

Summer semester ends, 40 complete programs

PASADENA — Forty students completed their requirements for either a degree or diploma in biblical studies at the end of Ambassador College's summer session.

Commencement exercises took place in the Ambassador Auditorium Sept. 4 in lieu of the regularly scheduled student forum that day, to enable the student body to attend along with faculty, friends and family members of the graduates.

After the invocation by Roderick C. Meredith, dean of faculty, the discourse, "The Missing Dimension in Education," was delivered by Raymond McNair, deputy chancellor of the college. The students were seated on stage, the diploma candidates on the speaker's left, the degree candidates on the right.

After the exercises, about 100 graduates, faculty and family members enjoyed a luncheon banquet in the club rooms of the student center next to the Auditorium, with background music provided by Ross Jutsum's band. During the luncheon Mr. McNair gave a short, personal address to the group.

Of the 40 graduating students, the following participated in the commencement exercises:

Diploma candidates: Richard Michael Bennett, John Curry, Deborah Dupuis, Charles Fisher, Sonia King, Pamela Mehnert, Deborah Saylor and Wayne Turgeon.

Bachelor of arts candidates: Kathleen Braden, Joseph Maupin, Eric Ronchetti, Valerie Searls, John Snyder Jr., Gregory Thomas and Shirley Towler.

Bachelor of science candidates: Theodore Budge, Patricia Dummett, Joseph Kreiter Jr., Kathryn Myers, Choo Sian Ong, Michael Wyatt-Paige and Michael Strevel.

Bachelor of arts in general studies: Kelli Thompson.

Those unable to be present were: John Anderson, Karen Bontrager, Katherine Coleman, Paul Corathers, Philip Todd Destine, David Duff, Salvatore Fuizzotti, Robert Johnson, Warren Melum and William O'Kiley for the bachelor of arts; and Arlene Barnes, Dan Charo, James Gamblin, Karen Miller, William Patterson, Herb Storck and David Trischuk for the bachelor of science.



SUMMER SEMESTER GRADUATION — Pam Mehnert receives her diploma in biblical studies from Raymond McNair, Ambassador College deputy chancellor, left, and the diploma and degree candidates pose in the lobby of the Ambassador Auditorium. (Photos by Roland Rees)



Office lists traveling speakers

PASADENA — The Festival Office here has released a tentative list of ministers giving sermons and/or Bible studies at two or more sites during this year's Feast of Tabernacles. Pastor General Herbert W. Armstrong plans to speak at Tucson, Ariz., Oct. 5 and 6; Savannah, Ga., Oct. 11; and St. Petersburg, Fla., Oct. 13. Other ministers, their Feast sites and dates they will be speaking are as follows:

Greg Albrecht: Norfolk, Va., Oct. 7, and St. Petersburg, Oct. 9. Dean Blackwell: Savannah, Oct. 5 and 6; Norfolk, Oct. 8; Wisconsin Dells, Wis., Oct. 10; and Lake of the

Ozarks, Mo., Oct. 13. Herman Hoeh: Biloxi, Miss., Oct. 5 and 6; Lake of the Ozarks, Oct. 8 and 10; and Tucson, Oct. 13.

Ronald Kelly: Seattle, Wash., Oct. 5, 6 and 13; Tucson, Oct. 8, and Fresno, Calif., Oct. 10. Ellis LaRavia: Saratoga Springs, N.Y., Oct. 6, and Norfolk, Oct. 10. Dennis Luker: Lahaina, Hawaii, Oct. 5 and 6; Seattle, Oct. 8; Fresno, Oct. 11; and Tucson, Oct. 13.

Roderick Meredith: St. Petersburg, Oct. 5 and 6; Biloxi, Oct. 8; Savannah, Oct. 10; and Norfolk, Oct. 12 and 13. Sherwin McMichael: Wisconsin Dells, Oct. 6; Lake of the

Ozarks, Oct. 8; St. Petersburg, Oct. 10; and Savannah, Oct. 13. Burk McNair: Lake of the Ozarks, Oct. 6 and 12, and Biloxi, Oct. 13.

Raymond McNair: Norfolk, Oct. 5 and 6; St. Petersburg, Oct. 9; and Saratoga Springs, Oct. 12 and 13. Leroy Neff: Pasadena, Oct. 5 and 6, and Lahaina, Oct. 10 and 13. Don Ward: Biloxi, Oct. 7 and 8, and Wisconsin Dells, Oct. 10 and 12.

A 15-minute slide show on the purpose of the Church's YES (Youth Educational Service) program and a 40-minute film commentary on the receivership issue are scheduled to be shown at U.S. Feast sites.

PRE-FAST ISSUE

This special issue of *The Worldwide News* contains a number of articles to help you with your Feast preparation and the annual Treasurer's Report for the 1978 calendar year.

Not included in this issue are the "Announcements" and "Local Church News" sections, which will appear in our Sept. 24 issue.

Complete coverage of the 1979 Feast of Tabernacles will be in the following Oct. 29 issue.

Attorneys to appeal ruling on Church documents

PASADENA — In an hour-long hearing at the Los Angeles, Calif., County Courthouse Aug. 29, Superior Court Judge Thomas T. Johnson heard Church attorney Allan Browne outline a seven-point argument against the State of California's amended complaint requiring that all Church documents, whether financial, physical or ecclesiastical, including those in the possession of former members or employees of the Church, be given to the State.

Mr. Browne borrowed from a July 25 unanimous ruling by judges of the U.S. First Circuit Court of Appeals in a case involving an examination of the costs of running a Roman Catholic school. That court maintained that the "gathering of information does amount to entanglement" in a church's ecclesiastical affairs, Mr. Browne pointed out, adding that, "it is impossible to separate the way a church spends its money and [how it conducts its] religious practices."

Deputy Attorney General Lauren Brainard contended that "preventing fiscal fraud" was the State's motive in the action, and that an interest in preventing what might be criminal activity showed "compelling State interest" and warranted the State's involvement in church matters.

Judge Johnson took the matter under submission, postponing a decision until Sept. 4, when he ordered that the documents be given to the State. Mr. Browne and Ralph Helge, attorney for the Church, held a press conference the next day in response to the order. A transcript of that conference follows.

Late yesterday we received an



PRESS CONFERENCE — Ralph Helge, head of the Church's Legal Department, and Allan Browne, attorney for the Church, speak at a press conference called to discuss a court ruling requiring that Church documents be turned over to the attorney general of the state of California. (Photos by Roland Rees)

order from the Los Angeles Superior Court, which requires the Church and the college and the [Ambassador International Cultural] foundation to turn over some highly sensitive documents to the attorney general. These documents include minutes for the Church covering more than 22 years with highly sensitive ecclesiastical material, letters from ministers to one another, letters from Herbert



W. Armstrong, pastor general of the Worldwide Church of God, to other ministers.

There are notes of personal telephone conversations that Mr. Armstrong had with other ministers that are required to be turned over. In addition to that, receipts for contributions made by the members to the Church and a report showing membership and *Plain Truth* circulation, which is the Worldwide Church of God's primary medium of communication in writing with its members.

And in addition to that accounting, materials covering more than 25 years of every penny coming in and out of the Church, what's happened to it and where it's gone and where it's coming from.

Now this information, in my view, is totally exculpatory. The reason that we are objecting to it as strenuously as we are is because this kind of action is totally unwarranted and intrusive into the First Amendment [and] is totally and completely unconstitutional.

The court, in my view, has not come to terms with something that seven other states have come to terms with. In the last 30 to 60 days, two United States Court of Appeal decisions covering Maine, Massachusetts, New Hampshire, Rhode Is-

land, Illinois, Wisconsin and Indiana have all recognized that if there are abuses in a church, there is one way and only one way to correct it. That is through the medium of criminal law.

Rather than try to reorganize the church as California has done, rather than try to put a receiver in the top of the church and monitor and supervise all money in and out, rather than try to take the position that all property belongs to the State and that in effect a new board of directors can be required and the leadership can be deposed, these other states have recognized that what you do is go after the individual members or officers of the church who have committed any wrongdoing.

In this case there has been no wrongdoing, and in this case the state attorney general has refused to take any criminal action in spite of the repeated offers and invitations on our part for them to bring any such action. The question is, why have they not taken criminal action if they say, as they have in their papers, they have to a substantial certainty found criminal acts on the part of these officers?

My belief is that they have not gone criminally for several reasons: 1) They have got to prove their case (See ATTORNEYS, page 2)

Have a great Feast of Tabernacles — the 'WN' staff

Attorneys

(Continued from page 1)

beyond a reasonable doubt if they go to the criminal law. They can't prove it even to a shadow of a doubt at this point. There is no evidence.

2) In a criminal action the officers or whomever they try to indict would have the safeguards of the right to confront their witnesses. At this point in time the attorney general has remained completely silent and refused to tell us who these witnesses might be. 3) The attorney general in a criminal action would be required to show probable cause before they can take any documents out of the possession of the Church or the third parties. They have no probable cause, and they have not been able to show that up to this day.

So all of the controls designed to protect people against the criminal law have been abated in this case, and the attorney general has seen fit to try a different attack — a civil action — which has been absolutely negated in virtually every other state in this country where it has been raised.

So my advice to my clients at this point would be that they do not under any circumstances provide any documentation to the attorney general, that we seek immediate relief in an appellate court, and as to any documents in the hands of third parties, we have filed a lawsuit, which was of record as of yesterday, against those third parties requiring them to give back the documents, which are in their possession without our consent or authorization.

