



# TITHE AND NON-TITHE FUNDS (TITHE 101)

NAD NEW TREASURER ORIENTATION  
JUNE 2022

# OBJECTIVE:

Understand	the <b>philosophy</b> supporting the SDA understanding about tithe
Understand	the <b>principles and procedures</b> for administering tithe funds
Understand	the <b>appropriate use of tithe</b> and non-tithe monies in supporting the ministry of the church

# FOUNDATIONS FOR PHILOSOPHY?

BIBLICAL  
PRINCIPLES



Numbers 18:21

Deuteronomy 12:5-6

Malachi 3:10

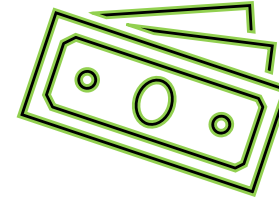
2Chronicles 31:4-19

and more...

# PHILOSOPHY ABOUT TITHE

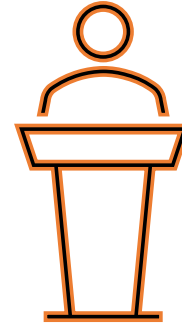
“The Seventh-day Adventist Church recognizes the tithe as God’s holy portion of our income and increase **to be used by the Church in the worldwide proclamation of the gospel**. While many entities and activities of the Church are part of the mission of the church, the Bible and Ellen G White make a distinction between those activities and functions that can be funded from tithe and those that are to be funded from other sources. Scripture reveals that the tithing system was instituted by God for both the **spiritual benefit of the individual** and the **furtherance of His cause**.”

# PHILOSOPHY ABOUT TITHE



“In contrast to offerings, the use of which is discretionary, the **tithe does not belong to the individual but to the Lord** and He is the One who determines how it should be used. Its very nature places it **outside the realm of human manipulation, restricts its usage, and requires a proper system of collection, storage, and distribution.** The World Church plays a significant function in safeguarding the sanctity of the tithe.”

# Basic Principles of Tithe



“The tithe is to be held **sacred** for the **work of the ministry and Bible teaching, including conference administration.**

The tithe is **not** to be expended upon other lines of work such as church or institutional debt-paying or building operations.”

# Basic Principles of Tithe

1. Christ gave His Church authority to build up the community of believers. God determined to **finance the gospel ministry through the tithing system.**
2. Tithe is to be used for one purpose – to **sustain the ministers\*** whom the Lord has appointed to do His work.
3. Organizations sustaining and supporting the gospel ministry can be supported from tithe.
4. Organized Church responsible for proper **system of collection and distribution of tithe throughout the world.**

# Basic Principles of Tithe



“In harmony with the biblical central storehouse principle, the Seventh-day Adventist Church has designated the **local conferences, missions, and unions of churches as storehouses**, on behalf of the world Church, to which the tithe is to be returned. In this manner, God’s tithe, the distribution of which He has entrusted to the world Church, is gathered from around the world and is made available to meet the needs of the gospel ministry.”

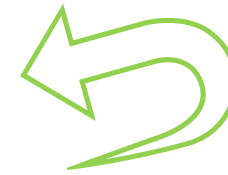


# Basic Principles of Tithe



1. Individual – return faithful tithe to storehouse
2. Local church – normal collection process (*internet option*)
3. Church organization – coordinate distribution and use of financial resources, particularly the sacred tithe. All levels of Church organization (mission, conference, union, division and General Conference) are responsible for preserving the sacredness of the tithe by cooperating with God’s plan for the tithe
4. Institutional tithing – not required, but encouraged by church leaders

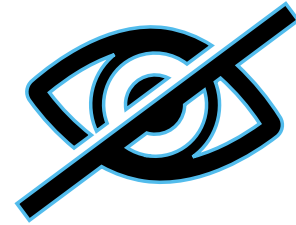
# Basic Principles of Tithe



**V 04 35 – Tithe paid to denominational organizations** shall be **remitted by the institutions to the local conferences** in whose territory they are located. The regular percentages according to policy shall be passed on by the local conferences to their higher organizations.

**V 04 40 – Student Tithe** - Students should be encouraged to return tithe on their earnings while in school. Return tithe to the local conference through the church where the school is located. Where this imposes a financial hardship on the school, the conference should arrange to subsidize the school to extent considered equitable.

# Basic Principles of Tithe

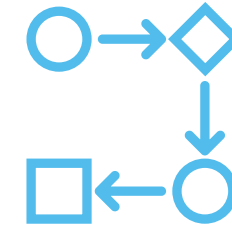


**“Members’ tithe for purposes of anonymity** – Occasionally, a member wishes to return tithe in a way that is anonymous as it relates to the local church. In such cases they may send it to the conference / mission / field, union, division, or General Conference. Since tithe is returned to the Lord, 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.”

