was made to terminate the workforce on December 1, 2014 and hire a reduced workforce beginning December 2. It was determined that the focus would be on NPH's core product mix, which includes Sunday School curriculum, theological and pastoral resources, textbooks, commentaries and spiritual formation materials for laypersons. There was no interruption in services during the transition period. There was a great outpouring of support for this decision by the customers and churches to which NPH ministers.

Beacon Hill Press began to narrow its publishing focus to mission-essential products, which includes commentaries, textbooks, pastoral resources and select spiritual formation titles.

With a much smaller team, WordAction continued curriculum development with no break in service to our churches.

And, the decision was made to retain Lillenas Publishing Company. The official relaunch began August 2, 2015.

The Board of General Superintendents took action in December 2015 to remove the designation of interim from the title of the CEO, as they and the NPH Board began work on a new business structure and definition of the relationship of NPH to the denomination.

Implementation of organizational strategies

In consultation with the General Church and legal counsel, the NPH Board submitted to the General Secretary recommended governance resolutions for action at General Assembly. Prior to General Assembly, both the NPH Board and the General Board will take action on these resolutions. The new governing structure will provide clear lines of communication and responsibility, as well as adequate checks and balances, for effective management of NPH.

On March 29, 2016, property and buildings on the east side of Troost Ave. were sold to the Kansas City District School Board for use as administrative and operational offices. NPH retains ownership of a city block of property and a 100,000 sq. ft. building on the west side of Troost, which is leased to the firm providing printing, distribution, and warehousing services.

The sale of property was beneficial to NPH in several ways. It allowed us to relocate our administrative offices and warehouse to smaller, more effective and less costly spaces. Additionally:

- NPH is subleasing space in an office complex within a mile of our prior location, remaining in close proximity to our service provider on Troost.
- Office staff moved in February 2016, cleaning out their "home" of 100 years for a new start in a new place. Warehouse space was reduced by more than half and replaced with leased space. This move of 48 semi-truck loads of inventory occurred at the same time as the relocation of administrative offices.

- The property sale was important for reducing ongoing operational costs and helping to replenish the cash reserves.
- NPH has historically partnered with the city of Kansas City, Missouri in maintaining a stable and well-maintained presence in the urban core. The Troost location was an excellent location for the Kansas City District School Board, and they will maintain and carry out this presence well into the future.

In June 2016, NPH transferred the assets of its Defined Benefit Pension Plan to the General Board Investment Committee for investment management, and engaged the services of Pensions & Benefits USA for administration of the plan. The Plan is appropriately funded and continues to require no employer contributions.

Financial results

NPH operating earnings (prior to restructure and moving expenses) were in the black for the last two fiscal years. For fiscal year 2016, total net income will be approximately \$1 million, largely due to proceeds from our property sale.

NPH was able to restore its cash investments to an excess of the required three-month operating reserve. These funds will be necessary to maintain and invest in future obligations.

The Nazarene Publishing House financial statements for the 2012-2013 fiscal years were audited by Keller & Owens LLC, certified public accountants. Grant Thornton LLP audited the financial statements for the fiscal years 2014-2016. Detailed management and financial reports were provided to the Nazarene Publishing House Board of Directors at various meetings throughout the quadrennium.

The stability achieved financially and organizationally allowed the continuation of our ministry, and we are glad to be able to report the achievements of our various business units.

Beacon Hill Press

Beacon Hill Press (BHP) continues to focus on mission-critical resources as we develop content for pastors, professors, students, theologians and lay leadership. Our goal is to provide a platform for the important conversations happening in the Wesleyan world. BHP initiatives:

- Completion of the 46-volume set of the *New Beacon Bible Commentary (NBBC)* is expected by the end of 2018. This effort continues to be one of the most significant emphases of Beacon Hill Press as we resource a new generation of pastors, give scholars a platform, and nurture holiness theology for future generations in the Church of the Nazarene and pastors from every Wesleyan tradition.
- Release of new textbooks continues under the Centennial Textbook Initiative, launched by the Board of General Superintendents in 2001. As we move into the future, BHP remains steadfast in our commitment to continue to be the industry leader in Wesleyan-Holiness theological materials. Consulting Editor Dr. Alex Varughese oversees the development of Centennial Initiative texts, and also serves as the General Editor for the *NBBC*.
- Release of a new congregational study titled *Embracing Exile: Living Faithfully as God's Unique People in the World* is slated for General Assembly. The anchor piece is a book by Dr. Scott Daniels exploring what it means to live as Christians in a culture that is on an increasingly post-Christian trajectory. Ancillary pieces will include small-group videos,

sermon videos, sermon outlines, and conversation videos featuring Dr. Dan Boone, Rev. Shawna Songer Gaines, Dr. Doug Hardy, Dr. Brent Peterson, Dr. Carla Sunberg, Dr. Josh Sweeden, Rev. Simone Twibell, and Dr. Montague Williams.

