



Tithe and Non-Tithe Funds and Tithe Exchange

OBJECTIVE:

1. Understand the philosophy supporting the SDA understanding about tithe
2. Understand the principles and procedures for administering tithe funds and
3. Understand the appropriate use of tithe and non-tithe monies in supporting the ministry of the church

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 – Students should be encouraged to return tithe on their earnings while in school. 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 policy.

Tithe percentages - North American Division

- 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 15.35% 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 5.85% (2020). 2018 percentage is 6.35%.

Procedures for Tithe - North America Division

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)
- Healthcare for retirees 3.0% (NADWP Y 46 19 #3a)
- Special for Retirement 0.3% (voted at NAD YEM 2016)

NAD Working Policy and Year End actions

Procedures for Use of Tithe

Tithe can be used for the following:

- Pastors, evangelists and ministers
- Soul-winning support – personnel & operating expenses
- Literature evangelist *benefit fund*
- Evangelistic activities (may include youth camp & campmeeting)
- Evangelistic equipment
- Auditing service and auditing cost
- Bible/religion teaching & spiritual support personnel
- Retirement costs
- Housing (*for personnel who are 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 and
- The President's Office
- PLUS 20% of instructional department employee's salaries/benefits (excluding contract employees)

Tithe Cannot be Used For:

- Capital expenditure for building and facilities
- Equipment (except for evangelistic and evangelistic support)
- Local church operating expense
- School operating expense (except for the percentages specified)

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 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:

- 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).

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 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

The Entity requesting tithe Exchange :

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
- 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?