

# Follow the Money!

A discussion of how tithe flows through  
the world Seventh-day Adventist Church

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# Assumptions

- Continuing effort between GC and NAD to achieve financial parity with other world divisions.
- Presentation is from the Conference perspective
- Tithe is the most significant financial driver of SDA Church function
- Don't lose sight of Grandpa and Grandma Jones
- Tithing is a theological mandate. The distribution of tithe in the Seventh-day Adventist Church is not. It is a polity/policy issue.
- The financial structure of the church works **ONLY** because we all agree to do it this way

# Current Tithe Flow

- 13.5% to NAD/GC (13% in 2024 and thereafter)
- 9% to Unions
- 11.4% to frozen defined benefit plan
- Approx. 1% to special assistance fund

# Church Structure Truisms

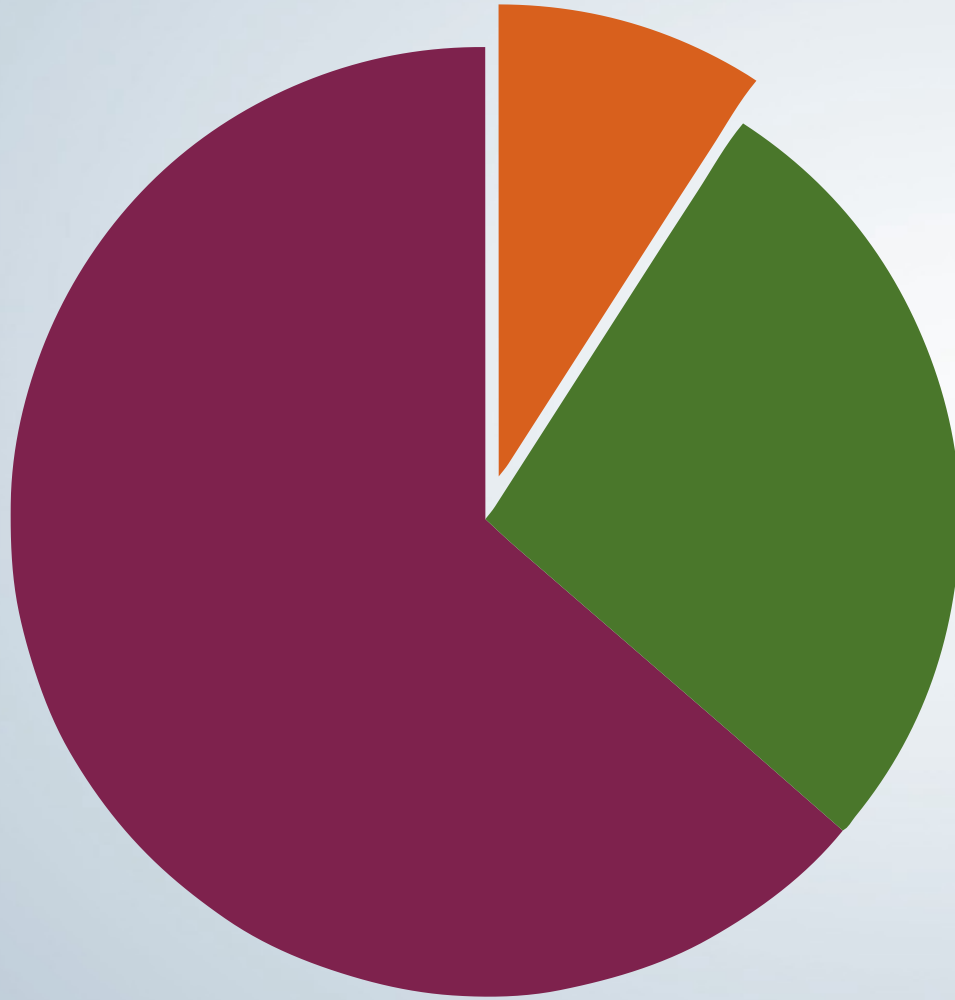
# Church Structure Truisms

- 1. The farther away from the problem you are, the more you know.
- 2. No matter where you are in the organizational structure, you:
  - Receive criticism from the next lower level from where you are
  - You criticize the next level higher than you
  - When you move from one level to the next, you are absolved of your previous criticism of that level and commence criticizing the 'new' next level higher.

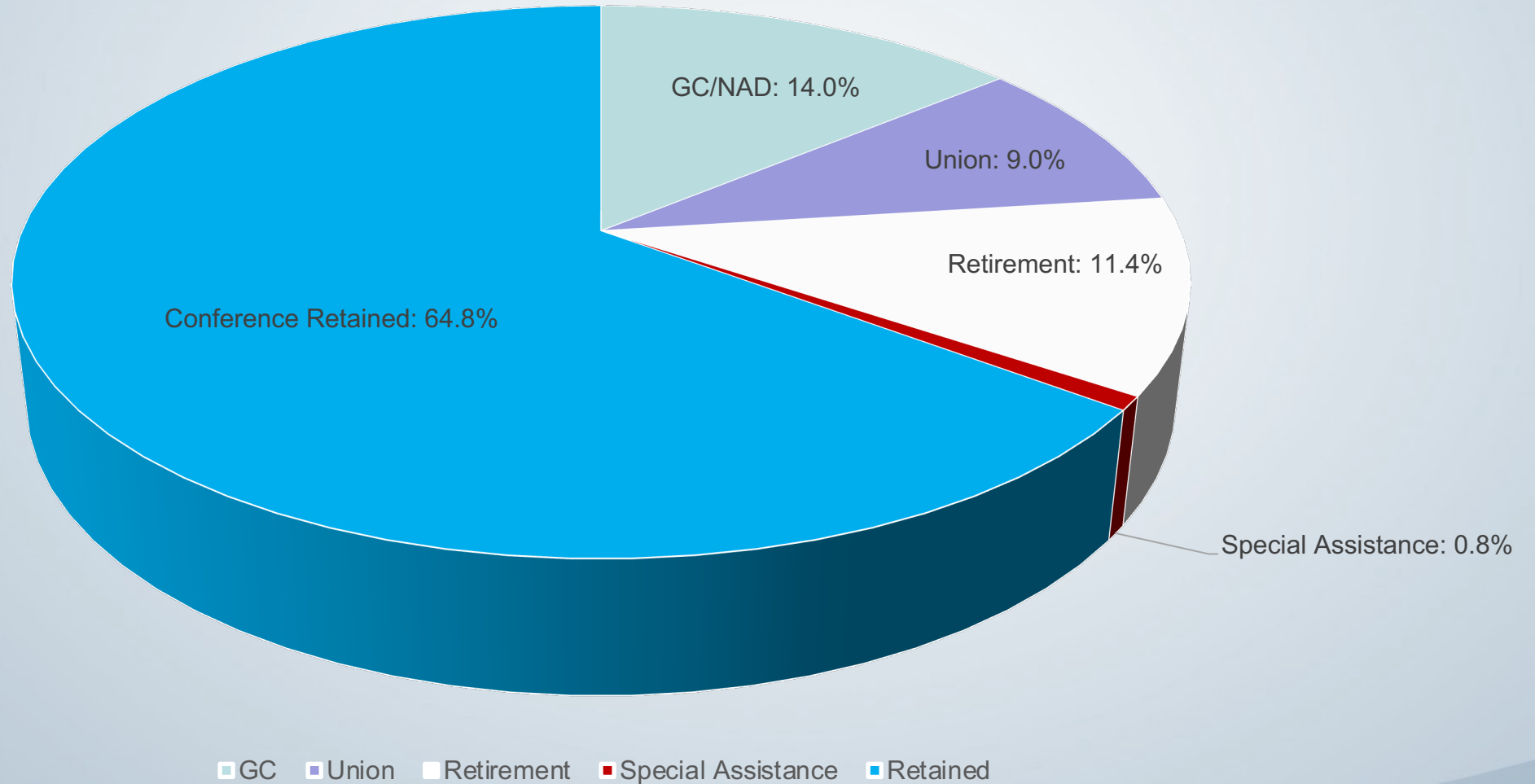
# Conference Treasurers Standard Tithe Distribution Slide