In your advice to your clients, does that cover all the documents ordered turned over by the Superior Courts, or are there some

None will be turned over for the reason that, I feel, if we turn over any documents it may be a partial waiver of our rights, which might affect our right to make these claims on appeal at a later time. So we have to preserve all of our rights.

You're talking about the criminal-law approach. California (unclear) through the statutes regulating charitable trusts . . .

One of the problems this case has had from the beginning is that no one has really come to terms with what a charitable trust consists of. This is not the Boy Scouts of America or United Way or Girl Scouts. Those perhaps could be named charitable trusts. This is a nonprofit religious organization, and it is our contention and always has been that the amount of supervision over a religious organization protected by the First Amendment is far different than the amount of regulation over the Boy Scouts of America or Muscular Dystrophy, which has no First Amendment protection.

Doesn't that open the doors, as it has in the past, to some organizations setting themselves up as churches, which are there primarily for the purpose of taking money from the public?

(Mr. Helge) You ask this often-raised question about some organization pulling itself off to be a church that is not a church. You don't have to have charitable-trust rules applying to a church in order to prevent that type of wrong. As was mentioned, you would have had a con game. You would have a whole section of the police department that would come out and arrest such individuals so as to stop them.

Secondarily, if you were a corporation, the attorney general has full authority to go down and revoke that corporate charter. It's called quo warranto proceedings and then, hence, they are not a corporation anymore and cannot hold themselves out as such.

So you can see there are many, many other means by which they can

stop these so-called wrongs other than that which they are doing. And the very basic fundamental rules of constitutional law, the basics, are that the government must use the least intrusive means. And obviously the least intrusive means is to take the men who have allegedly been pilfering, embezzling millions, and arrest them. Then the church is left to function as a church. See how simple that would be?

Is the Church accountable to its members? Or to those who may contribute to it from outside the doctrine?

When you say account, I would say — yes, they answer to their members. That's where the answer lies. Not to the public. After all, the Catholic Church doesn't have to account to me as to how much money it's received. The Mormon Church doesn't have to account to me as to how much money it has received. See what I'm getting at? The attorney general's posture is absolutely repugnant, that I as a member of this public am an owner of the Catholic Church, of the Seventh-day Adventist Church. And you in turn are a member of my Church. You see what I'm getting at . . .

There is a duty to account, for certain organizations, in the statute — there is a statute that specifically provides for an accounting for all these organizations to the public. Churches are specifically exempted from that, and still, in spite of that, the attorney general proceeds and says we have a duty to account to the public. In other words, I keep saying, will somebody please show me the accounting that the Catholic Church has given to the attorney general? When has he sued them and said account to the public?

Expected weather listed for sites

Following are expected weather conditions for the U.S. sites at the 1979 Feast of Tabernacles. As the Feast is during Indian summer the weather is somewhat unpredictable, but the following information can be used as a guide to help you better prepare for this year's Feast.

Tucson, Ariz.: Expected high, 80; low, 50. Tucson generally has short-sleeve weather, with chilly spells. Moderate summer wear is appropriate for this site.

Fresno, Calif.: Expected highs in the low 70s; lows in the middle 40s. Fresno generally has beautiful clear weather. Participants should bring light sweaters and jackets for evening and early-morning wear, as nights are chilly. Feastgoers planning to visit Yosemite or other mountain parks should bring moderately heavy clothing and coats. Mountain parks are cool during the day and cold at night.

Seattle, Wash.: Expected highs in upper 60s; lows in the low 40s. The Seattle site has mild weather with nippy evenings. Light sweaters and jackets are essential for warding off cool ocean breezes in the evenings. Also necessary is a light raincoat and/or umbrella for protection against brief showers.

Savannah, Ga.: Expected highs in the upper 70s and low 80s; lows in the middle 50s. Weather conditions should require only light summer wear and light jackets or sweaters for evening wear. The Savannah site expects to have excellent swimming weather.

Saratoga Springs, N.Y.: Ex-

pected highs in the middle 60s; lows in upper 30s. The weather conditions at Saratoga Springs are similar to that of the Wisconsin Dells, Wis., site. Feastgoers should bring appropriate clothing for moderately cold weather.

Special note: Last year, participants at the New York site experienced abnormally cold weather because the 1978 Feast occurred late in the year. The Festival Office in Pasadena reports that conditions should be warmer in 1979.

Biloxi, Miss.: Expected highs in the 80s and lows in the low 60s and upper 50s. The Biloxi site expects beautiful weather with plentiful opportunities for outdoor activities. Feastgoers should take light jackets or sweaters for cool evenings from ocean breezes.

St. Petersburg, Fla.: Expected highs in the low 80s and high 70s; nightly lows in the middle 50s. The St. Pete site expects plenty of sunshine. Feast participants should bring an umbrella for protection against frequent brief afternoon showers.

Lake of the Ozarks, Mo.: Expected highs in the upper 50s and low 60s during the day, and lows will fall between the low 40s and upper 30s during the night. Beautiful nippy fall weather with lots of color will be the fare at the Ozarks site. Participants should bring moderately heavy clothing and umbrellas in case of rain. The Ozarks have occasional cold snaps, but generally will warm up considerably in the afternoon for outdoor activities.

Wisconsin Dells, Wis.: Expect anything from the low 30s to upper 70s. The Dells site often surprises the Feastgoer with beautiful fall days combined with pleasantly crisp evenings. Bring a jacket of medium to heavy weight and an umbrella in case of rain. Weather can range from cold nights to daytime shirt-sleeve conditions.

Norfolk, Va.: Expected highs in middle 70s; lows in lower 50s. Weather conditions at the Norfolk site will be similar to the Biloxi site. Take a light sweater or jacket for cool ocean breezes at night.

Check list before leaving

Securing your home and personal affairs is a vital part of planning for the Feast. As you finalize your Festival plans, you may find the following helpful.

Several days before the Feast, remind your employer and business associates of the dates you will be

away. Notify your children's school administrators, in writing, of the Feast.

Make arrangements for the care and boarding of your pets. Make arrangements to stop your newspaper delivery. Have your post office hold delivery of your mail. A pile of newspapers and mail at your home is a magnet for prospective burglars.

Before leaving, inform a trusted neighbor of your absence, and leave a key for emergencies. Notify your police department that you are leaving. They will make a special effort to watch your home.

In the last few hours water plants and lawn; set timers and alarms or turn on a night-light; secure all windows and doors and draw all curtains; unplug all appliances and turn off air conditioner and pilot lights; don't forget to dispose of perishable foods (milk, cottage cheese, etc.).

Compiling a to-do checklist will help you organize your Feast preparations, provide peace of mind later at the Feast site and help you fulfill the command to really enjoy the Feast of Tabernacles (Deuteronomy 14:26).

The Worldwide News

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Car travel easier with planning

During the energy crisis, Feastgoers can minimize energy consumption and enjoy traveling more by using the following travel suggestions.

Before traveling

Start out by having your car thoroughly tuned. Tests show that even minor tune-ups can improve mileage 10 percent. If you tune your car yourself, be sure to check the following:

- Make sure spark plugs are clean and firing properly.
- Set distributor points.
- Replace dirty air and oil filters.
- Check the automatic choke — one that sticks will waste gas.
- Be sure the carburetor air-fuel mixture is precisely adjusted.

Make an oil change and grease job a part of every tune-up, using the proper oil weight for your engine. Too heavy an oil wastes gas, and too light an oil causes excessive engine wear.

Check your tire pressure. Under-inflated tires increase the chances of

a blowout. Tires overinflated by more than a few pounds increase tire wear and are a potential hazard.

Make sure you have the proper gas cap for your car. Improperly fitted caps can leak gas and present a serious safety hazard. Never carry spare cans of gasoline in your car. The potential disaster far outweighs the convenience (one gallon of gasoline equals the explosive force of 50 pounds of dynamite).

Give your car an overall safety inspection. Check wiper-blade condition, headlights, brake-fluid levels, brake condition and tires. Don't wait till it rains or you have a blowout to invest in some repairs. Check your fan belts for excessive wear and cracking. Take spares in case of breakage. It is an easy task to change most belts, but the various sizes are often hard to find.

Put together a small kit with the following items to carry in your car.

- Small first aid kit
- Emergency flares and reflectors
- Dry chemical fire extinguisher (rated for ABC fires)

Use lost and found to help

Every Feast, virtually hundreds of articles are lost through misplacement and accidental procurement. For example, Polly Edington and her daughter, Lisa, suffered the loss of a meaningful item at the Wisconsin Dells, Wis., Feast site in 1978. Mrs. Edington writes:

"One day after services Lisa and I stayed for the afternoon children's games. I left our Bibles, papers and Lisa's blanket at the back of the tabernacle in a safe place. When I returned to collect our things, the blanket was gone. It was a baby-sized blanket with a white back-ground and little animals. It was

made by my grandmother for my firstborn and has a lot of irreplaceable memories for us. Lisa misses it for church and her dolls."

This type of experience is no doubt shared by many brethren. This Feast, do your part by returning any articles you may find to the lost-and-found booth at your site. A little bit of effort and concern by all of us can make the Feast much happier for the unfortunate Lisas around the world.

Incidentally, anyone having information concerning Lisa's blanket can forward it to *The Worldwide News*. Both Mrs. Edington and Lisa would appreciate it.

