



Tithe and Non-Tithe Funds and Tithe Exchange

Objective:

- ▶ To understand the principles and procedures for administering tithe funds and
- ▶ The appropriate use of tithe and non-tithe monies in supporting the ministry of the church

Basic Principles of Tithe

GC WP Section V & NADWP V 05

- ▶ Tithe is SACRED for the work of the Ministry and Bible teaching
 - ▶ Including conference/mission/field administration in the area of churches and field outreach operations
- ▶ Tithe is to be turned in to the local church in which membership is held
- ▶ Conference/mission is the “storehouse”
- ▶ Tithe is to be shared around the world

Basic Principles of Tithe

GC WP Section V & NADWP V 05

- ▶ Tithe is to be shared around the world to support the worldwide work of the church:
 - ▶ Each division determines the percentages of the tithe from the conferences/missions/fields which shall be used on behalf of the work within the division, in addition to the tithe of tithe and the Retirement Plan percentage.
 - ▶ The General Conference shall receive percentages of the gross tithe remitted by the unions to the world divisions, in accordance with the percentages voted as policy.

Sharing Tithe within the North America Division (NADWP V 09 05 & V 10 05)

- ▶ Regular tithe percentages:
 - ▶ Conference receives from churches and individuals within its territory 100% of tithe received
 - ▶ Union receives from the local conference 9% of the tithe remitted by the churches or received from individuals
 - ▶ North American Division receives from the union 10% of the total tithe received from the local conferences and 1% of any direct tithe to the union
 - ▶ NAD forwards to the GC a percentage of the gross tithe from their territory. A reduction in this % is being phased-in from 8% (2012) to 5.85% (2020). 2016 percentage is 6.85%.

Sharing Tithe within the North America Division (NADWP V 09 05)

- ▶ Additional tithe percentages:
 - ▶ Division or union executive committees may establish additional percentages for retirement fund contributions, support of educational institutions, or other programs.

Final point regarding basic tithe principles: (NADWP V 09 05 #5 c)

- ▶ “Members’ tithe for purposes of anonymity - Occasionally, a member wishes to return tithe in a way that is anonymous as it relates to the local church. In such cases they may send it to the conference/mission/field, union, division, or General Conference. Since tithe is returned to the Lord, not given, it is inappropriate for that tithe to come with stipulations as to how and where it is to be used. After being receipted by the treasury where it was received, such tithe is to be returned anonymously to the local conference/mission/field/union of churches where the member holds membership.”

Use of Tithe (GCWP V 14 & NADWP V 15)

- ▶ Tithe can be used for the following:
- ▶ Support pastors, evangelists and ministers
- ▶ World missions
- ▶ Soul-winning support personnel
- ▶ Conference/mission/field, union, division & GC operating expenses
- ▶ Literature evangelist benefit fund
- ▶ Subsidies for specified activities (youth camps, camp meetings)
- ▶ Evangelistic and conference/mission office equipment
- ▶ Bible/Religion teaching & support personnel
- ▶ Retired denominational employees

Use of Tithe for Education (NADWP V 15 20)

- ▶ Elementary Schools - Tithe may be used for:
- ▶ Subsidies of up to 30% of total salaries and allowances of principals and teachers may be granted by conferences from tithe funds.
- ▶ This figure should be the maximum because it represents a reasonable basis for time devoted by elementary teachers to Bible instruction and spiritual nurture.

Use of Tithe for Education (NADWP V 15 20)

- ▶ Secondary (High) Schools - Tithe may be used for:
- ▶ Salaries and benefits for:
 - ▶ Bible departments
 - ▶ Chaplains
 - ▶ Guidance counselors
 - ▶ Residence hall deans/staff
 - ▶ Principals & vice principals
 - ▶ Business managers
 - ▶ PLUS 20% of instructional employees (excluding contract employees)

Use of Tithe for Education (NADWP V 15 20)

- ▶ Colleges and Universities -- Tithe may be used for:
- ▶ Departments: Bible, Chaplain/Outreach Ministries, Dean of Students
- ▶ The President's Office
- ▶ Salaries and benefits of:
 - ▶ Vice President for Academic Administration/Staff
 - ▶ Vice President for Finance/Staff
 - ▶ Residence Hall Deans/Staff
- ▶ PLUS 20% of instructional department employee's salaries/benefits (excluding contract employees)

What Tithe Cannot be Used For (NADWP V 15 25)

- ▶ Capital expenditure for building and facilities
- ▶ Local church operating expense
- ▶ Equipment (except for evangelistic and conference/mission/field office equipment)
- ▶ School operating expense (except for the percentage specified)

Capital Expenditures: Building and Facilities

- ▶ Tithe CANNOT be used for capital expenditures for buildings and facilities for:
 - ▶ Conference/mission offices
 - ▶ Campmeeting
 - ▶ Youth camps
 - ▶ Elementary and secondary schools
 - ▶ Welfare centers
 - ▶ College and universities
 - ▶ Radio stations

Use of Tithe for Equipment

- ▶ Equipment (except evangelistic and conference office equipment) Shall NOT be purchased with Tithe funds.
- ▶ For example: Conference cannot use tithe money to buy a computer for a local school business office.

Accounting Issues In relation to Tithe

- ▶ Tithes received from the local church by the Conference are recorded as **Unrestricted Income**
- ▶ Tithe reversions from the NAD or Union to the local conference are generally considered **Restricted Income** (e.g. evangelism reversion). It must not be released to unrestricted until the restriction has been met. **Exception: Canada (NADWP V 11 05)**

Accounting Issues In relation to Tithe

- ▶ Timing of remittances (NADWP S 37 10)
 - ▶ Church to conference - due monthly by 10th
 - ▶ Local conference to union - due monthly by 15th
 - ▶ Union to division - due monthly by 20th
 - ▶ Division to GC - due monthly by 25th
- ▶ Accrual of remittances - SDA Accounting Manual requires tithe to be recorded as income (and accrued) in the period in which the donation was given to the local church (not when actually received by the conference).

The Concept of Tithe Exchange

- ▶ It is designed to fund needs that arise which cannot properly be met from tithe funds. For example, expanding church or school facilities, land, building, equipment cost, etc.
- ▶ It is transferring tithe funds in exchange for non-tithe funds.
- ▶ Example including, funding depreciation, capital reversion.

Accounting for Tithe Exchange Funds

The Entity requesting tithe Exchange (Per SDA Accounting Manual)

DR Tithe Exchange To (activity account in the unallocated tithe function)

CR Cash in Bank

When the exchanged fund is received:

DR Cash in Bank

CR Non-tithe Exchange (activity account in the unallocated non-tithe function)

Sources of Non-Tithe Funds

- ▶ Non-tithe income varies based on the nature of the fund.
- ▶ Examples of non-tithe funds include the following:
 - ▶ World Mission Offerings
 - ▶ Ingathering
 - ▶ Sabbath school offerings
 - ▶ Other donated funds.

Accounting for Non-Tithe Funds

- ▶ Non-Tithe Funds can be unrestricted or restricted depending on the stipulations placed on the money by the donor.
- ▶ Some non-tithe funds can be restricted if there is time or purpose restriction placed on the use of the fund. For example, where a Conference receives a donation from a donor who specifies that the fund be used for worthy student scholarship.

Questions?