# Section Name

**10%** - Chart Caption



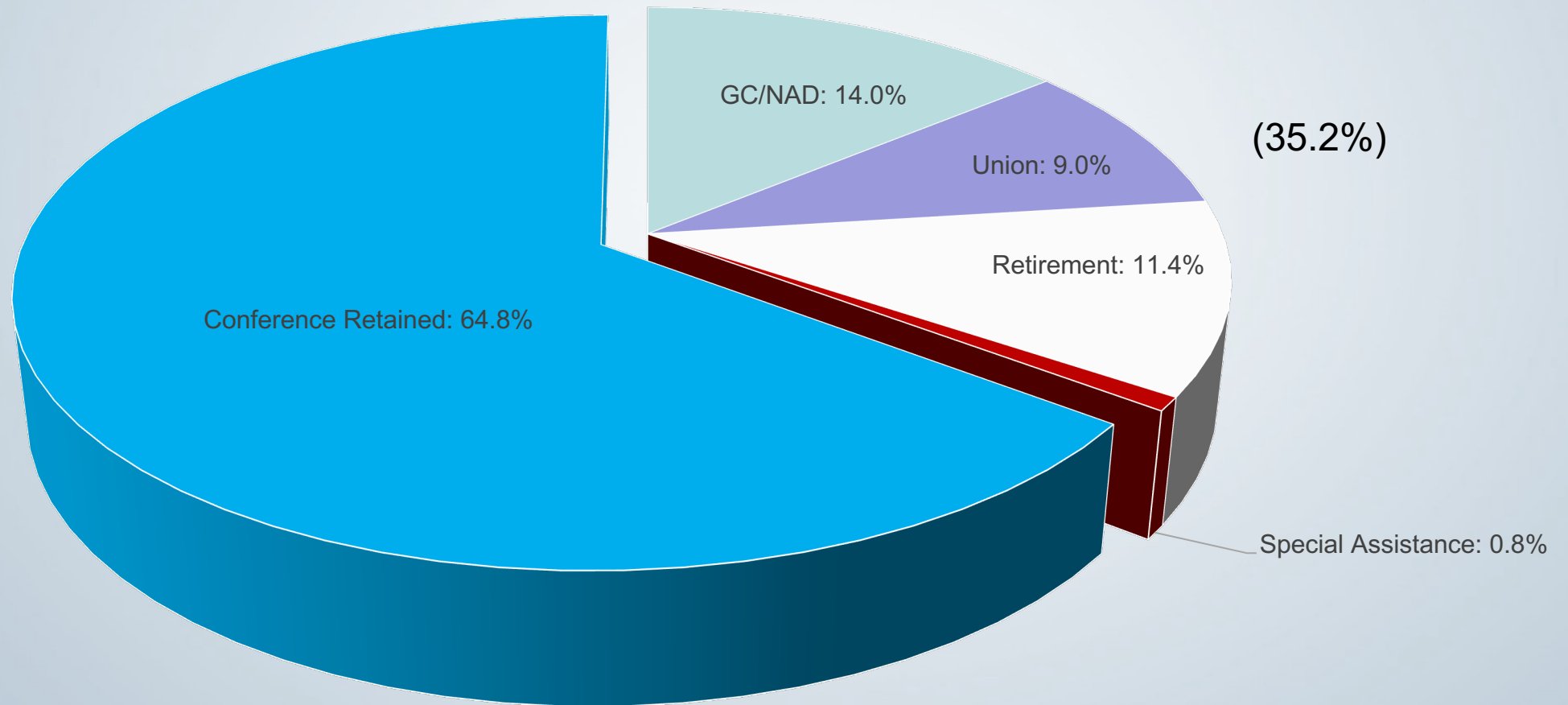
# Conference Use of Tithe (2022)



Keep in mind that by 2024, the GC/NAD slice will be 13% and the Conference Retained will be 65.8%