During travel

Avoid heavy meals, excessive sweets and alcohol. Plan your travel route to avoid congested roads and highways. If you are traveling a long distance, start early in the morning to minimize use of air conditioning and to avoid heavy traffic. Avoid rush-hour traffic by planning your meal times during these periods.

Make sure you use your safety belts and obey all civil and traffic laws, including the 55 mph speed limit. Plan your trip so you will enjoy it. Don't overextend yourself by driving long hours. Change drivers frequently.

WORLDWIDE CHURCH OF GOD TREASURER'S REPORT

WORLDWIDE CHURCH OF GOD

WORLD HEADQUARTERS
PASADENA, CALIFORNIA 91323

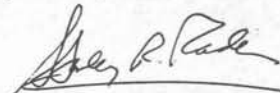
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President and Pastor

STANLEY R. RADER
Treasurer and General Counsel

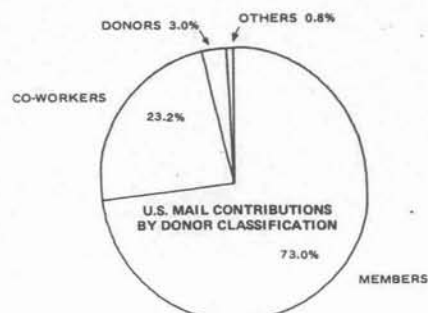
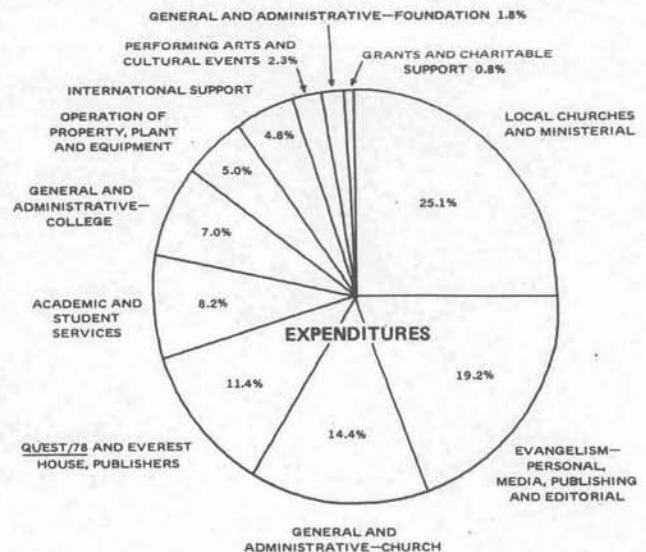
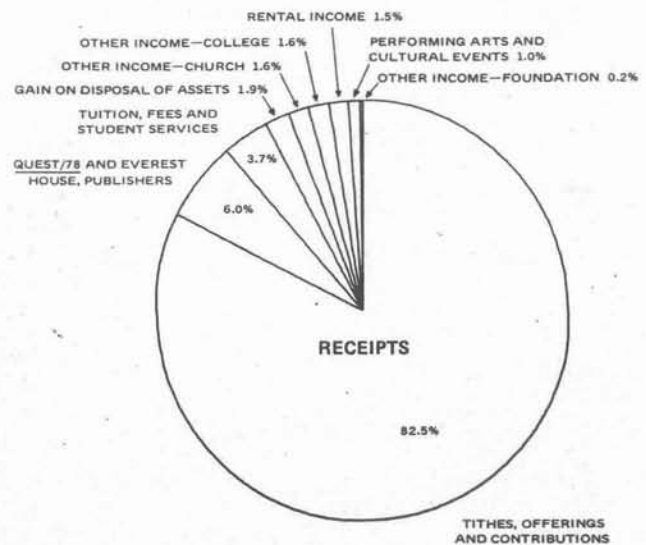
As has been Mr. Herbert W. Armstrong's practice at the time of the Fall Festivals, a financial report for the preceding year has been compiled for the brethren from statements examined by an independent firm of certified public accountants. We publish it here in *The Worldwide News* for your convenience.

The accompanying financial report presents the combined balance sheet, combined statement of receipts and expenditures and changes in financial position, and selected footnote information for the three California corporations through which activities of the Work in the United States are carried out. This past year, the financial statements of the three California corporations were examined by Arthur Andersen & Co. The accompanying report contains information extracted from the audited financial statements and also includes supplemental information prepared by our financial staff.

On behalf of Mr. Armstrong, we deeply appreciate your prayers and willingness to allow God to work through you in doing your part of this most important Work.



Treasurer



WORLDWIDE CHURCH OF GOD

WORLD HEADQUARTERS
PASADENA, CALIFORNIA 91323

HERBERT W. ARMSTRONG
President and Pastor

STANLEY R. RADER
Treasurer and General Counsel

Combined Statement of Receipts and Expenditures WORLDWIDE CHURCH OF GOD/AMBASSADOR COLLEGE/AMBASSADOR FOUNDATION For the Year Ended December 31, 1978

RECEIPTS	Total	%
Tithes, offerings and contributions	\$52,337,000	82.5
Tuition, fees and student services	2,335,000	3.7
Quest/78 and Everest House, Publishers	3,870,000	6.0
Performing arts and cultural events	607,000	1.0
Gain on disposal of assets	1,196,000	1.9
Rental income	964,000	1.5
Other income:		
Worldwide Church of God	1,037,000	1.6
Ambassador College	990,000	1.6
Ambassador Foundation	131,000	.2
Total combined receipts	\$63,467,000	100.0

EXPENDITURES	Total	%
Evangelism:		
Personal evangelism	\$ 1,507,000	2.2
Media	6,642,000	9.7
Publishing and editorial	5,018,000	7.3
Local churches and ministerial	17,135,000	25.1
Academic and student services	5,574,000	8.2
Operation of property, plant, and equipment	3,430,000	5.0
International support (net of funds received)	3,250,000	4.8
Quest/78 and Everest House, Publishers	7,826,000	11.4
Performing arts and cultural events	1,598,000	2.3
Grants and charitable support	526,000	.8
General and administrative:		
Worldwide Church of God	9,813,000	14.4
Ambassador College	4,839,000	7.0
Ambassador Foundation	1,236,000	1.8
Total combined expenditures	\$68,394,000	100.0
Combined excess of expenditures over receipts	(\$ 4,927,000)	

WORLDWIDE CHURCH OF GOD			
WORLD HEADQUARTERS PASADENA, CALIFORNIA 91233			
HERBERT W. ARMSTRONG President and Pastor		STANLEY H. RAGER Treasurer and General Counsel	
Combined Balance Sheet			
WORLDWIDE CHURCH OF GOD/AMBASSADOR COLLEGE/AMBASSADOR FOUNDATION			
December 31, 1978			
	<u>ASSETS</u>	<u>Total</u>	<u>%</u>
CURRENT ASSETS			
Cash		\$ 4,668,000	6.1
Receivables, net		1,545,000	2.0
Other		<u>1,830,000</u>	<u>2.4</u>
Total current assets		8,043,000	10.5
Long-term receivables, net		1,192,000	1.6
Property, plant, and equipment held for sale, net of accumulated depreciation of \$1,828,000		8,412,000	11.0
Depreciable property, plant, and equipment, net of accumulated depreciation of \$10,097,000		11,279,000	14.8
Capitalized leased property, plant, and equip- ment, net of accumulated amortization of \$2,578,000		1,796,000	2.3
Nondepreciable property, plant, and equipment		45,737,000	59.8
Other assets		<u>12,000</u>	<u>-</u>
Total assets		<u>\$76,471,000</u>	<u>100.0</u>
<u>LIABILITIES AND FUND BALANCES</u>			
CURRENT LIABILITIES:			
Current portion of long-term debt		\$ 2,880,000	3.7
Current portion of obligations under capitalized leases		362,000	.5
Accounts payable		1,035,000	1.4
Accrued liabilities		3,018,000	3.9
Other		<u>362,000</u>	<u>.5</u>
Total current liabilities		7,657,000	10.0
Long-term debt, net of current maturities		10,463,000	13.7
Obligations under capitalized leases, net of current maturities		2,453,000	3.2
Deposits and other liabilities		896,000	1.2
Deferred income		2,118,000	2.8
Fund balances		<u>52,884,000</u>	<u>69.1</u>
Total liabilities and fund balances		<u>\$76,471,000</u>	<u>100.0</u>

WORLDWIDE CHURCH OF GOD

WORLD HEADQUARTERS
PASADENA, CALIFORNIA 91233

HERBERT W. ARMSTRONG
President and Pastor

STANLEY H. RAGER
Treasurer and General Counsel

Combined Statement of Changes in Financial Position WORLDWIDE CHURCH OF GOD/AMBASSADOR COLLEGE/AMBASSADOR FOUNDATION For the Year Ended December 31, 1978

FINANCIAL RESOURCES WERE PROVIDED BY:

