

REPORT OF THE OFFICE OF FINANCE

The Office of Finance provides centralized finance and accounting services to the denominational corporations, including the General Synod Council (GSC), the Board of Benefits Services (BOBS), and the Church Growth Fund (CGF). The Office of Finance strives to ensure that financial systems, procedures, and controls are in place to support the mission and ministry of these entities and to assist the officers and directors of the corporations in fulfilling their fiduciary responsibilities. The finance staff is available to respond to financial questions from local congregations, classes, and regional synods as together we carefully manage the financial resources with which we have been blessed.

2022 Annual Audits

The 2022 financial statements of the GSC, BOBS, RCA 403(b) Retirement Program, and CGF were audited by Plante Moran, PLLC, certified public accountants. This was a first year engagement for Plante Moran, PLLC. All corporations and the 403(b) Retirement Program received unmodified (or “clean”) audit opinions. The GSC’s Audit and Risk Management Committee reviewed the audited financial statements of each entity, reviewed the post-audit letters from the auditors, and reported the audit results to the boards of the respective corporations. The American Institute of CPAs Auditing Standards Board issued a Statement on Auditing Standards (no. 137, The Auditor’s Responsibilities Relating to Other Information Included in Annual Reports) that affects the way in which we have referred to the audited financial reports within the workbook in the past. Under this new standard, any link to the audited financials within the General Synod Workbook would require us to have the entire General Synod Workbook audited; both the timeline and cost of this are prohibitive. Financial highlights of each organization are presented below. For more information, please contact the Office of Finance.

Financial Summaries—Fiscal Year Ended September 30, 2022

General Synod Council (GSC)

The GSC’s total income was \$11 million and expenses totaled \$15 million, resulting in a net loss of \$4 million. This loss was primarily due to a decline in value of investments of nearly \$4 million and spending of grant revenue received in previous years. Total net assets were \$40.7 million, of which \$19.2 million is without donor restrictions and \$21.5 million is with donor restrictions.

The generosity of donors—churches, individuals, and foundations—covered 55 percent of the GSC’s costs. Assessments provided 36 percent of GSC’s costs and continue to be consistently paid to GSC by classes. Funding for the work of the General Synod, including the operating budget and all other designated and restricted funds, is presented in the following chart:

REVENUE BY FISCAL YEARS ENDING SEPTEMBER 30

	2022	2021
Contributions and Grants	\$8,467,716	\$10,331,918
Assessments	\$5,542,829	\$5,916,752
Other Income*	\$(2,961,610)	\$4,086,167
TOTAL INCOME	\$11,048,935	\$20,334,837

**Includes investment gains/(losses) and fees for services provided to related entities*

Contributions and grants decreased by \$1.9 million from 2021. In 2021, the GSC received a grant from Lilly Endowment Inc. for Generation Spark in the amount of \$1,310,000, and Global Mission received approximately \$400,000 less in estate gifts in 2022 than it received in 2021.

Assessments decreased by approximately \$400,000 due to loss of membership and churches leaving the denomination.

Other income decreased by approximately \$7.0 million due primarily to the depreciation in market values of investments, as both equities and bonds lost value in 2022.

The chart below shows expenses by functional category and is followed with a summary of each functional expense category.

EXPENSES BY FISCAL YEARS ENDING SEPTEMBER 30

	2022	2021
Church Multiplication	\$1,040,001	\$912,461
Global Mission	\$7,125,651	\$6,898,917
Transformed & Transforming	\$2,396,559	\$2,738,290
Work of the General Synod*	\$2,573,033	\$3,822,170
Ministry Support Services	\$2,149,773	\$2,218,170
TOTAL EXPENSES	\$15,285,017	\$16,590,679

**Includes GSC, General Synod, and the Office of the General Secretary*

The GSC's total expenses decreased from the prior year by \$1.3 million.

- Church Multiplication expenses did not change significantly from 2021 to 2022.
- Global Mission expenses did not change significantly from 2021 to 2022.
- Transformed & Transforming expenses declined from the previous year due to continued unfilled vacancies and eliminated positions.
- Work of the General Synod expenses decreased due to the transfer of the New Jersey endowment fund (approximately \$2 million) to New Brunswick Theological Seminary in 2021. This decrease was offset by an increase in expenses in 2022, since two General Synods were held in the 2022 fiscal year, (no General Synod was held in the 2021 fiscal year).

- Ministry Support Services expenses did not change significantly from 2021 to 2022.

Other expenses decreased due to a reduction in expenses of occupancy costs, the elimination of the *RCA Today* magazine in 2021, and reduced expenses for the RCA Store. Travel and staff development increased \$300,000 due to relaxed restrictions in travel from the pandemic and more in-person meetings held across the denomination. This affected all functional categories above.