# Conference Use of Tithe - 2022

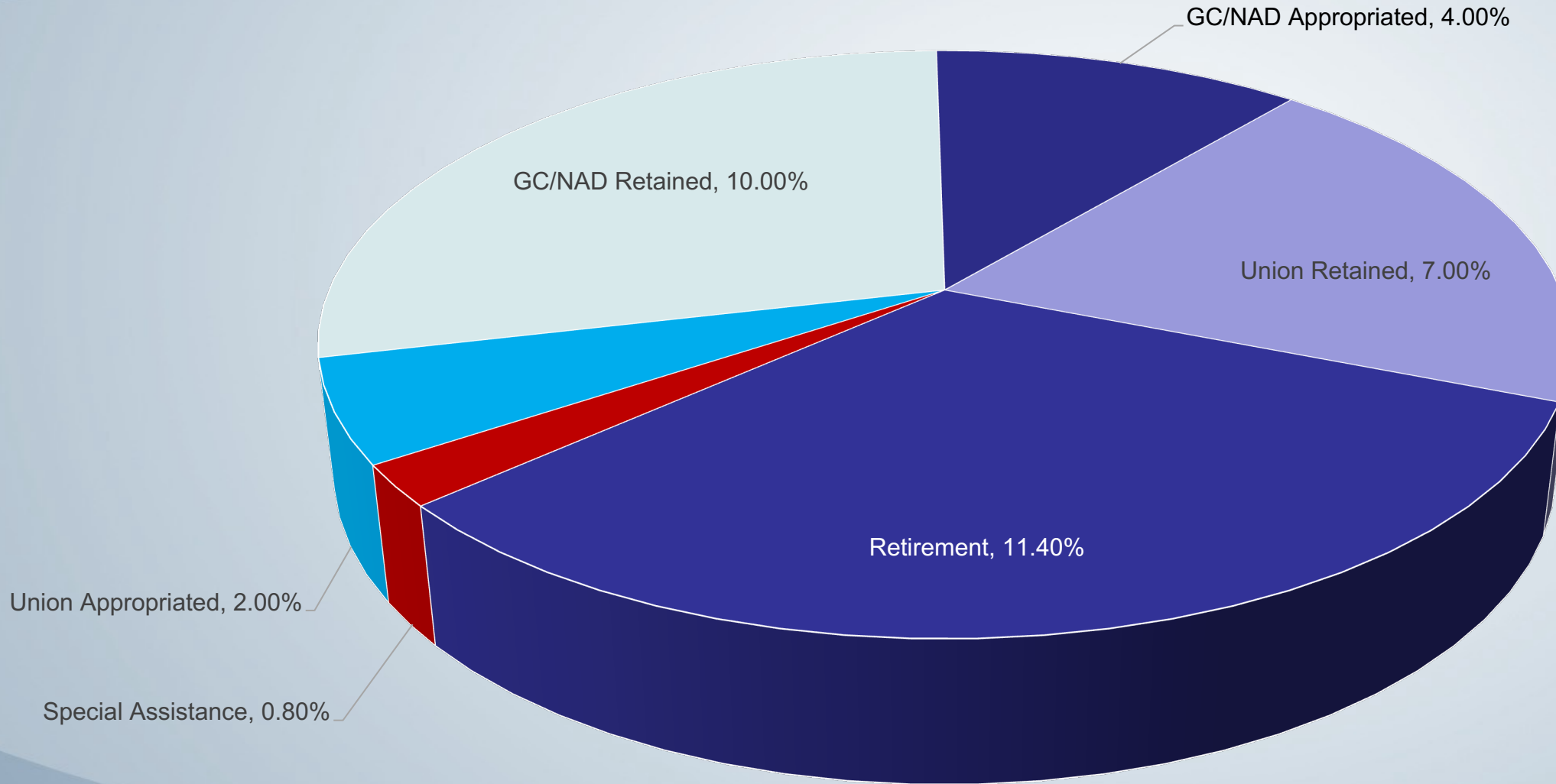


GC Union Retirement Special Assistance Retained

# Accurate But Incomplete

- This slide is the basis for the current requests to retain more funding at the conference level
- It is an accurate but incomplete description
- It does not include the return of funds to the local conference from unions, division, and GC via appropriations of various kinds as well as funds expended on behalf of local conferences
- These appropriations and expenditures occur because of the following principles that have been a part of church structure for a very long time
  - The more able helping the less able
  - The ability to target resources to large areas of need church-wide
- The incomplete reporting picture we have become accustomed to is not a criticism of our local conference treasurers. But it does reveal the complexity of the issue and the need for a more complete understanding.

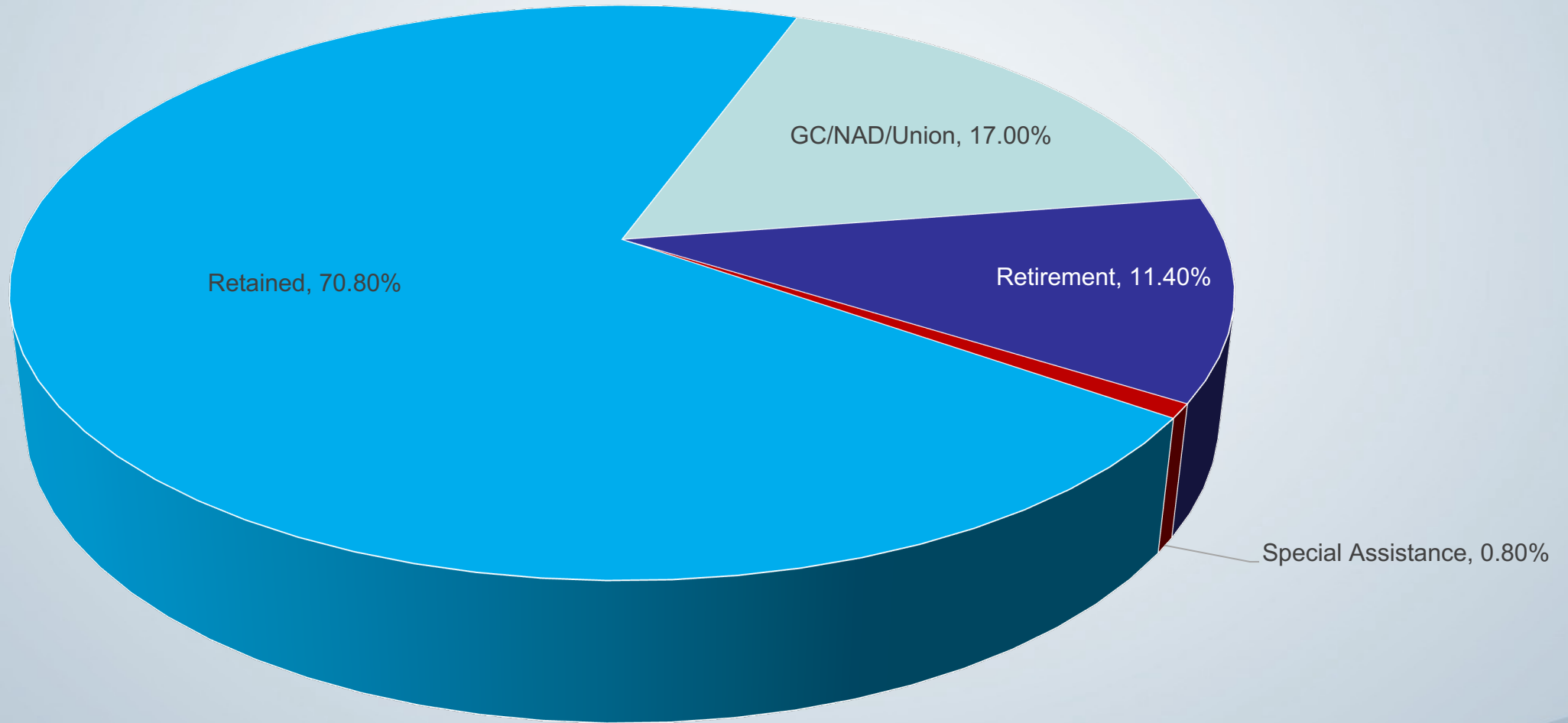
# Breakdown of Tithe 'Sent Up' – (35.2%)



Please note that 'retained' and 'appropriated' are approximations and vary slightly from institution to institution from year to year.