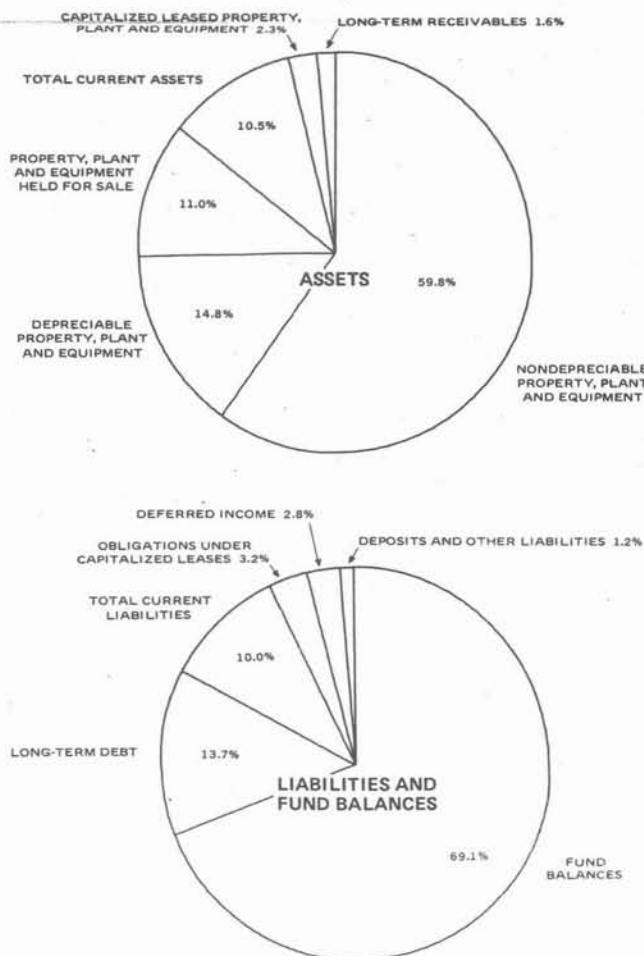
Proceeds from sales of property, plant, and equipment	\$ 6,024,000
Reduction in long-term receivable from Ambassador College (U.K.) Ltd.	3,979,000
Reduction in other long-term receivables	587,000
Long-term borrowings	145,000
Increase in deferred income	351,000
Increase in deposits and other liabilities	858,000
Other, net	12,000
	<u>11,756,000</u>

FINANCIAL RESOURCES WERE USED FOR:

Excess of expenditures over receipts	4,927,000
Add (deduct): Items not affecting combined working capital -	
Depreciation and amortization	(2,906,000)
Gain on disposal of property, plant, and equipment	1,196,000
Financial resources used for combined activities	3,217,000
Current maturities and payments on long-term debt	2,854,000
Purchases of property, plant, and equipment	5,362,000
Reduction of long-term obligations under capitalized leases	366,000
	<u>9,799,000</u>
INCREASE IN COMBINED WORKING CAPITAL	\$ 1,957,000

INCREASE (DECREASE) IN COMPONENTS OF COMBINED WORKING CAPITAL:

Cash	\$ 1,993,000
Receivables	854,000
Other current assets	(301,000)
Current portion of long-term debt	96,000
Current portion of obligations under capital leases	(4,000)
Accounts payable	899,000
Accrued liabilities	(1,303,000)
Other current liabilities	(257,000)
INCREASE IN COMBINED WORKING CAPITAL	\$ 1,957,000



WORLDWIDE CHURCH OF GOD, AMBASSADOR COLLEGE AND AMBASSADOR INTERNATIONAL CULTURAL FOUNDATION

SELECTED FOOTNOTE INFORMATION TO COMBINED FINANCIAL STATEMENTS DECEMBER 31, 1978

1 ORGANIZATION AND ACTIVITIES

CHURCH: Worldwide Church of God (the "Church") was incorporated under the California General Nonprofit Corporation Law in 1947. The corporate name prior to 1968 was Radio Church of God. The Church was formed as one of the temporal entities through which "The Church of God," an unincorporated spiritual association of approximately 70,000 adult members, has chosen to conduct its principal activities in the United States. As discussed in Note 2, The Church of God has locally incorporated and unincorporated associated organizations in other countries.

The corporation is governed by a spiritual theocracy, which recognizes that the ultimate human authority in The Church of God is exercised by its apostle and Pastor General; accordingly, that individual also serves as President and Chairman of the Board of Directors of the corporation. The corporation has eight other members (consisting of the other members of the Board of Directors) who are appointed by the Chairman and who advise him in matters of corporate governance.

Herbert W. Armstrong was ordained as an apostle of The Church of God in 1932. Mr. Armstrong, now age 86, is the only currently living apostle in the Church of God and serves as its Pastor General. The Church employs approximately 1,636 others, of whom 335 are full-time ministers.

The primary activity of the Church is to further the twofold commission of The Church of God: "Preach the Gospel of the Kingdom of God in all the world as a witness to all nations; and develop righteous character in those who have been called to the spiritual body of Christ." To this end, the Gospel is preached through personal evangelism and through mass media channels such as radio and television and written publications. Evangelism is practiced both domestically and internationally in those countries where religious freedoms and levels of education allow.

The Church has 329 local congregations of The Church of God throughout the United States, and, as described in Note 2(B), provides grants-in-aid and certain services to associated organizations that operate in other countries.

COLLEGE: Ambassador College (the "College") was founded by the Church under the direction of Mr. Armstrong in 1947 and was incorporated in 1951 under the California General Nonprofit Corporation Law. Mr. Armstrong is the Chancellor, President and Chairman of the Board of Trustees of the College. The articles of incorporation state that the College was "organized for the purpose of promotion of learning and knowledge in the liberal arts and theology, including instruction in biblical and religious science and literature, for the preparation of persons for the service and ministry of the Church and for all other purposes connected with the education and training of its students." The College has campuses in Pasadena, Calif., and in Big Sandy, Tex.

During the spring, 1978, term, Mr. Armstrong decided to redirect the College curriculum toward its founding principles and reduce student enrollment in order to recapture the atmosphere of the early years of the College and better serve the needs of the Church. Accordingly, undergraduate programs in all fields other than theology were discontinued for the 1978-79 academic year. Student enrollment was reduced from approximately 1,100 in the 1977-78 academic year to approximately 350 in the 1978-79 academic year.

Beginning with the fall, 1979, term, course offerings in other disciplines will be introduced to support the four-year Bachelor of Arts program with a major in theology. Minor fields of study in areas other than theology will be offered in future years; curriculum growth is planned to meet the needs of controlled increases in undergraduate enrollment. An enrollment of 500 to 550 students, with all undergraduate, single students living on campus, is considered the optimum level. The College does not plan to seek accreditation from the Western Association of Schools and Colleges.

FOUNDATION: Ambassador International Cultural Foundation (the "Foundation") was incorporated by the Church in 1975 under the California General Nonprofit Corporation Law for the purpose of conducting and supporting religious, charitable, scientific, literary and educational endeavors and organizations. Mr. Armstrong is the President and Chairman of the Board of Directors of the Foundation. The activities of the Foundation include the promotion of concerts and other cultural events and the publication of a cultural magazine, entitled *Quest/78*, and books (under the name of Everest House, Publishers).

AFFILIATION: The College and Foundation are viewed by the Church "as vehicles to accomplish its obligations and duties in accordance with the Church's mission." The assets of the College are viewed "as being held in a resulting trust for the benefit of the Church."

2 BASIS OF PRESENTATION**(A) Combined financial statements**

The accompanying combined financial statements include the combined assets, liabilities, fund balances and financial activities of the Church, College and Foundation, which are located principally within the United States. All significant balances and transactions among the entities included in the combined financial statements have been eliminated.

Because of the degree of local autonomy which exists in associated organizations located outside the United States (see (B) below), such organizations are not included in the combined financial statements.

In prior years, the Church, College and Foundation have reported financial statements on an individual organization basis, rather than presenting combined financial statements.

(B) Other associated organizations

CHURCH: The Church has associated organizations that operate in other countries, the resources of which are principally derived and expended locally. The Church provides direct financial assistance to these associated organizations in the form of grants-in-aid and payment of expenses. In addition, the Church provides certain administrative and other services. Such amounts, net of funds received from other associated organizations, are classified as international support in the accompanying combined statement of receipts and expenditures.

COLLEGE: The College has an associated organization in the United Kingdom, Ambassador College (U.K.) Ltd. Operations of the campus owned by the United Kingdom organization were discontinued in 1974. At Dec. 31, 1977, the College held a receivable from the United Kingdom organization of \$3,979,000. This receivable, net of a grant-in-aid by the Church, of approximately \$800,000, was substantially repaid during 1978, as a result of the sale of the United Kingdom college campus. Approximately \$2.6 million was in transit at Dec. 31, 1978, and is included in cash in the accompanying combined balance sheet.

The accompanying combined financial statements include the assets, liabilities, fund balances and financial activities of the Pasadena, Calif., and Big Sandy, Tex., campuses. Property, plant and equipment located at the campus in Big Sandy, Tex., is being held for sale at Dec. 31, 1978 (see Note 11(B)).

FOUNDATION: Associated local chapters of the Foundation, both domestic and foreign, whose resources are principally derived and expended locally, have not been included in the accompanying combined financial statements. During 1978, approximately \$341,000 and \$216,000 was expended by the Church and the Foundation, respectively, in a promotional effort related to an international edition of *Quest* 78.