# Basic Principles of Tithe

- All areas & individuals share in the work of the Church globally
- Blessings come to the Church as a result of sharing resources, human and financial, with the Church family around the world
- General Conference Executive Committee determines policies regarding use and sharing of tithe funds.
- Division Executive Committee were given authority to establish policies applicable to organizations in their territory.
- Individual entities have not been given authority by the church to establish their own tithe use policies and distribution practices.

# Procedures for Tithe



Tithe is to be shared around the world to support the worldwide work of the church:

Each division determines the percentages of tithe from the conferences/missions/fields which shall be used for work within the division, and for the Division Retirement Plans.

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 GC policy.

# FYI: WHAT DO AUDITORS TO CHECK FOR?

GC WORKING  
POLICY S 90  
#17, 18 & 19

NAD WORKING  
POLICY S 90  
#18, 19 & 20

On the following slides, the “check list” icon is used to indicate the policy items which the auditor is required to check for, in accordance with Working Policy S 90.



# TITHE PROCEDURES: NORTH AMERICAN DIVISION TITHE %



NAD WORKING  
POLICY

V 09 05 #2

SUPPORT OF  
WORLDWIDE  
WORK

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 from individuals

North American Division receives from the union 10% of the total tithe received from the local conferences

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 3.85% (2024). 2022 percentage is 4.85%.

# TITHE PROCEDURES NORTH AMERICAN DIVISION



NAD WORKING  
POLICY  
&  
YEAR END  
ACTIONS

## ***Additional tithe percentages:***

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

Retirement 8.1% (NADWP Z 10 25 #3/*Blue book*)

Healthcare for retirees 3.0% (NADWP Y 46 19 #3a)

Special for Retirement 0.3% (voted at NAD YEM 2016)





# Tithe Procedures - Use of Tithe

1. Pastors, evangelists and ministers
2. Soul-winning support – Conf/Union/Div/GC personnel & operations
3. Literature evangelist *benefit fund for LEs*
4. Evangelistic activities (*may include youth camp & campmeeting*)
5. Evangelistic equipment
6. Auditing service and auditing cost
7. Bible/religion teaching & spiritual support personnel
8. Retirement costs
9. Housing (*for personnel supported by tithe*)

# Use of Tithe for Education



## **Elementary Schools** – Tithe may be used for:

- Subsidies of up to 30% of remuneration and benefits of teachers and principals may come from tithe.
- 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



**Secondary/High Schools** – Tithe may be used for remuneration and benefits for:

Bible teachers

Residence hall deans

Principals/vice principals

PLUS up to 20% of instructional employees (excluding contract employees)

# Use of Tithe for Education



**Colleges and Universities** – Tithe may be used for:

- Bible/theology/religion department
- Chaplain's office
- Dean of students' office
- Residence hall deans and their staff
- President's Office
- PLUS 20% of instructional department employee's salaries/benefits (excluding contract employees)

# USE OF TITHE MISSIONARIES



## GC & NAD WORKING POLICY V 14 20 MISSIONARIES

- Many missionaries serve in roles which can be supported from tithe funds. The basis of decision is same as for other church employees – can their function be supported by tithe
- Medical and other professionals are not normally supported from tithe
- However, if mission assignment is to open work in unentered areas or people groups, it may be appropriate to use tithe for their support

# USE OF TITHE MISSION OUTREACH FOCUSED ORGANIZATIONS



GC & NAD  
WORKING  
POLICY V 14 25  
MISSION  
OUTREACH  
FOCUSED  
ORGANIZATIO  
NS

Tithe may be used for operating expenses and personnel employed in certain Church-owned and operated mission outreach focused organizations:

- *Media programs* – production and broadcast of media programs whose purpose is soul-winning in nature or for spiritual nurturing of members
- *ADRA* – ADRA directors at the GC, divisions/regions, and unions/countries where they were previously departmental directors *may* be funded from tithe if other resources are not available

# Tithe Cannot be Used For:



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Capital expenditure for building and facilities

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Equipment (except for evangelistic and evangelistic support)

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Local church operating expense

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School operating expense (except for the percentages specified)

GC & NAD Working Policy V 14 30

**Items Not to be Funded from Tithe**

Are you with me?

???



# A little more about use of tithe for equipment:



Equipment (*except evangelistic and evangelistic support*) shall NOT be purchased with tithe funds.

For example: A conference cannot use tithe money to purchase a lawnmower. The conference should either purchase the lawnmower from accumulated funded depreciation in the Plant fund, or it can be funded from Non-Tithe funds in the Operating Fund.



