





# Report of the Finance and Stewardship Committee To the 98th International Assembly

## **I. ECFA Recognition (Evangelical Council for Financial Accountability)**

The Evangelical Council for Financial Accountability (ECFA) is an accrediting organization dedicated to helping Christian ministries earn the public's trust through adherence to Seven Standards of Responsible Stewardship™, which focus on board governance, financial transparency, integrity in fundraising, and proper use of charity resources.

The basis for establishing the ECFA and developing Seven Standards of Responsible Stewardship™ is stated clearly by the apostle Paul in 2 Corinthians 8:21 (NIV), "For we are taking pains to do what is right, not only in the eyes of the Lord but also in the eyes of men."

We are pleased to report the Church of God of Prophecy continues, since the past International Assembly, to meet the criteria for recognition by the ECFA. The Church's Executive Director of Finance & Administration, Paul Holt, and the entire finance team are to be commended for their efforts and diligence in maintaining this accreditation.

## **II. Statement of Reaffirmation Regarding Pastoral Compensation**

"The treasurer of the local church is to send 10 percent of all tithes received into the local church each month along with the monthly treasurer's report to the International Offices (United States, Virgin Islands): all other locations, reports should be sent to their national/regional office, in their respective area, or contact their national overseer for the correct information." (Present Financial System, p.76, 96th International Assembly Minutes)

Pastoral compensation is to receive first consideration of the 90 percent of tithes remaining in the local church. A minimum base salary for pastors where funds are available is suggested each year by the Administrative Committee. This amount is not intended to reflect a maximum compensation, but a base upon which to build. Health insurance coverage, retirement assistance, educational assistance, and other benefits should be considered in addition to the base salary and should be funded from the 90 percent of tithes remaining in the local church treasury.

In those local churches where funds are not available to pay the minimum base salary, the 90 percent of tithes remaining in the local church is designated as pastoral compensation until the recommended base salary is met. The key role of pastors must not be underestimated. In this church, we want to be pastor passionate.

## **III. Financial Ethics**

### **RATIONALE**

The goal of living "above reproach" should be our target in every aspect of Christian living. Within the body of Christ we strive to serve with the highest ethics. Financial accountability is imperative at all levels.

The conduct of individuals given responsibility for handling church finances has a direct effect on the reputation and trust level of that particular body. It also affects the level of trust individuals have in giving. A good reputation is earned on a continuing basis by performing one's responsibility with competence, appropriate confidentiality, and integrity. Our commitment should be to maintain the highest standards of financial accountability.

We recognize the difficulty at times to find one who is qualified and willing to assume the responsibility of church treasurer. Since it is a position that must be filled, at times it may appear there is no alternative but for the pastor, his/her spouse, or another pastoral family member to be appointed to this position. Though made with the best intentions, this decision places the pastor and his/her family in a vulnerable position.

#### Recommendation

In order to provide protection to the pastoral/ministry family and avoid a possible conflict of interest, and in the interest of fiscal integrity, pastors or members of the pastoral family should not serve as treasurer of the ministry body served. (This also applies to the state/regional/national levels of ministry)

In extreme circumstances, where there appears to be no other option, approval must be granted by the state/regional/national overseer. For states/regions/nations, approval must be granted by the respective general presbyter.

### **IV. Embracing the Harvest & Leadership Development: Strengthening National/Regional/State Offices**

#### RATIONALE

##### Historical Perspective

The year was 1994. Delegates from around the world gathered in Louisville, Kentucky for the 88th Assembly with the theme "Turning to the Harvest." In his Annual Address, General Overseer, Bishop Billy D. Murray stated: "Everything done in this Assembly should be done with the harvest in mind. Souls who are lost must occupy our attention. The Assembly committees have worked hard to prepare their reports, but if these reports do not serve to help us focus on the harvest, they should not be given." It was during that Assembly that the church's trajectory was altered as we turned to the harvest.

As the subsequent Assembly attested, with the theme "Vibrant Churches Engaged in Harvest," the Church had embarked on a transition toward decentralization for the purpose of raising up vibrant local churches. This season of transition resulted in immediate change to the Church's financial system.

In the report of the Ways and Means Committee to the 1994 Assembly, the thesis of their report stated, "We believe in the principle that basic stewardship responsibilities are at the local church, and that it should be the steward of those funds given as tithes and offerings."

With this report, the financial system which had served this body for many years was deconstructed and funds were redirected primarily to the local church. The percentage of church tithes going to the n/r/s offices was eliminated; as was all surplus tithes; and the fourth Sunday offering for overseer expense was also eliminated. In an effort to compensate for the loss of revenue at the n/r/s offices, licensed ministers were to tithe their ministry income to those offices.