(C) Combining financial data

Summarized combining financial data are presented as follows (amounts in thousands):

	Church	College	Foundation	Eliminations	Combined
ASSETS					
Cash and receivables	\$ 2,412	\$ 3,329	\$ 606	\$ (134)	\$ 6,213
Other current assets	874	282	674	—	1,830
Long-term receivables	394	794	4	—	1,192
Property, plant and equipment held for sale, net	862	7,550	—	—	8,412
Property, plant and equipment, net	11,510	47,145	157	—	58,812
Other assets	1	—	11	—	12
	<u>\$16,053</u>	<u>\$59,100</u>	<u>\$1,452</u>	<u>\$ (134)</u>	<u>\$76,471</u>
LIABILITIES AND FUND BALANCES					
Current portion					
of long-term debt and lease obligations	\$ 1,680	\$ 1,557	\$ 5	\$ —	\$ 3,242
Other current liabilities	2,593	1,532	414	(124)	4,415
Long-term debt and lease obligations	2,776	10,140	10	(10)	12,916
Other liabilities	189	847	1,987	—	3,014
Fund balances	8,815	45,024	(955)	—	52,884
	<u>\$16,053</u>	<u>\$59,100</u>	<u>\$1,452</u>	<u>\$ (134)</u>	<u>\$76,471</u>

3 NOTES TO COMBINED STATEMENT OF RECEIPTS AND EXPENDITURES**(A) Local churches and ministerial**

Salaries, wages and employee benefits	\$ 7,742,000
Assistance and charitable support	3,023,000
Depreciation and amortization	1,179,000
Building and equipment rental	1,687,000
Travel, lodging and related expenditures	1,166,000
Supplies, maintenance, repairs	606,000
Vehicle fuel	537,000
Telephone and utilities	353,000
Insurance	269,000
Printing services	143,000
Postage and shipping	137,000
Other	293,000
Total	<u>\$17,135,000</u>

(B) General and administrative

	Church	College	Foundation	Combined
Salaries, wages and employee benefits	\$5,055,000	\$1,808,000	\$ 474,000	\$ 7,337,000
Professional fees	180,000	142,000	165,000	487,000
Maintenance, repairs and supplies	892,000	491,000	53,000	1,436,000
Contracted services	42,000	89,000	194,000	325,000
Depreciation and amortization	704,000	380,000	37,000	1,121,000
Travel, lodging and related expenditures	72,000	63,000	65,000	200,000
Postage and shipping	158,000	6,000	16,000	180,000
Building and equipment rentals	160,000	29,000	15,000	204,000
Telephone and utilities	694,000	249,000	43,000	986,000
Interest	522,000	1,181,000	—	1,703,000
Insurance	460,000	166,000	34,000	660,000
Vehicle fuel	167,000	42,000	1,000	210,000

Taxes, licenses and fees	214,000	4,000	42,000	260,000
Other	493,000	189,000	97,000	779,000
Total general and administrative	<u>\$9,813,000</u>	<u>\$4,839,000</u>	<u>\$1,236,000</u>	<u>\$15,888,000</u>

4 NOTES TO COMBINED BALANCE SHEET**(A) Property, plant, equipment and capitalized leases**

At Dec. 31, 1978, the book value of property, plant, equipment and capitalized leases other than property held for sale as a result of the discontinuance of the Big Sandy, Tex., activities are as follows (amounts in thousands):

Land and improvements	\$ 8,290
Buildings and improvements	37,766
Fine arts	2,494
Equipment and furnishings	9,725
Vehicles	3,033
Aircraft	3,837
Library books	1,175
Leasehold improvements	571
Construction in progress	222
Capitalized leased property, plant and equipment	4,374
	<u>71,487</u>
Less: Accumulated depreciation and amortization	(12,675)
Net book value	<u>\$58,812</u>

The book value of property, plant and equipment of the Church and College located in Big Sandy, Tex., at Dec. 31, 1978, and held for sale is presented below (amounts in thousands):

Land and improvements	\$ 985
Buildings and improvements	6,884
Equipment and furnishings	2,134
Vehicles	237
	<u>10,240</u>
Less: Accumulated depreciation	(1,828)
Net book value	<u>\$ 8,412</u>

(B) Long-term debt and credit agreements

Long-term debt outstanding at Dec. 31, 1978, is as follows (amounts in thousands):

	Church	College	Foundation	Combined
Ambassador Auditorium	\$ —	\$ 5,808	\$ —	\$ 5,808
Student Center	—	1,112	—	1,112
Press and transportation buildings	—	1,036	—	1,036
Hall of Administration	—	557	—	557
Grove Terrace dormitory	—	372	—	372
Other buildings	576	1,757	—	2,333
Loans payable to bank	1,334	—	—	1,334
Advances from members	685	—	—	685
Other	4	87	15	106
	<u>2,599</u>	<u>10,729</u>	<u>15</u>	<u>13,343</u>
Less: Current portion	(1,618)	(1,257)	(5)	(2,880)
	<u>\$ 981</u>	<u>\$ 9,472</u>	<u>\$10</u>	<u>\$10,463</u>

Mortgages payable are real property mortgages held by various lending institutions at interest rates varying from 6 percent to 10 percent, payable to 2001, and secured by nondepreciable Church and College property with a cost of \$848,000 and \$32,035,000, respectively.

Mortgages payable in the amount of \$5,808,000 at Dec. 31, 1978, contain provisions that restrict the College from incurring indebtedness (either secured or unsecured) in excess of one half of its total fund balances. Minimum principal payments on mortgages payable are as follows: \$1,181,000 in 1979, \$1,266,000 in 1980, \$1,023,000 in 1981, \$610,000 in 1982, \$626,000 in 1983 and \$6,512,000 in 1984 and thereafter.

Loans payable to bank consist of one secured and one unsecured bank loan. The secured bank loan is for the purchase of vehicles at an interest rate of 12½ percent, with a principal balance due at Dec. 31, 1978, of \$1,040,000. The unsecured bank loan is a construction loan at an interest rate of 12¼ percent, with a principal balance due Dec. 31, 1978, of \$294,000. Both loans were withdrawn and repaid on Jan. 3, 1979 (see Note 11(C)).

Advances from members are noninterest-bearing, unsecured demand notes, with principal balances due at Dec. 31, 1978, of \$149,000, and other noninterest-bearing, unsecured notes with principal balances due at Dec. 31, 1978, of \$706,000. The other unsecured demand notes are repayable at a maximum of 20 percent per year. All demand notes and 20 percent of other notes have been included in the current portion of long-term debt in the combined balance sheet. Amounts included in long-term debt have been discounted to present value using an interest rate related to prime.

At Dec. 31, 1978, the Church had unused bank lines of credit on the secured vehicle bank loan and the unsecured construction loan described above, of \$260,000 and \$1,706,000, respectively. In addition, the Church had a \$1 million unused unsecured line of credit to support periodic working capital needs. These lines of credit were withdrawn in Jan. 3, 1979 (see Note 11(C)).

During 1978, the maximum aggregate borrowings on these lines of credit at any time during the year were \$2,468,000 and the average aggregate borrowings outstanding during the year were \$1,727,000.

(C) Deferred income

Deferred income consists of the following at Dec. 31, 1978 (amounts in thousands):

	College	Foundation	Combined
Deferred subscription income	\$ —	\$1,665	\$1,665
Advance performing arts ticket sales	—	298	298
Deferred tuition and fees	140	—	140

Other	—	15	15
	\$140	\$1,978	\$2,118

5 TAX-EXEMPT STATUS

The Church, College and Foundation are exempt from taxation by notification from the Internal Revenue Service and the California Franchise Tax Board.

6 RELATED-PARTY TRANSACTIONS

In 1969, the Church entered into an agreement to lease a jet aircraft from Mid-Atlantic Leasing Co. through Excelsior Investment Corp., both of which are partnerships in which Mr. Rader held a one-third interest. Total payments made to Excelsior Investment Corp. over the 8½ year term of the lease were \$4,785,000, representing principal payments of \$3,113,000 and interest of \$1,672,000 (representing an interest rate of approximately 11 percent). The fair market value of the aircraft at the inception of the lease/purchase was approximately \$3.2 million. In 1977, the Church exercised its option to purchase the aircraft for a nominal sum. The aircraft is included in the combined balance sheet at a cost of \$3,808,000, less depreciation of \$1,537,000. The cost of \$3,808,000 represents principal payments made under the above lease agreement, and additional improvement and refurbishment costs paid to outside parties. The current market value of the aircraft is estimated to be in excess of \$5 million. In the opinion of the Board of Directors, the terms of the lease/purchase were not less favorable to the Church than lease/purchase arrangements made between the Church and unrelated parties.

In 1977, the Church terminated a lease on another jet aircraft. The aircraft was subsequently sold by the Church. The lessor was Mid-Atlantic Leasing Co. The Church has agreed to indemnify Mr. Rader for any economic loss sustained as a result of the termination of the lease.

Since 1969, the Church and the Foundation have retained the services of Worldwide Advertising, Inc., an entity in which Henry F. Cornwall, treasurer and a director of the Foundation, has a substantial beneficial interest. In 1978, the Church entered into a four-year agreement retaining Worldwide Advertising, Inc., and Mr. Cornwall as advertising and public relations consultants to the Church and Foundation. Mr. Rader, prior to becoming an officer of the Church and the Foundation, was president and majority shareholder of Worldwide Advertising, Inc. In the opinion of the Board of Directors, the terms of the arrangement were not less favorable to the Church and the Foundation than similar arrangements made between the Church and the Foundation and unrelated parties.

The transactions with Excelsior Investment Corp., Mid-Atlantic Leasing Co. and Worldwide Advertising, Inc., have been specifically approved by Mr. Armstrong.

In 1978, other contributions by the Foundation, totaling \$100,000, were made to charitable organizations of which Mr. Armstrong, Mr. Rader or other executives were involved in either an official or ex-officio capacity.