# Revised Conference Use of Tithe: 2022

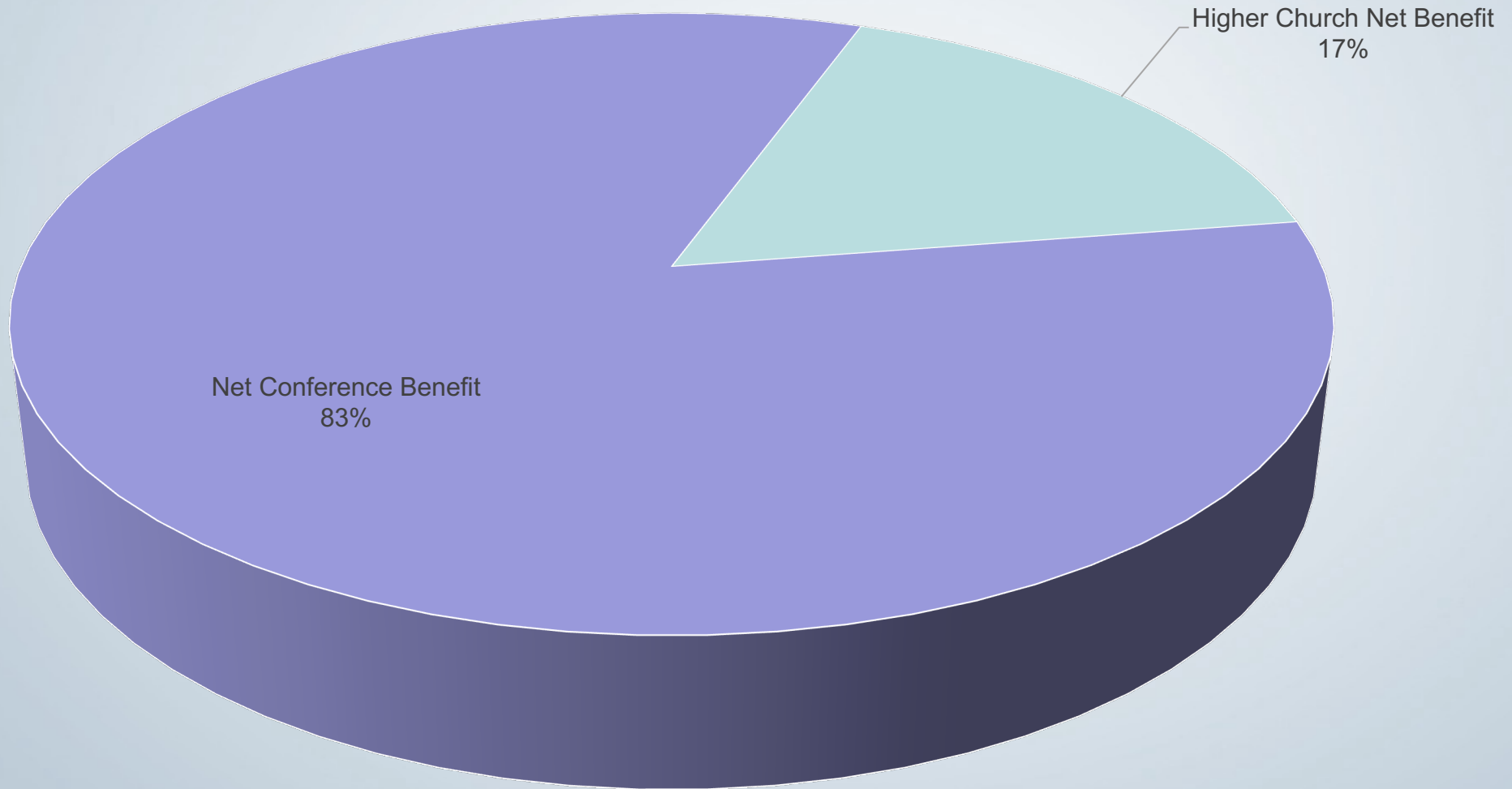
Adds Direct Appropriations



GC/NAD/Union Retirement Special Assistance Retained

# Revised Conference Use of Tithe

Adds Retirement Contributions and Special Assistance



Higher Church Net Benefit Net Conference Benefit

# Center of Complication and Confusion

# Center of Complication Confusion

- If you have been around the conversation at all, you know there is not unity regarding the 'flow of tithe' subject
  - Many feel, some based on incomplete information, that the 'higher organization' must send more funds to the local conference or even local church
  - Some feel there is no need for certain levels of the organization and that we can save the funding for local church and/or local conference
  - There are differences of opinion on how certain expenditures should be labeled
    - ie: certain funds are 'sent up' and lost to the local conference, and are of little or no benefit to them
  - Answering these observations seems to be where most of the complication and confusion is.



# Center of Complication and Confusion

- Examples:
  - Pastor's and Teacher's Conventions
  - Public Affairs and Religious Liberty
  - The meeting we are now sitting in



# Some Ambiguity is an Unfortunate but Unavoidable Reality

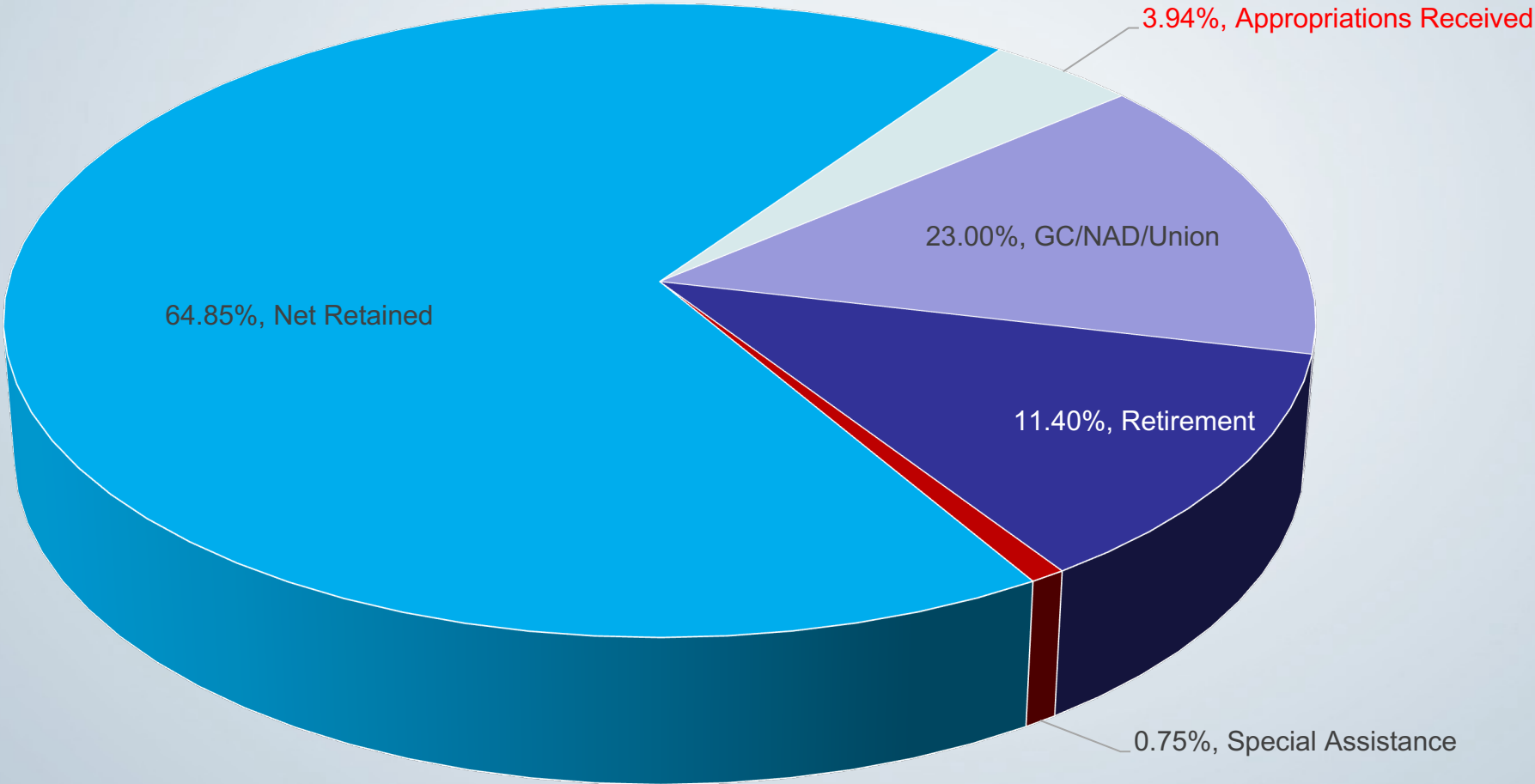
- The movement of finances through the church is extremely complex
- Depending on the conference or union, percentages DO vary
- Most conferences also receive non-tithe funding which is not reflected in this presentation.
- To demonstrate some of the differences, the following slides are included from several individual conference calculations of tithe flow. This is actual 2022 data from real conferences within the NAD territory
  - Large Conference
  - Medium Conference
  - Small Conference
  - Regional Conference