The Ways and Means Committee included an acknowledgement in their report stating: “The committee recognizes that some states, regions, or nations may have a shortfall in available funds on a short-term basis during the transition to these recommendations.” This “shortfall of available funds” put national/regional/state offices in a tailspin.

Since the 1994 and 1996 Assemblies in which the present financial system was framed, numerous studies and surveys have been done to determine its effectiveness.

The F & S Committee reported in the 2000 Assembly: “Perhaps the most consistent input from the survey revealed there was a high level of misunderstanding and concern by the pastors over the extent to which the financial changes had negatively impacted the funding of state offices.”

Then, in the F & S Committee report to the 2008 Assembly, it was stated, “The reported tithe (of the ministry income received by licensed ministers) has not been a sufficient revenue source for (the) intermediate offices.”

In 2010, the Finance and Stewardship Committee reported on their four-year study of the present financial system, stating: “This current system was adopted in 1994 and transitioned to full implementation over a seven-year period. This was an effort to restructure the International Offices and concurrently decentralize more of the ministries and resources to local churches. The result of this transition significantly redirected and/or reduced the percentages of tithes and key offerings away from the intermediate offices (i.e. national/regional/state offices) and International Offices and toward the local churches. Although the local churches and the International Offices have been successful in adapting to these changes, the intermediate offices (i.e. in particular, the North America national/regional/state offices) have been adversely impacted by them.”

At the time of that study, two-thirds (61 percent) of all North America n/r/s offices reported the present financial system was working poorly for them and there was a dire need that something be introduced by the 2008 Assembly and implemented immediately to prevent them from becoming insolvent.

The study concluded by saying: “In retrospect, it appears that the cuts made in 1994 were too deep and drastic at the intermediate levels. It seems that the n/r/s offices could have fared better had they retained at least five percent of the tithes from the local church. The n/r/s offices now primarily exist on the ministry tithes that are received each month which alone have proven insufficient. Many of these offices have reduced their ministry staffs and allotments, consolidated

staff positions, sold valuable properties, depleted cash reserves, and still potentially face insolvency looming on the horizon. The challenge before us now is to determine how to correct this error without adversely impacting other levels within the system.”

#### Recommendation

In recognition of the urgency to adjust the present financial system so that National/regional/state offices may better respond to the harvest and the ongoing development of leaders in their own areas without adversely impacting the international level, we recommend a gradual reallocation of tithes paid by the local church.

U.S. churches will continue to send 10 percent of the total tithes received to the International Office. Upon full implementation, the International Office will reallocate 30 percent of these funds to the national/regional/state offices from which the tithes are received.

This reallocation will be implemented gradually over a six year period:

Beginning June 1, 2015

10 percent of tithes paid by churches to the International Offices will be reallocated to the regional/state offices;

Beginning June 1, 2018

20 percent of tithes paid by churches to the International Offices will be reallocated to the regional/state offices;

Beginning June 1 2021

30 percent of tithes paid by churches to the International Offices will be reallocated to the regional/state offices.

This gradual reallocation of tithes over this six-year period will allow the International Offices sufficient time to adjust their annual budgets accordingly. The Executive Director of Finance & Administration will be responsible for the reallocation of tithes to the regional/state offices, to be done on a quarterly basis by the fifteenth day of each new quarter (i.e. September 15, December 15, March 15, and June 15).

Likewise, general presbyters serving outside the US will work to establish appropriate banking and accounting procedures between the nations and the International Offices Finance Department to reflect a like-kind reallocation of tithes paid by the local churches.

If the Church globally will work within the framework of this financial system, the benefits will be far reaching. However, should local congregations choose to withhold the 10 percent of tithes payable to the International Offices or the appropriate international funds, both the International Offices and national/regional/state offices may be adversely affected due to insufficient funding, which may result in the inability to maintain existing properties, ministries, or services.

This recommendation will not change the way in which funds are presently distributed from the local church. Reporting by local church treasurers will remain the same. National/regional/state offices will continue to receive the tithes of pastors and ministers.

This recommendation will not circumvent the present Assembly ruling which states: “When there is a need for more operational funds at the national/regional/state offices beyond the ministerial tithe, these intermediate offices may adopt resolutions in their respective conventions (i.e. that are not in contradiction to the current Assembly rulings or the present financial system) in order to provide them with much-needed additional financial support.” (p. 61, F & S Report, 95th International Assembly)

Upon approval of this recommendation, the Finance & Stewardship Committee will monitor its implementation and will keep the Assembly abreast of the blessings and challenges resulting from this effort.

Respectfully submitted,

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Bishop Jay Croyle  
Bishop Franklin Ferguson  
Bishop H. Wayne Hall  
Bishop George McLaughlin  
Londa Richardson, Recording Secretary  
Bishop Jesse Yanez  
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