7 EXECUTIVE EMPLOYMENT AGREEMENTS AND REMUNERATION**(A) Herbert W. Armstrong**

On July 30, 1976, the Church entered into an employment agreement with Mr. Armstrong. The agreement has a duration of seven years and provides Mr. Armstrong with an annual basic compensation of \$200,000. In the event of total disability or retirement, Mr. Armstrong shall continue to receive annual compensation of \$200,000. The agreement also provides for the use of an automobile and payment of other expenses incurred by Mr. Armstrong in his capacity as Chairman of the Board of Directors and President of the Church, College and Foundation.

(B) Stanley R. Rader

An employment and consulting agreement dated July 30, 1976, with a duration of seven years, provided Mr. Rader with an annual basic compensation of \$175,000 as Treasurer of the Church and senior personal adviser to Mr. Armstrong. Mr. Armstrong has approved an increase (effective January, 1979) in Mr. Rader's compensation to approximately \$200,000. The Church also pays expenses incurred by Mr. Rader in his capacity as Mr. Armstrong's chief adviser. The agreement also provided that, at the completion of the seven-year employment period or Mr. Armstrong's total disability or retirement, Mr. Rader will become a consultant to the Church for a 20-year period at an annual salary of \$100,000.

(C) Remuneration of all directors, trustees and officers

Direct aggregate remuneration of all directors, trustees and officers (including Messrs. Armstrong and Rader) of the Church, College and Foundation during 1978 aggregated approximately \$1,450,000, which included \$201,000 of other remuneration (consisting of housing allowances and moving expenses).

Corporate policy requires approval of executive compensation levels by Mr. Armstrong or Mr. Rader. In 1979, the Board of Directors of the Church ratified Mr. Armstrong's and Mr. Rader's employment agreements and the direct aggregate remuneration of all directors, trustees and officers.

8 INDEMNIFICATION OF OFFICERS AND DIRECTORS

The corporate bylaws of the Church, College and Foundation provide for the indemnification of all officers, directors and employees of the Church, College or Foundation or of an affiliated entity in which a proprietary interest is held, for any losses, costs, liabilities and expenses incurred by such persons in the course of their employment. Such indemnification is contingent upon the sole and subjective discretion of the Board of Directors.

Accordingly, subsequent to Dec. 31, 1978, because of the legal action initiated against the Church, College, Foundation and other parties by the State of California (see Note 11), the Board of Directors of the Church extended indemnification to Mr. Armstrong, Mr. Rader and Ralph K. Helge (Secretary of the Church), who were named as defendants in that action.

9 SALES OF CHURCH AND COLLEGE PROPERTY, PLANT AND EQUIPMENT

Sales (excluding retirements with no sales proceeds) of Church and College property, plant and equipment during the year are summarized below (amounts in thousands):

	Real Property	Vehicles	Other
CHURCH (a)			
Property cost	\$1,152	\$873	\$647
Accumulated depreciation	(113)	(661)	(170)
Net book value	\$1,039	\$212	\$477
Sales price	\$1,227	\$457	\$514
COLLEGE			
Property cost	\$2,130	\$267	\$697
Accumulated depreciation	—	(232)	(243)
Net book value	\$2,130	\$35	\$454
Sales price	\$3,402	\$109	\$315

(a) Includes a property destroyed by adverse weather conditions, with a cost of \$397,000, accumulated depreciation of \$93,000, and insurance proceeds of \$494,000 (included in sales price).

The Church and College sold 30 parcels of real property in 1978 having a net book value of approximately \$2.5 million. A majority of the property sold was located in the Pasadena area. The

Church and College obtained appraisals for a significant proportion of the properties sold and the sales prices approximated the appraised values. During 1978, the College sold a house located in Pasadena to Mr. Rader for \$225,000, which exceeded the value established by appraisal. Certain other property sales were to parties related to the Church and College. In the opinion of the Boards of Directors and Trustees, the terms of these property sales were not less favorable than similar arrangements made between the Church and College and unrelated parties.

Dispositions of College library books in 1978 amounted to approximately \$475,000. A significant portion of these retirements resulted from the consolidation of the Big Sandy and Pasadena libraries. This amount has reduced the gain on disposal of assets in the combined statement of support and revenue, expenses and changes in fund balances.

At Dec. 31, 1978, the cost of fully depreciated property, plant and equipment still in use consisted of the following (amounts in thousands):

	Church	College	Combined
Equipment and furnishings	\$255	\$2,587	\$2,842
Vehicles	298	333	631
Other	38	5	43
	\$591	\$2,925	\$3,516

In October, 1978, the College entered into an agreement for the sale of both real and personal property in Big Sandy, Tex., for a total sales price of approximately \$10.6 million. A \$500,000 security deposit was paid outside of escrow by a prospective buyer and is reflected in deposits and other liabilities in the accompanying combined balance sheet. The College contends that the deposit was forfeited for breach of contract by the prospective buyer. Negotiations are currently underway to complete the transaction.

Property, plant and equipment of the Church and College located in Big Sandy, Tex., at Dec. 31, 1978, and held for sale (see Note 11(B)) is presented below (amounts in thousands):

	Church	College	Combined
Land and improvements	\$ 37	\$ 948	\$ 985
Buildings and improvements	1,011	5,873	6,884
Equipment and furnishings	207	1,927	2,134
Vehicles	38	199	237
	1,293	8,947	10,240
Less: Accumulated depreciation	(431)	(1,397)	(1,828)
	\$ 862	\$7,550	\$ 8,412

10 CAPITALIZED LEASED PROPERTY, PLANT AND EQUIPMENT

The following is an analysis of capitalized leases at Dec. 31, 1978 (amounts in thousands):

	Church	College	Combined
Land and buildings	\$2,120	\$ —	\$2,120
Data processing equipment	—	1,740	1,740
Other equipment	7	507	514
	2,127	2,247	4,374
Less: Accumulated amortization	(708)	(1,870)	(2,578)
	\$1,419	\$ 377	\$1,796

The land and buildings category consists of an office building lease with a 20-year term expiring in 1992. The lease provides a renewal option of 10 years at the end of the lease term at the then fair rental value, and purchase options at 10, 15 and 20 years from the beginning of the lease at the then appraised value. The ownership of most of the data processing equipment transfers to the College at the end of the lease term in 1982.

The following is a schedule by year of future minimum lease payments under capitalized leases, together with the present value of the net minimum lease payments as of Dec. 31, 1978 (amounts in thousands):

YEAR ENDING DEC. 31	
1979	\$ 657
1980	625
1981	607
1982	326
1983	272
1984 and thereafter	2,285
Minimum lease payments	4,772
Less: Amount representing interest	(1,957)
Present value of minimum lease payments	2,815
Less: Current portion	(362)
	\$2,453

The amount necessary to reduce the minimum lease payments to present value is calculated at the interest rates implicit in the terms of the lease agreements. The present value of the minimum lease payments is reflected in the accompanying combined balance sheet as current and noncurrent obligations under capitalized leases.

11 SUBSEQUENT EVENTS

(A) COURT ACTIONS: On Jan. 2, 1979, the attorney general of the state of California, on the relation of six former members of the Church, filed a complaint in Los Angeles County (Calif.) Superior Court, suing for an accounting of Church, College and Foundation funds, the removal of Mr. Armstrong and the other directors and trustees of the combined entities, the appointment of a receiver and injunctive relief. No monetary damages were sought. Mr. Armstrong, Mr. Rader and others were also named as defendants.

The complaint alleged on information and belief that the current directors and trustees of the Church, College and Foundation, particularly Messrs. Armstrong and Rader, were pilfering and siphoning off assets of the Church on a massive scale, amounting to several millions of dollars per year, and that all of the excess of expenditures over receipts is attributable to such pilfering; were in the process of liquidating the properties of the Church on a massive scale by selling the properties at prices substantially below fair market value and converting the proceeds to their own personal use; had failed and refused to call or hold any elections whatsoever among the membership of the Church and had not allowed them to vote on any matter affecting Church governance; had attempted to conceal from the membership the true worth of the Big Sandy, Tex., properties by publishing false statements to the effect that they were worth only about \$8 million; and had shredded and destroyed the financial records of the

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Transcript of Mr. Helge's comments from Aug. 25

The following is a transcript of comments made by Ralph Helge, head of the Work's Legal Department, during Sabbath services in the Ambassador Auditorium Aug. 25.

Dr. William Kessler asked me to make a few comments upon what is coming up in court, because some people have a little lack of understanding regarding it.

There is an awful lot going on in this case. The file at this point, believe it or not, is between 10 and 11 feet tall. And you can see the very impracticality of justice. I mean you've got some judge down there saying, "I can't even read all of the material that flows across my desk in one case." How are you going to dump that case on the judges as well as all of the other cases they have to handle, and they have a massive case load. They have clerks who come down and work sometimes until 12

documents. We have set forth all of the legal reasons in our papers, and the court is going to decide. That is why it would be good now to answer the question, "What am I supposed to say in my letter?"

Well, basically what comes from your heart when you consider that they want to go into your Church and take your Church's documents. And the State wants to look at them. Now you could write such things as: "Your Honor, please honor the First Amendment of the Constitution that says there is supposed to be a separation of church and state. Please honor the First Amendment that tells you there is supposed to be a free exercise of religion, and when the State can come in whenever they want and take all of the internal documents of a church, that has a chilling effect as well as impedes the free right or exercise of religion."

You can say, "Your Honor, don't make the Church give the Church documents to the attorney general."