Large = > \$35m in tithe  
Medium = < \$35m and > \$15m  
Small = < \$15m

# The Large Sized Conference 'Actual Conference Data'

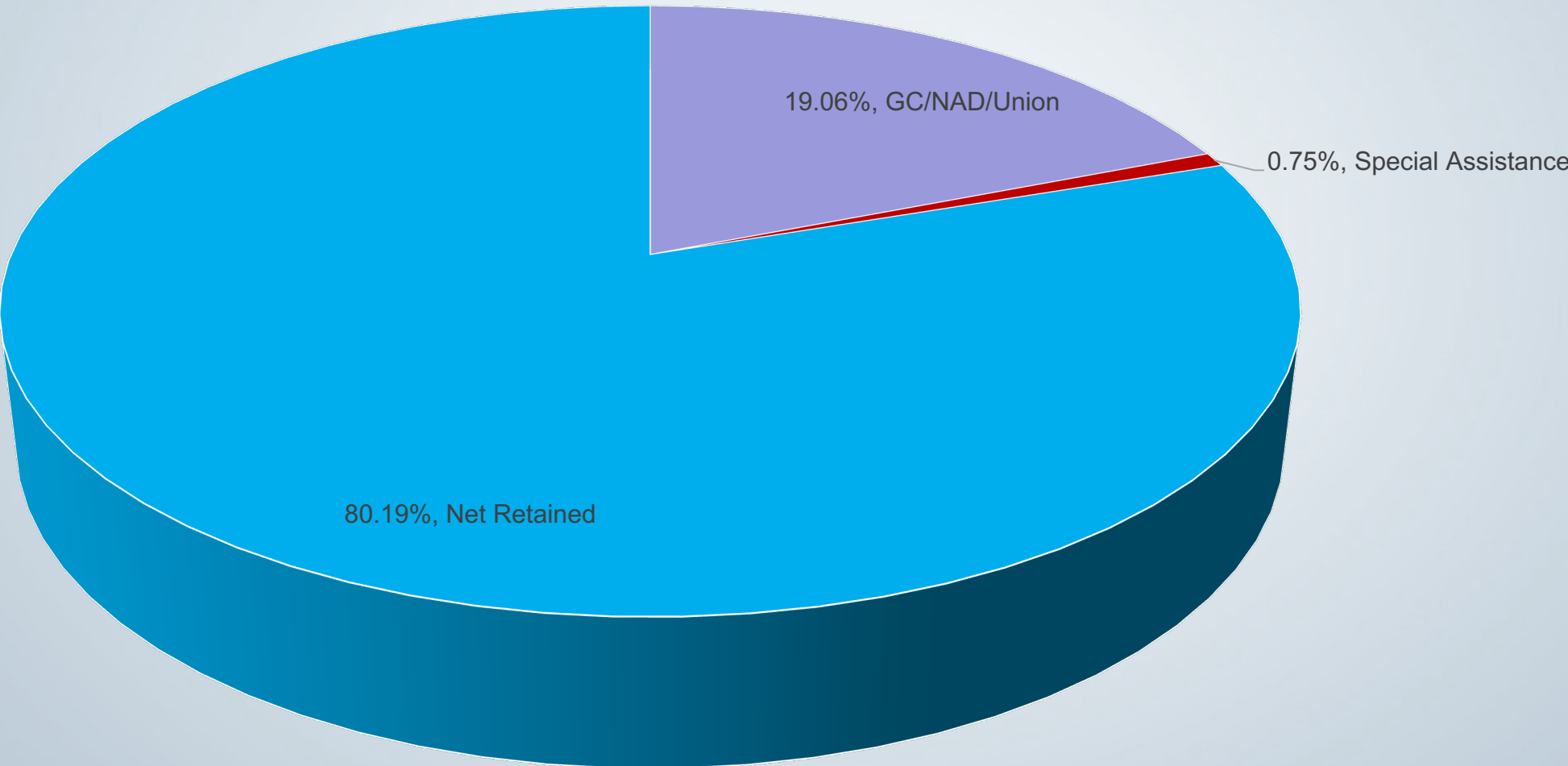
# Large Sized Conference Net Tithe Use (2022)

Total on this slide will be more than 100% to show the total tithe used and sent by the conference and then an added slice representing the return appropriations.



GC/NAD/Union Retirement Special Assistance Net Retained Appropriations Received

# Large Sized Conference Net Tithe Use (2022)



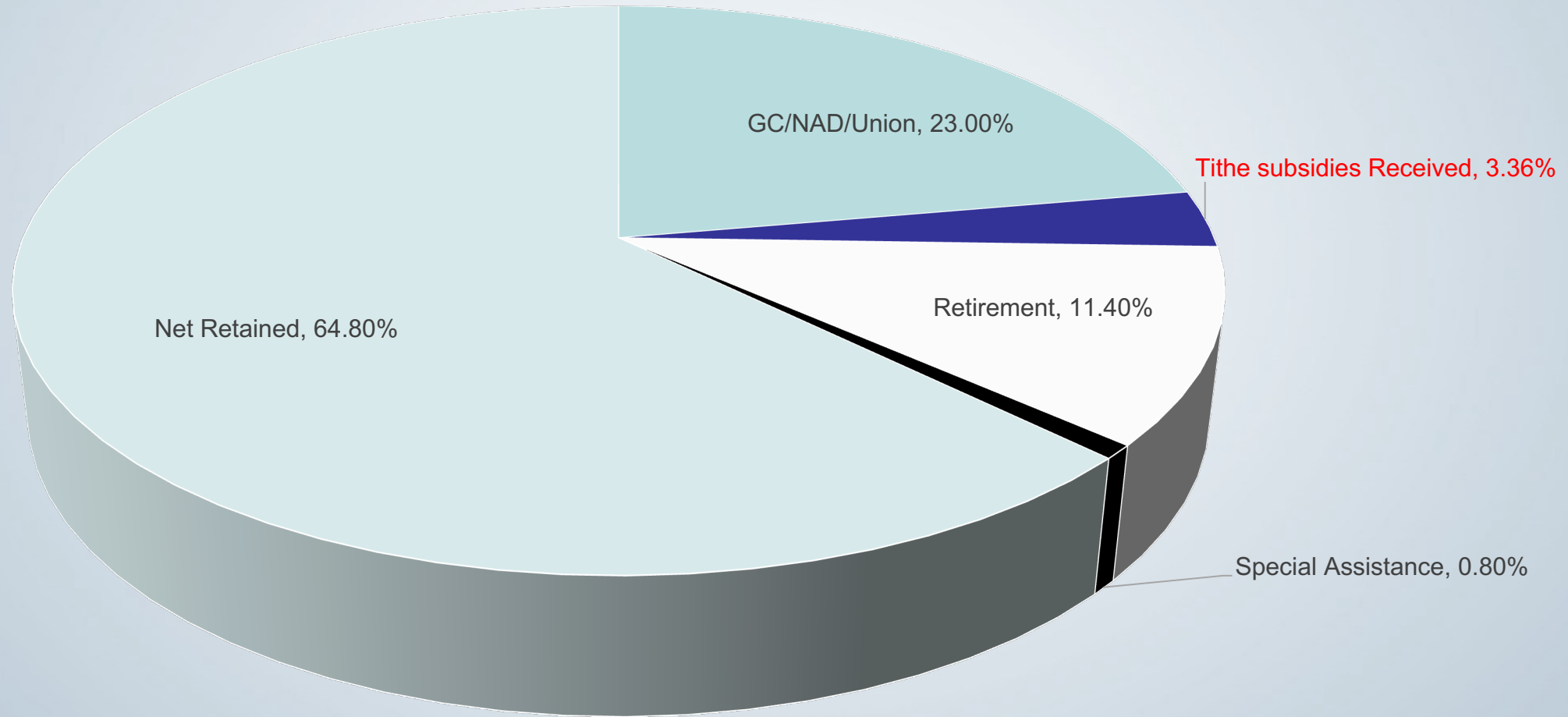
■ GC/NAD/Union ■ Special Assistance ■ Net Retained