# A little more about Depreciation Expense

Depreciation expense included in total Operating Expense of an ecclesiastic organization\* may be funded from Tithe

- No special entry needed except a fund transfer from Operating to Plant fund (*an internal tithe exchange*)
- Amount funded from Tithe is **limited to amount of Depreciation in Operating Expense** (Operating Fund and/or Plant Fund)
- **Depreciation expense for local churches and schools CANNOT be funded from Tithe** Church & school depreciation is included in “Other/Capital Activity” not “Operating Expense”
- Once transferred to the Plant fund, the funds should NOT be transferred back to Operating fund

\*Conf/Mission/Union/Division/GC, etc.

# 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:

Church to conference

– due monthly by 10<sup>th</sup>

Local conference to union

– due monthly by 15<sup>th</sup>

Union to division

– due monthly by 20<sup>th</sup>

Division to GC

– due monthly by 25<sup>th</sup>

## 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).

# Accounting Issues In Relation to Tithe



## **Liability for tithe remittances:**

If tithe has been accepted, which by policy belongs to another organization, it must be passed on to the local conference with percentages passed on to the next organization. If the tithe has not been passed on as required by policy by the end of the fiscal year, an account payable for that liability should be recorded.

This is required for compliance with SDA Working Policy, the SDA Accounting Manual, and generally accepted accounting principles.

# Tithe Reporting & Monitoring

1. Tithe Received
2. Use of tithe – Report to show amount of tithe used for:
  1. Pastors, evangelists & front-line workers
  2. Headquarters operating
  3. Education – elementary, secondary & college/university level
  4. Direct evangelism
  5. Media outreach
  6. Literature evangelism
  7. Retirement fund\*
  8. Other – breakdown if it exceeds 5% of tithe

# Tithe Exchange

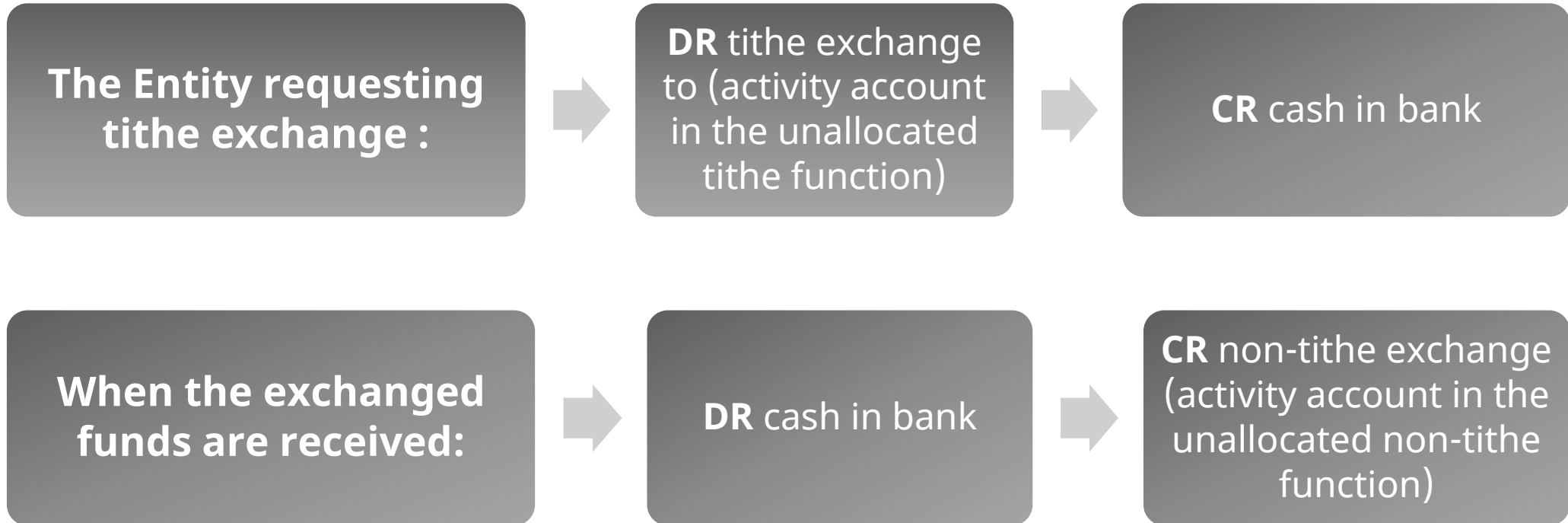


Tithe exchange is designed to fund needs that arise which cannot properly be met from tithe funds. For example, expanding church or school facilities, land, building, equipment cost, etc.

It is transferring tithe funds in exchange for non-tithe funds.

- Tithe exchanges include: exchanges with Union/Division/GC, funding depreciation, capital reversion, use of salary exchange for ABC or chaplain salaries and benefits.

# Accounting for Tithe Exchange Funds





# 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
- Sales, investment earnings, etc.

# 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?