"Justice is only going to come when you can have it administered and God's law applied and administered by spirit beings."

o'clock at night, writing up little opinions for them saying, "Here's what I think should be done on this case."

And that sometimes is the basis upon which cases are decided, because the court doesn't have time to go through all of the material.

I've always said this case was started by Satan. But God is using it as a test, and also as a lesson. It really does preach the Gospel, because this case has taught me and convicted me in my heart that there is no possible way that this world is going to achieve justice through men. Justice is only going to come when you can have it administered and God's law applied and administered by spirit beings. I'm really ready to say there is no justice today in this nation — only might and power.

I understand that some people wanted to write letters to Judge [Thomas] Johnson. That's fine. You have a right to do that, if you care to go ahead and exercise that right. It is advisable for you to mail them yourselves and not bring them down here for somebody else to mail.

Now what are the issues? And right now what is going on in court? There are many different things, many writs going up at higher levels, but in the trial court before Judge Johnson, this is what is before him.

When a lawsuit starts, and it gets along so far, one side has a right to say to the other side, "Produce these documents." Then they will submit a long list of documents. Then the other side says: "No, you're not entitled to these documents. They're confidential. Some invade privacy. Some are subject to attorney-client privileges. Some are subject to First Amendment privileges, because they are church documents."

Then the other side can either drop it or they can go into the court and say: "Your Honor, we submitted this list over here, and they didn't give us the documents. These are their objections. We don't think they're right. Now we want you to command them to bring forth those documents." And that is what's coming up tomorrow.

The attorney general has submitted a long list of documents that are absolutely confidential, subject to attorney-client privileges. Some of the documents were improperly taken, and somebody else has possession of them. We are saying the attorney general has no right to those

documents. We don't want to have to furnish it."

Remember, this is not being technical. There is a statute on point that says, "All charitable institutions must account to the attorney general." And right in there in big, black bold print is that churches and church trustees and directors are exempted.

I wasn't going to say this, but I am going to say it. In case some of you wonder why this case goes on, I'll tell you why. It is because of corruption. That is why. And that is the long and the short of it. And don't let any

dissident tell you different. And before God I lie not. It's either absolute constitutional illiteracy or corruption. It's a comingling of both, frankly.

There is also, I understand, going to be a showing of support for the Church by people who will not have to jeopardize their jobs by coming out Tuesday and Wednesday. Why two days? Well, as I understand it, the hearing is Wednesday. Wednesday is the day that both sides appear in the courtroom and present their oral arguments. Tuesday, the day before, is the time the court gets done, and that afternoon he [Judge Johnson] will take the different cases that are coming up for Wednesday and look through them and think about them and come to his decisions.

So I understand that some people are going to be down there Tuesday afternoon and some Wednesday. And that's welcome, of course. It is being held Wednesday at 9 o'clock, the court hearing. That doesn't always mean that it starts at 9. You know, you sit down and everybody else argues.

It has usually been that the court will make us wait until last, because we have the most to say. I argued about an hour and a half during the last motion, showing the attorney general has no standing whatsoever. Finally the court said: "It's time to quit. It's time to quit."

Now when we are down there, please do remember, we are instructed to be orderly, and I really wish as many people as possible would come down to show support for the Church. But that's their decision, and I'm not requesting it. But one thing, if you are down there, please remember to be orderly. Remember, Christ was orderly.

As Mr. [Roderick] Meredith teaches in the first-year Bible [course], Christ sat everybody down and put them in rows and fed them in an orderly fashion. So if we are down there, just make sure we are orderly. The mere fact that you are there, with whatever you are going to have on, a badge or a sign to show where you are from, carries the impact that we are behind our Church.

I don't know if I told you this or not, I think I want to interject this. Recall when we were taking up the appeal, and we had to get a stay for the receiver, and we had all these different sureties of individual people. I know a great many of you signed those. There were just thousands of them down there, thousands and thousands we filed with the court.

Well, the attorney general wanted to be smart and cause trouble, and so he filed an objection to them. He

men to come into my chambers."

I wasn't there, but this is the story I get. The judge sits down, and he says to the attorney general: "What in the world is wrong with you? What is wrong with you?" He says, "Haven't you learned yet that the hearts of the people of this Church are in that Church and behind it?" He

"Let's draw a distinction between right and power. They had the power, so they came down here with guns and with nightsticks, but they don't have the right."

says: "Haven't you ever had a collection case before? Do you actually expect to go through three or four thousand of these and then go out and sue some Church member for it or something?" He says, "Why don't you just leave it alone?"

It was interesting how he recognized that point, because people came forward and pledged their property and pledged their goods and that showed the judge where their hearts were.

So, I'm telling you that just being down there will carry an impact.

Let me just add another point here. Remember they had the prayer meeting over there in the Auditorium when the receiver was here? It was on television. It's surprising how many people said: "You know, I didn't know what was going on in that case until I saw those church people on television, when I saw those families and kids there, and they were out having a barbecue. That changed my whole attitude toward the suit. Then I knew that all of those people weren't wrong." And I think it's a compliment to you people.

You know there is confusion being caused, or that had been caused in the past, by some church dissidents. I want you to think as you go through your Bible study about who is the author of confusion. I say that the State in this case, and some of the dissidents, are directly being inspired by Satan.

What they want to preach, some of the dissidents, is: "You've got to obey the higher authority. This is contrary to the Bible. You shouldn't do anything to resist. You are supposed to fold up like a wet sheet of some kind and just let them come running and trampling in over you. That's what the Bible tells you to do now, and that's what you're supposed to do. You're sinning out there."

Now that was, I would say, the doctrines of Satan the devil. You know God put Satan down here on

you're the higher authority. You come on in. Please don't hurt my wife and kids as you take them out, will you please? And don't take too many of my goods."

You know, you'd do something, would you not? You'd have a right even before God as well as unto man's law to resist him some way,

because the mere fact that a man says he's a higher authority doesn't make him a higher authority.

I'll tell you, when they came in with that court order to raid this Church, that was not the higher authority. That court order was spawned out of judicial and political corruption. That order, as all the attorneys say, and I say, is void. That's why the National Council of Churches is becoming interested. That's why the ACLU [American Civil Liberties Union] is becoming interested. That's why the Mormon Church is becoming interested. That's why the Seventh-day Adventist Church is becoming interested, because they didn't know quite what was going on at first because of the charges, and that was the big play, to make massive charges of corruption and stealing and so on that were false. And it caused them to be a little confused at first, but now they see the truth of the matter, because I tell you, there is one infallible point that cannot be denied.

We are being attacked by the attorney general of the state of California. The attorney general is the highest law enforcement agency in this state. Now what they have charged in their complaint is literally six different crimes. Six. And do you know what one of them is? One is that there has been pilfering of millions. Now that's with an s on it. That's in plural, and they want to go back for 10 years, that's over 20 million at a minimum, between 20, 30, 40 million dollars.

Now look at it. You know and I know if any bank teller goes to a bank, and he steals \$500 or \$1,000 or \$2,000, what happens? They come out and they arrest him, and if he has that money in his house they issue a search warrant. They don't talk about receivers.

So here's the point. Every single day that [George] Deukmejian does not go out and have Mr. [Stanley] Rader arrested, Mr. Herbert Armstrong arrested, me arrested, or any of the other defendants, that tells you that they are living a lie. Because if anybody stole millions of dollars, I'll tell you, they would arrest them today. They'd arrest tonight. They'd come in and arrest me this minute. They would arrest Mr. Rader if they had one iota of proof about any criminal charge.

Every time he [Mr. Rader] gets on television or in the paper, he rubs their noses in the dirt. I'll tell you, they would do anything to come out and arrest him, any excuse, traffic tickets or anything else. So, it's an absolute, conclusive proof that what they say is a lie. Six crimes. Shredding financial documents — it's a crime. Selling property under market value and trying to pocket the money — it's a crime. So we challenge him and we keep challenging him, come out and arrest if what you say is true. And they don't do it because they are living a lie, and the attorney general is caught now; he's got egg all over

(See TRANSCRIPT, page 8)

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earth as the highest earthly authority. Is that not correct? He made him the prince of the earth here. So you see, who is the higher authority?

Well, I'll tell you one thing. If somebody comes to your home with a mask over his head and says: "I'm the highest authority around, and you have a duty to obey the higher authority. I'm going to go in there, and kidnap your wife and your kids. I'm going to ransack your home."

What are you going to do as a man? Are you going to say: "Well,

said: "I'm going to object to all of these, every one of them. We're going to have a hearing, and we're going to take all three or four thousand and have a hearing on them." Of course, that means tying up some courtroom for a month.

So we went down before Judge [David] Eagleston, and pretty soon our case number came up and the court bypasses it and took the next number. And so it came down to the end of the docket, and he said, "Okay, attorney general, I want you

Transcript

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his face and he can't back out.

So the dissidents are causing confusion by also spreading falsehoods. Let's take the scriptural example now, what do we find when Jesus was on earth? And here was Satan. What did Satan do? Satan said, "Take this stone and turn it into bread." I suppose the dissident would have said: "Christ, you had better obey. Why, he's the highest authority on earth here. You had just better do what he tells you, Christ." Christ said, "No, I'm not going to do it."

Satan said, "Jump off this temple." The dissidents would have

said: "Well, you had better jump off. You're commanded to do so by the highest authority here. Now you had better jump." He said: "Get behind me, Satan. I don't want anything to do with you." And he told Him to bow down and worship him also. I suppose the dissidents would have said: "You had just better bow down."