# The Medium Sized Conference

## 'Actual Conference Data'

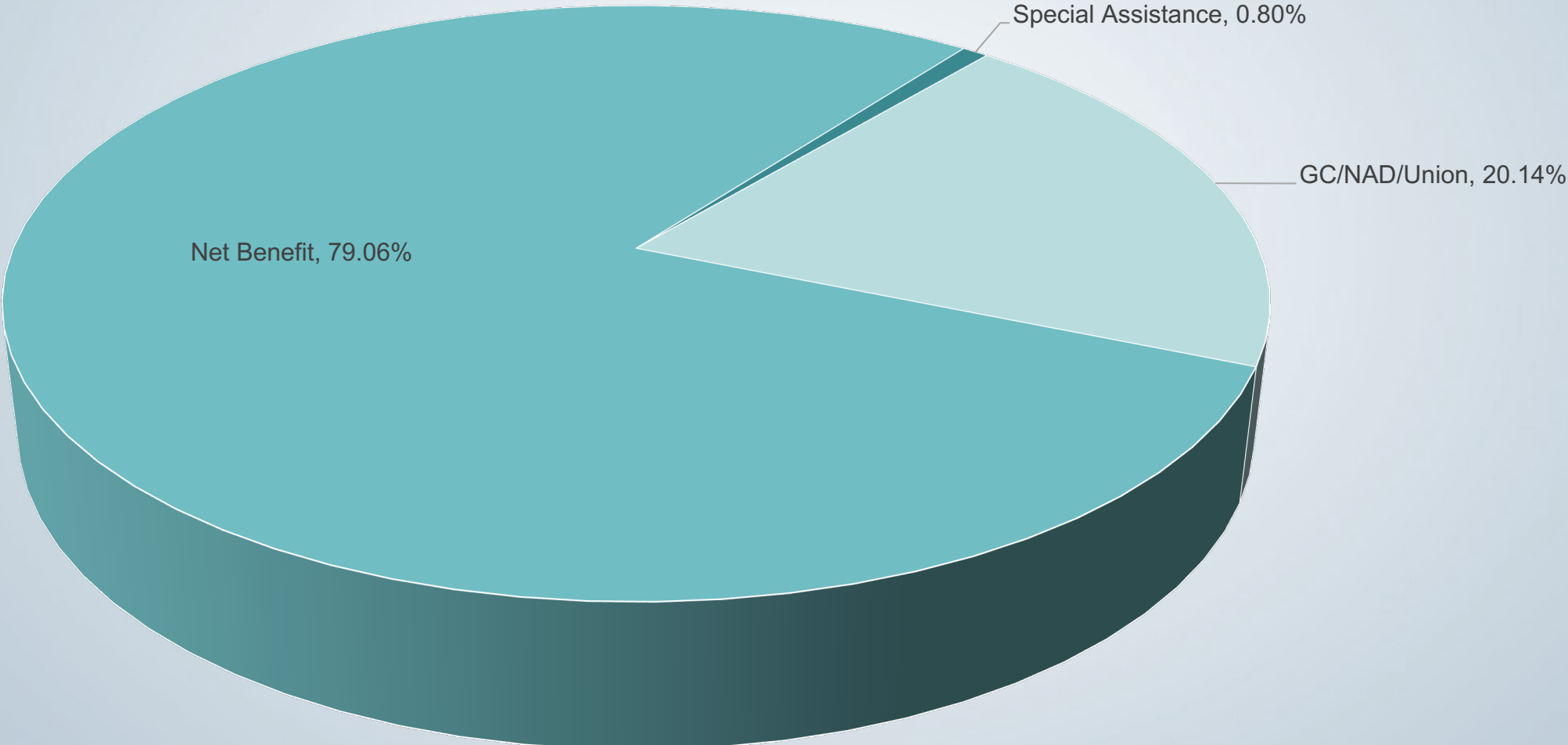
# Medium Sized Conference Net Tithe Use (2022)

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GC/NAD/Union Tithe subsidies Received Retirement Special Assistance Net Retained