- Acquisition of a systematic theology series that will be comprised of small lay-friendly volumes dealing with doctrinal topics including:
 - The Triune God
 - Jesus Christ
 - The Holy Spirit
 - The Holy Scriptures
 - Sin
 - Atonement
 - Grace and Salvation
 - Sacraments
 - Sanctification
 - The Church
 - Eschatology
- Release of the *Global Wesleyan Dictionary of Biblical Theology*, a 500+ page volume including entries and essays from writers in every Nazarene world region and every holiness denomination.
- Continued partnership in the Wesleyan Digital Library project, which is an initiative of the Books for Pastors Committee and a joint effort between BHP, the International Board of Education, World Mission, Nazarene Missions International, USA/Canada Regional Office, the Communications Department, and Nazarene colleges and universities from every world region. This initiative is making possible the largest digital repository of Wesleyan academic and pastoral resources in the world.
- Highlights of new products this quadrennium include:
 - *Theology of Love, Second Edition*: A seminal title by Mildred Banks Wynkoop shaping the holiness tradition of the Church of the Nazarene since its original publication in 1972.
 - *These Forty Days*: A Lenten experience for church communities written by Dr. Jeren Rowell and centered on the Sermon on the Mount.
 - *John Wesley: His Life and Thought*: A new textbook by Dr. Timothy Crutcher published concurrently in English, French, Spanish, and Portuguese.
 - The *Breathe* Series: A video small group resource led by Rev. Shawna Songer Gaines with 6-week studies, *Wilderness*, *Created*, and *Babylon*.

WordAction Publishing

WordAction Publishing creates Bible-based Wesleyan-Holiness curriculum for persons of all ages. WordAction highlights:

- Adult Curriculum continues to resource nearly 100,000 people each week. In Spring 2018, an updated WordAction *Faith Connections* curriculum will launch. The product will have streamlined methodology, updated design, and media featuring lesson writers and contributors.

- NPH released a new preteen curriculum titled *Collide: Where Faith Meets Life* in June 2016. This preteen resource is interactive, video-based, and includes teacher training elements. Initial response to *Collide* has been extremely positive.
- In 2016, we hired two children's product developers, Jeremy Bond and Kyle Tyler. As well-respected practitioners they have already made a relevant impact on the children's product line.
- The children's product development team is working on release of a new children's brand to be introduced at the General Assembly in 2017. The brand will emphasize leadership training and offer a suite of products for use both at church and at home. A new children's curriculum is planned for release in Fall 2018.

Lillenas Publishing

Lillenas Publishing Company and Lillenas Kids were reintroduced to the marketplace after a 15-month hiatus. The welcome was overwhelmingly positive by customers and the church music industry.

In 2016, Lillenas Publishing Company released 25 Single Song Anthems, an Easter musical titled *Victors Crown*, and a full-length Christmas musical titled *CHRISTMAS: We Remember, We Celebrate and Worship*. Lillenas Kids released a children's musical titled *Really, Really, Really GOOD NEWS*. Customers have the option of purchasing product in both physical and downloadable formats.

Leadership Team

The Leadership Team at NPH provides strong leadership, commitment and the creative wisdom that is crucial in the continuation of this ministry:

- Mark Brown, CEO
- Eric Bryant, Director of Sales & Operations
- Bruce Nuffer, Director of Marketing
- Mark Parker, Director of Lillenas and Human Resources
- Bonnie Perry, Director of Editorial

Conclusion

Events and changing times motivated NPH to make some critical and necessary changes. Change can be difficult, but what seems difficult now, will prove to be crucial in the future as NPH strives to engage the church for the Mission of God.

Respectfully Submitted,
MARK D. BROWN
Nazarene Publishing House CEO