How about Shadrach, Meshach and Abed-nego? The Babylonians built the idol. The highest authority said, "Bow down to that idol." They said, "No, we'll die first!" I suppose the dissidents would have said: "That's the highest authority. You know, there is a scripture over here that says you shouldn't destroy the temple of the Holy Spirit, meaning your body, so you really shouldn't be cast into that fire." They would have

twisted scripture the same way Satan twists scriptures, because I tell you, there is one scripture also that kind of stands out, and that's the scripture in James 4:7. God Almighty tells me, "Resist the devil." Resist. And I'm telling you these men who are coming in here attacking us are of Satan the devil.

Satan is trying to crush this Church, and he is using the State to do it. And they are inspired by Satan. And I'll say Satan is with them in every act, and to resist them, in my mind, is not disobeying God. It's obeying God. As far as I'm concerned, I'm not going to succumb to Satan or give in to him.

You know, Satan rebelled. Satan wanted to take over God's throne, the same way the dissidents wanted to take over Mr. Herbert Armstrong's throne, if you want to call it that.

Do you know what some men were saying long before the suit started? We heard these rumors. We couldn't understand them. "Big things are coming," we heard. And then when it hit, one of the dissidents told somebody: "You know what? I'm going to be one of the new directors of the Worldwide Church of God. Mr. Armstrong, he's going to be dean emeritus. He's going to be off someplace. But, if his attitude is right, we're going to permit him to take some overseas trips."

You talk about contempt. You talk about utter contempt. Here a man works all his life in the might and power of God to raise up churches, and here some pip-squeak dissident is going to control Mr. Armstrong and the Church.

You talk about resisting. What happened when Satan tried to do that? My Bible tells me God didn't say to Satan, "Now, Satan, you please leave here now." No, my Bible tells me that he was cast out like lightning. Did you ever see how fast lightning is? God cast him down that way. He didn't take him by the hand. You know what happened.

Keep this in mind. They really felt

they had duped the attorney general. The attorney general felt, "Boy, once we go in there, this Church is going to rise up," because all they were talking to were dissidents. They didn't talk to the loyal people whose hearts were behind the Church and behind Mr. Armstrong. You know what they expected? They expected an 80-some-year-old man to come out barely walking, barely being able to talk, and begging, "Please help me keep my position."

That day, I am really proud to say, what came out really was maybe a 25- or a 30-year-old David, if you will, full of strength and power that God gives. Power, and by the might of His Spirit; that man didn't come out begging. He came out, and do you know what he said? He said,

"Attack!" That's what he said. He said: "Protect my position in this Church. It was given to me by God." And the ones who were behind him were doing the best that they could to do that.

So that's what threw them off. The attorney general rolls over a great many people. He rolls over a great many churches, constitutional rights of people are trampled on, every single solitary day, because the people don't have the guts to fight or the will to fight. They don't know how. When they met Mr. Armstrong, I tell you they met their match, and they made one of the biggest mistakes. Because they are not only fighting him, they are fighting God.

So, I hope to see you down there, and thank you for your participation.

Final tips before the trip

PASADENA — As the 1979 Feast of Tabernacles approaches, the Feast Office here announced last-minute tips for brethren at some U.S. sites.

Biloxi, Miss.: A gas-saving mass-transit system provides bus service from nearly every motel in the Biloxi and Gulfport, Miss., area to church services at the Mississippi Coast Coliseum and Convention Center. Complete schedules of bus routes and departure times are available at the Biloxi Visitor's and Convention Bureau.

A special rate for limousine service from New Orleans, La., International Airport to Biloxi is available to Feastgoers. Members assigned to the Biloxi site should contact their Festival adviser for a special coupon.

Feastgoers planning to attend the Young Ambassadors Feast show should mark their calendars for Thursday evening, Oct. 11.

Fresno, Calif.: A special treat for participants at the Fresno site is the Fresno District Fair just before and

during the 1979 Feast of Tabernacles. The fair will feature carnivals, shows and exhibits, along with live performances by several well-known entertainers.

Norfolk, Va.: The Young Ambassadors Feast show will be featured at the Norfolk Feast site Sunday evening, Oct. 7.

Savannah, Ga.: Feast participants at this site are reminded that fire codes prohibit the use of hot plates, electric skillets, etc., in motel rooms not equipped with kitchens. Several motels reported last year that many members were cooking in motel rooms. Fire code violators risk eviction from motel rooms this year.

St. Petersburg, Fla.: The Young Ambassadors Feast show will be featured at the St. Pete Feast site Tuesday evening, Oct. 9.

Seattle, Wash.: Feastgoers should note that several new attractions have been added in Seattle. For further information, contact the Seattle Visitor's and Convention Bureau.



COURTHOUSE PROTEST — Pasadena Church members and Ambassador College students show support for the Church outside the Los Angeles (Calif.) County Courthouse Aug. 29 while hearings were taking place inside to determine whether Church documents should be turned over to the California attorney general. (See related articles, this page and pages 1 and 7.) (Photo by Roland Rees)

(Continued from page 6)

Church, College and Foundation, such that it would never be possible to develop a true and complete accounting of their finances. Based upon these allegations, a receivership was appointed on Jan. 2, 1979. This receiver was confirmed on Jan. 12, 1979. (Although no evidentiary showing had been made to substantiate the various allegations in the complaint, the court nevertheless concluded that a receiver was necessary to ensure that the records be kept intact so that the State of California could effectively prepare for trial.)

Subsequently, through numerous pretrial motions: (a) the receiver was dismissed and the State of California allowed to proceed; (b) the mandatory aspects of those injunctive orders were stayed when the Church filed a notice of appeal; (c) another receiver was imposed by the court to maintain the status quo during the pendency of the appeal; and (d) the receivership order was stayed through the posting of sufficient undertakings by individual sureties who are members of The Church of God residing in California.

Management has indicated its intention to contest this action vigorously. Although the parties are not yet at trial, Church, College and Foundation appeals from the court orders are pending before the California District Court of Appeals and the California State Supreme Court, and a petition for a writ of certiorari has been filed with the United States Supreme Court. In the opinion of special counsel, the likelihood of the relief sought by the State of California being granted and sustained on appeal in a final judgment and having a material adverse effect upon the operations of the Church, College and Foundation, is remote.

In response to the imposition of the receivership, members of The Church of God in the United States and other contributors began sending their tithes and other donations to locations outside of California where normal processing and banking relationships were established. The funds are held in separate corporate accounts and are sent to the Church in California for disbursement as needed. The nonprofit legal entities (corporations sole) that were established to hold title to these funds are under the direction and control of Mr. Armstrong.

(B) PROPOSED SALE OF BIG SANDY, TEX., CAMPUS: The proposed sale of the Big Sandy, Tex., properties was canceled as a result of the aforementioned suit. The complaint had alleged that the sale was particularly disadvantageous for the College inasmuch as the properties were alleged to have a fair market value of from \$30 to \$60 million, whereas the sales price was \$10.6 million. The judge imposing the receivership on Jan. 2 cited this proposed transaction as the primary justification for this action. Subsequently, independent appraisal reports were admitted into evidence showing the appraised value of the properties to be less than the proposed sales price and the court, and later the receiver, approved the transaction.

(C) BANK LINES OF CREDIT: The bank lines of credit of the Church were withdrawn by the principal bank as a result of the suit and receivership. The financial impact of the cancellation of the lines of credit was partially mitigated by the collection of the receivable from Ambassador College (U.K.) Ltd. (see Note 2(B)).

(D) COUNTERSUIT: On Jan. 10, 1979, in response to the litigation mentioned above, the Church, College and Foundation filed a suit in Federal District Court requesting injunctive relief and substantial damages from the state of California for its alleged violation of their constitutional and civil rights. The preliminary injunctive relief was denied and the suit was dismissed on federal abstention grounds. The request for leave to amend the complaint is currently under submission.

12 SUPPLEMENTAL INFORMATION FOR 1978

(A) U.S. local churches and ministerial

Baptisms	2,812
Average weekly church attendance	68,521
Active baptized members	51,746
Churches	329
Field ministers employed by the Church	335

Miles driven by the field ministers with fleet vehicles	9,483,000
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(B) Mail Processing statistics

New donors	24,000
Inactive donors and co-workers who became active donors	28,000
Co-workers added (new co-workers and former inactive co-workers who became active again)	21,000
Letters received (including 795,000 return envelopes for literature requests)	1,848,000
Miscellaneous mail returns	424,000
WATS telephone call registries	461,000
Pieces of foreign mail handled by Mail Processing	89,000
Pieces of mail coming for Pasadena departments through Mail Processing	90,000

(C) Literature sent out in the United States

New Plain Truth subscribers	472,000
Plain Truths	7,626,000
Correspondence Courses	740,000
Booklets	1,458,000
Reprint articles	396,000

(D) Media

Radio stations airing The World Tomorrow in the U.S.	95
Television stations airing The World Tomorrow in the U.S.	55

(E) "Quest/78"

Quest/78 magazines produced	3,000,000
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(F) International (excluding the U.S.)

Offices	16
Baptisms	1,594
Members on file	16,983
Field ministers	254
Churches	277
Plain Truth circulation	569,000
Active Correspondence Course students	42,000
1978 Correspondence Course graduates	12,000
Total Correspondence Course graduates	124,000