# Medium Sized Conference Net Tithe Use (2022)

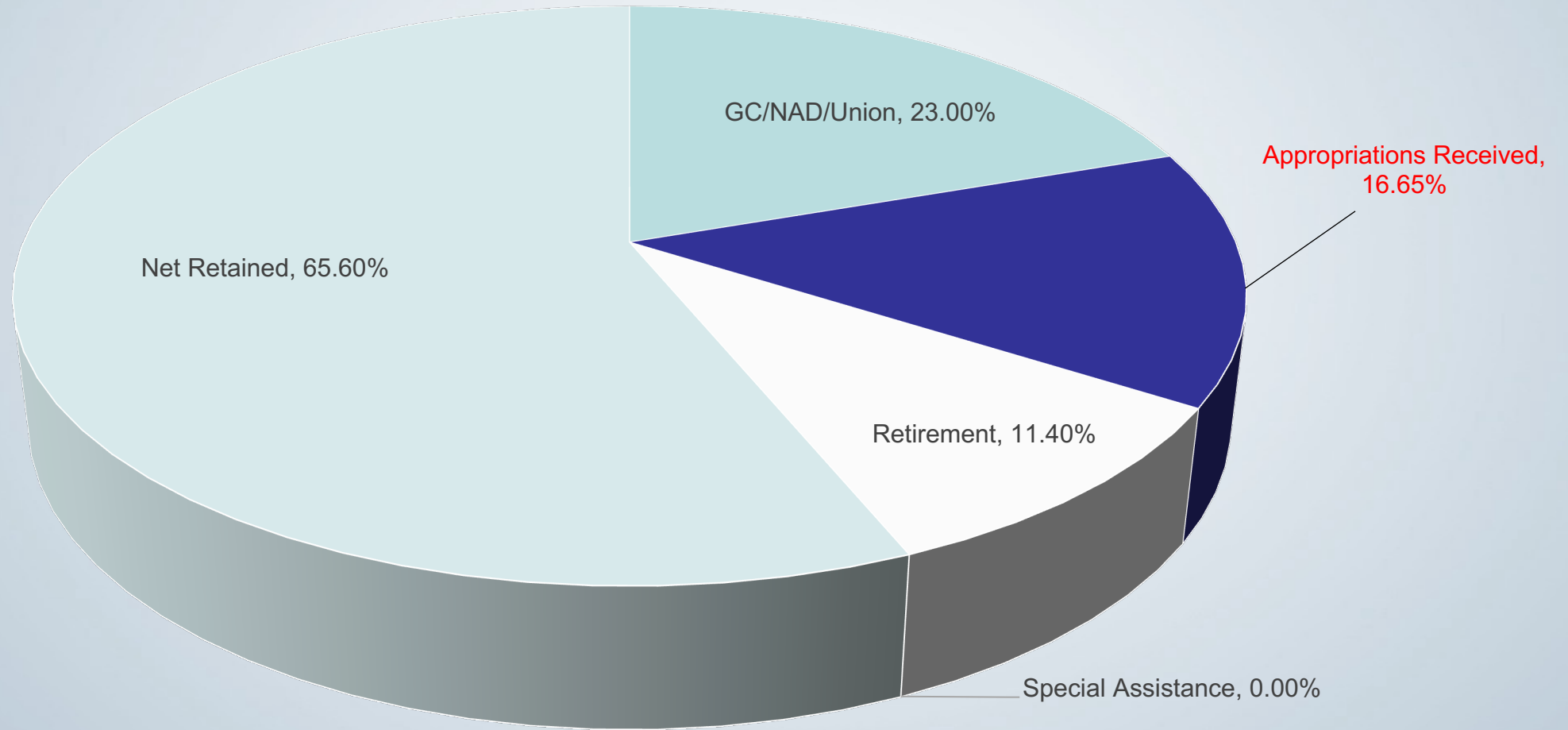


GC/NAD/Union Net Benefit Special Assistance

# The Small Sized Conference 'Actual Conference Data'



# Small Sized Conference Net Tithe Use (2022)

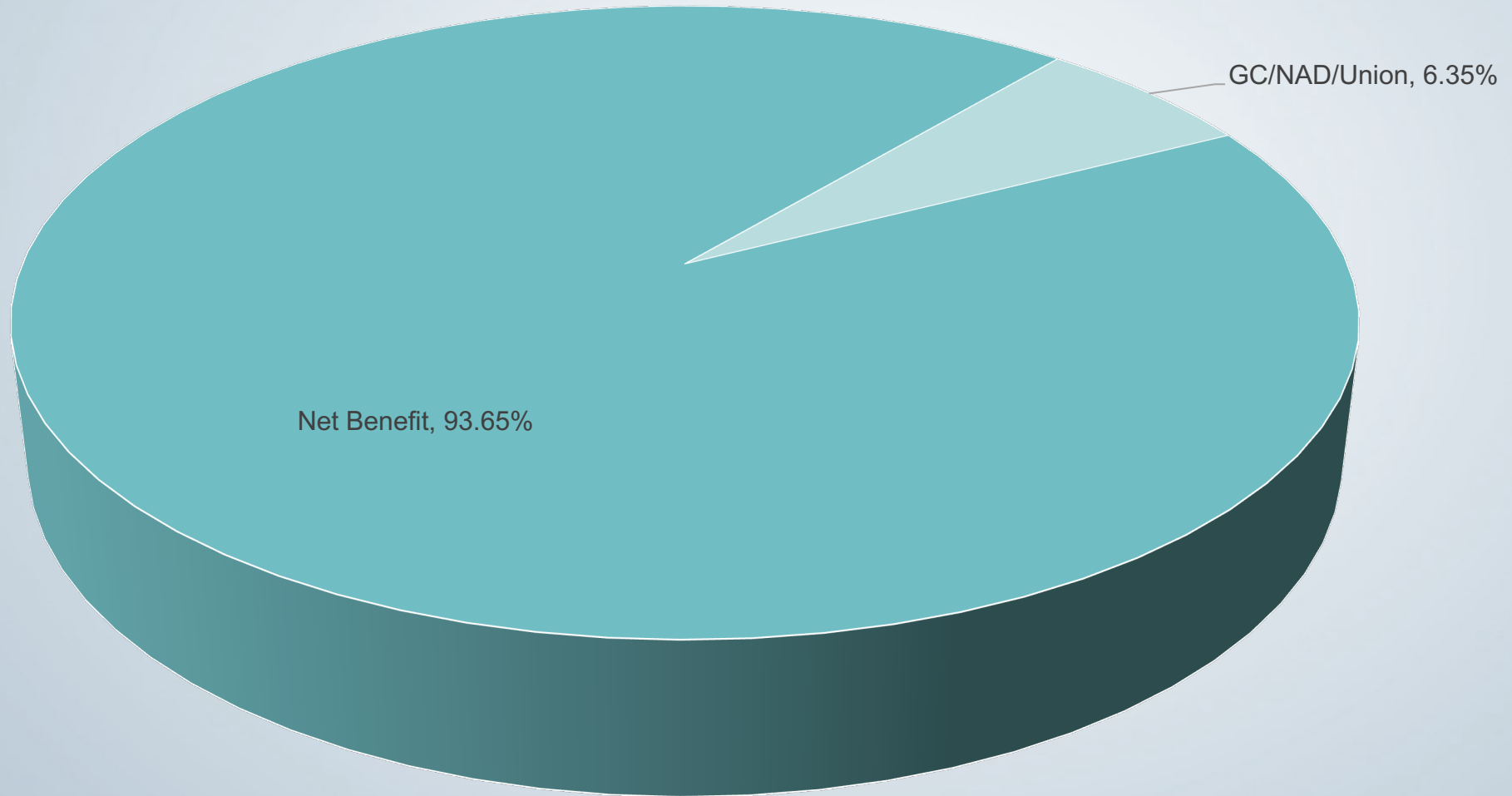


Total on this slide will be more than 100% to show the total tithe used and sent by the conference and then an added slice representing the return appropriations.

■ GC/NAD/Union ■ Appropriations Received ■ Retirement ■ Special Assistance ■ Net Retained

Note: The Conference Special Assistance is 0% because this conference did not reach the tithe threshold to contribute.

# Small Sized Conference Net Tithe Use (2022)



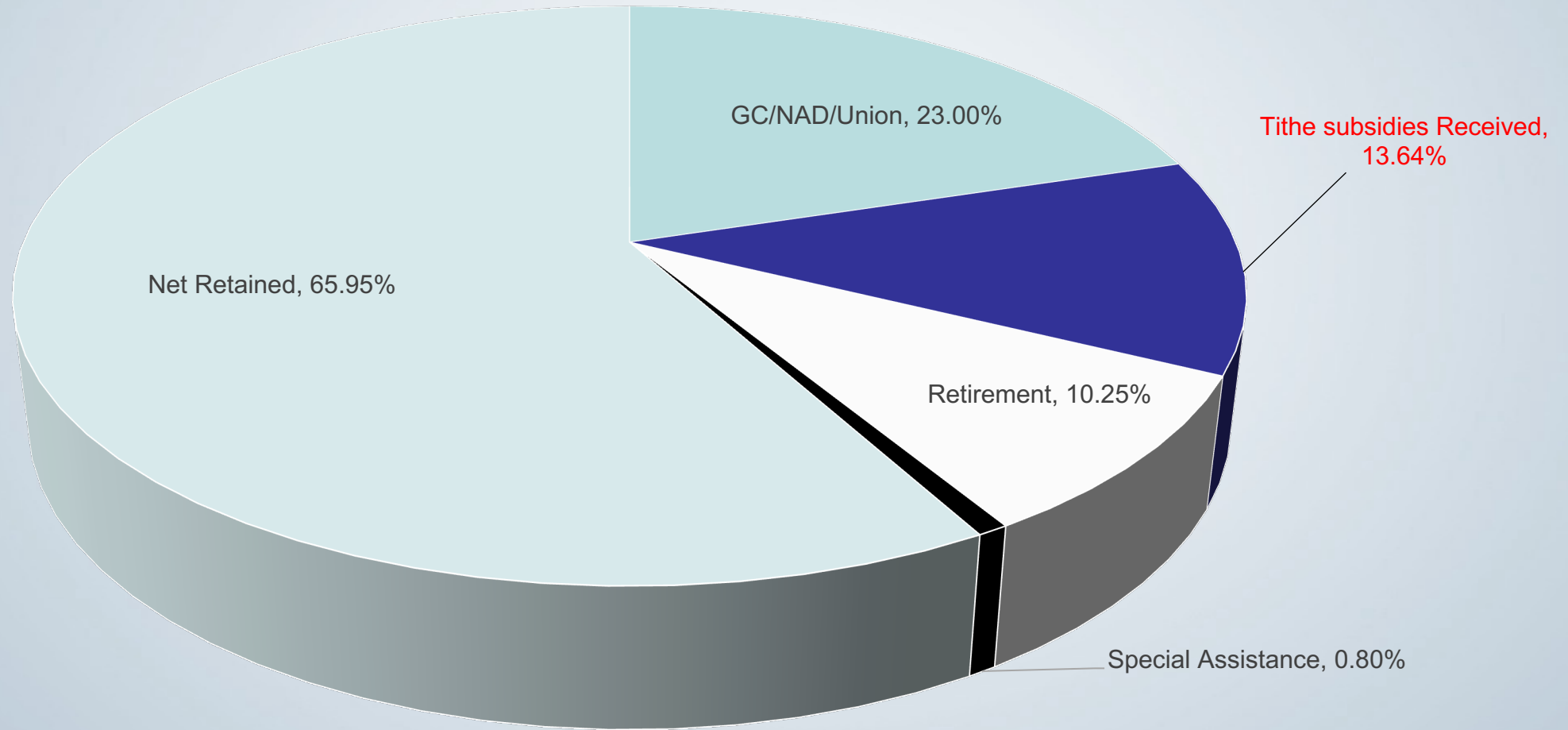
GC/NAD/Union Net Benefit

# The Regional Conference

## 'Actual Conference Data'

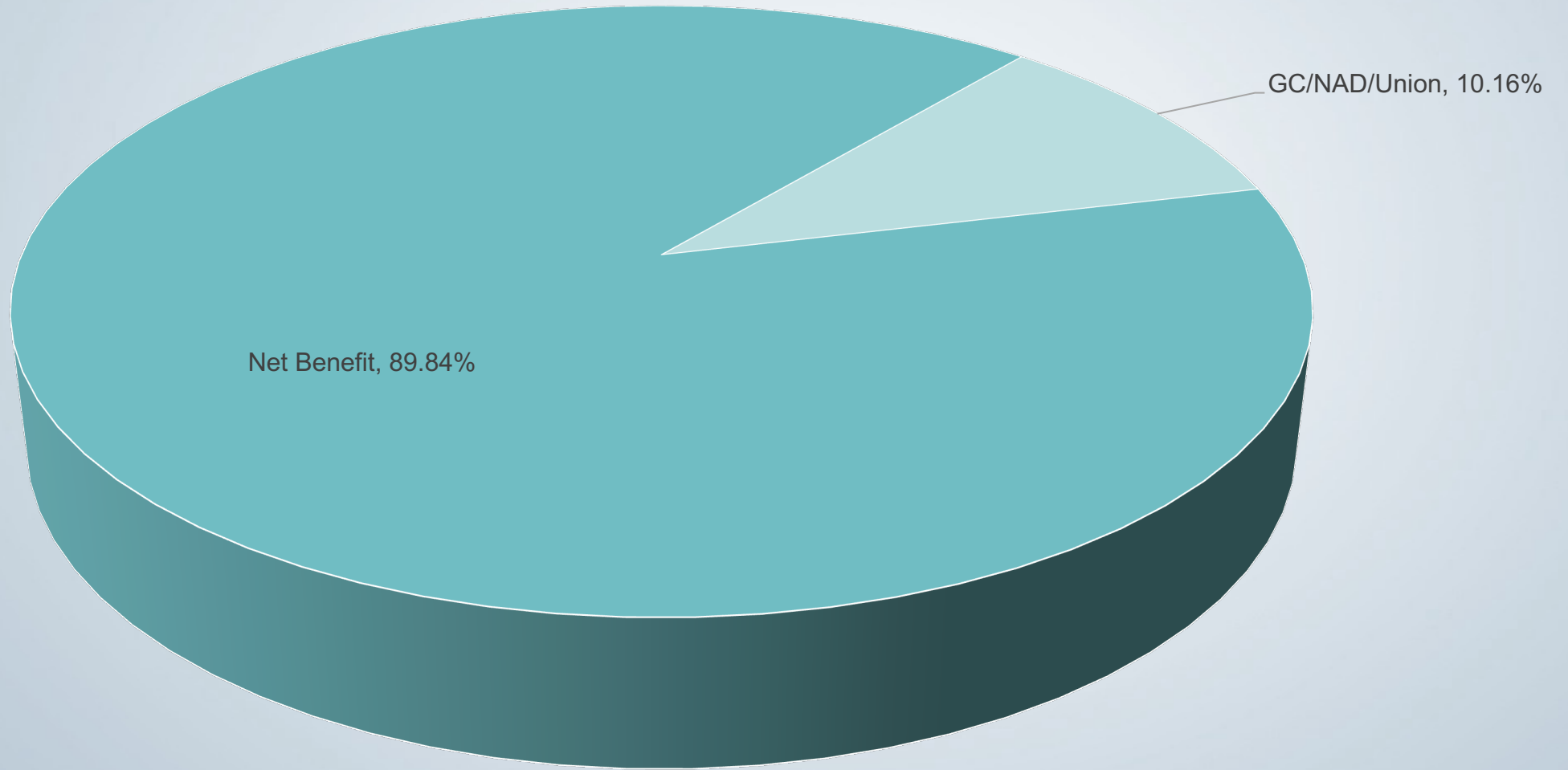
# Regional Conference Net Tithe Use (2022)

Total on this slide will be more than 100% to show the total tithe used and sent by the conference and then an added slice representing the return appropriations.



■ GC/NAD/Union ■ Tithe subsidies Received ■ Retirement ■ Special Assistance ■ Net Retained

# Regional Conference Net Tithe Use (2022)



GC/NAD/Union Net Benefit

# Some things provided by what is retained by Union/NAD/GC

- Publishing
- Missionary Processing/Deployment
- Legal Services
- Religious Liberty Services – Church-wide legal advocacy
- Planned Giving Services
- Risk Management/Insurance Services
- Investment Services/Options
- Materials/Resource Development
  - Youth
  - Sabbath School
  - Stewardship
  - Adventist Learning Community
  - Education
- Direct Services
  - AdventSource
  - Adventist Community Services/ADRA
  - Christian Record Services
  - Adventist Chaplaincy Ministries
- Accounting Development and Support
  - AASI
  - APS
  - AdventistGiving
  - Local Church/School accounting
- Membership
  - e-Adventist
- Data Services
  - Hosting/Backup
  - Adventist Church Connect
  - Adventist School Connect
- Curriculum Development and Accreditation
  - Student Information System
- Financial and Trust Auditing
- Revolving Fund Borrowing/Investing Services
- Seminary/Pastoral Training/Internships
- University Support
- Media/Outreach Ministries

# What IF...

- 2022 Tithe was \$1,232,085,000
- 17% is about \$209,454,450
- Remove the 'higher' portions of the organization
- Split the proceeds with 59 Conferences
  - Option 1: Give to Conferences on a pro-rata tithe basis
  - Option 2: Give every Conference an equal share (\$3,550,068)
- Every Conference would have to pay for or choose not to pay for all the services just listed (and more that are not listed) on their own with their share of the tithe proceeds
  - Many conferences could not pay for the equivalent service
  - Certain services would disappear (likely many would be consequential to mission)
  - Several conferences would possibly close due to the change



# Conclusions

- Our financial structure is complicated
- We have not done a good job of communicating all the facets to anyone (leadership, office staff, pastors, teachers, members)
- Discussions continue about who benefits from the tithe dollars spent:
  - Who benefits from appropriations given to the Media Ministries or for organizing conventions?
  - Who benefits from costs for accreditation and curriculum development for our schools?
  - Who benefits from the ability to borrow from a Revolving Fund?
  - Who benefits from a department deploying missionaries around the world or organizing Union wide training events?
  - Who benefits from the costs paid for our auditing and legal services and the funding of our seminary?
  - Who benefits from compensating pastors and teachers then paying for their retirement costs?



# Conclusions

- All these things need to happen and we need to continue to have discussions about how they are done and who does them.
- ALL of us must continue to find ways to be more efficient with and more mindful of where our funds go. We must transparently communicate to our members in as complete and understandable way as possible.
- We must strive to maximize the benefits derived from each level of the organization and strive to understand that our system has been created by **Divine Genius**.
- We must all continue to find every way possible to care for the funds we have been entrusted with and to be accountable to each other for how **Every Level** of the organization spends its funds.
- Let us **ALL** be:
  - Slower to assume the worst or criticize what we don't understand or don't have complete information about
  - Mindful of transparently communicating as complete a financial picture as possible
  - Faster to collaborate, communicate, and dialogue to achieve the best outcomes for the entire church and its mission.

# Questions