Board of Benefits Services (BOBS)—403(b) Retirement Program

As mentioned above, audits for the 2022 fiscal year were performed by a new audit firm, Plante Moran. In consultation with this firm, changes in reporting were implemented. The RCA 403(b) Retirement Program and Support and Investment funds were audited separately. The RCA 403(b) Retirement Program statements are presented on a modified-cash basis, as this presentation is a more accurate reflection of the financial status of the plan. As of September 30, 2022, the date of BOBS' most recent audit, \$246 million is held in participant accounts in the RCA 403(b) Retirement Program. In fiscal year 2022, participant and employer contributions to the plan were \$10.1 million, and \$6.5 million was reallocated from the non-qualified RCA Retirement Plan. Distributions to participants totaled \$15.9 million for the same time period.

Together as a denomination we, through decisions of General Synod, have agreed to contribute 11 percent of the eligible salaries of RCA ministers of Word and sacrament to their retirement accounts each year. An estimated \$910,000 has not been paid into participant accounts from local congregations for benefits owed between January 1, 2009, and September 30, 2022. BOBS staff continues to work with pastors, congregations, and classes to obtain necessary information to monitor compliance with *Book of Church Order* Formulary No. 5 requirements. RCA ministers of Word and sacrament should review their quarterly statements to verify that 11 percent of their eligible salary is being contributed. Elder delegates to synod should ask questions in their local congregation to ensure that their congregation is providing this important benefit for their pastor(s).

For additional information about the retirement plan, see the report of the Board of Benefits Services in this workbook.

Board of Benefits Services—General Fund

The BOBS' General Fund administers the retirement programs, life and long-term disability insurances, and assistance and retiree chaplains programs for active and retired RCA-ordained ministers, their dependents, and surviving spouses. The General Fund is financially healthy, with \$25 million in net assets as of September 30, 2022. The General Fund ended fiscal year 2022 with a net deficit of \$2.9 million. Investment depreciation and losses on reserves and endowments of \$2.8 million were offset by other revenue of \$2.2 million. Administration costs for the retirement plans,

which are covered primarily by a fee on employer contributions to the RCA 403(b) Retirement Program and the RCA Retirement Plan accounts, totaled \$328,000 in 2022.

Effective January 1, 2022, BOBS implemented a fee reduction for participants from 19 basis points (bps) to 10 bps. Since 2012, the administrative fee has dropped by 30 bps. Earnings from the ERISA Insurance Endowment Fund, a decrease in operational expenses, plus investment earnings from other sources and increased values in the retirement plans allowed for BOBS to administer its programs at a reduced fee.

Support for the assistance and retiree chaplains programs came from a General Synod assessment, designated contributions, and annual investment income from endowment funds. Assistance grants and retiree chaplains' ministry expenses were \$539,000 in 2022. The premiums received for life and long-term disability insurances cover the costs of administering those insurances. For additional information about the BOBS' General Fund, see the report of the Board of Benefits Services in this workbook.

Church Growth Fund (CGF)

The CGF makes affordable-rate loans to current and former RCA churches and related agencies for building projects used in ministry. Loans are funded by current and former RCA churches, agencies, and individuals that purchase CGF savings certificates, which are interest-bearing investments offering a favorable rate of return. In fiscal year 2022, the CGF continued its plan to grow and service more RCA congregations, reaching \$81 million in total assets.

As of fiscal year end, September 30, 2022, the CGF had over \$30 million in cash and short-term investments and \$49 million in loans to churches. The loans were funded by \$32 million in savings certificates and \$49 million in net assets (capital). The CGF had a net loss of \$1.6 million due to unrealized losses of \$2.4 million on investments. The CGF contributed \$800,000 to the GSC to be used for grants related to church plants and church revitalization. Since 2018, the CGF has operated under a goal of being able to contribute up to 50 percent of net operating income annually back to the denomination.

The CGF has very strong liquidity, capital, and cash flow when compared to standards established by the North American Securities Administrators Association. For additional information about the CGF, see the report of the Church Growth Fund in this workbook.

Investments

The investments of the GSC, BOBS, and CGF are managed by professional investment managers. Performance and compliance with defined investment policy statements are reviewed twice a year by the Investment Advisory Committee, which is made up of representatives from the boards of each corporation and at-large members with investment expertise. The Investment Advisory Committee makes

recommendations for changes to investment policy or management to each RCA board for consideration.

Excess Operating Reserves

Since December 2017, the operating reserves of the GSC, BOBS, and CGF are being managed by Telemus Capital, LLC, an investment firm based out of Ann Arbor, Michigan, in an actively managed portfolio of fixed-income securities. Telemus Capital, LLC, allows for the segregation of funds for each RCA corporation. The investments for each RCA entity may then be further segregated and managed under two separate investment policies. The first policy, invested only in fixed income, is the secondary liquidity source after cash and savings for the RCA entity and uses the benchmark for investment returns of the Barclays 1-5 Year Government/Credit A+ Index. The second policy, allocating assets to longer duration fixed income and equities, is the third source of liquidity for the RCA entities and uses the benchmark for fixed income investment returns of the Barclays Intermediate Government Corporate Bond Index. The total amount invested in fixed income at Telemus Capital, LLC, was \$27.2 million at September 30, 2022.

Endowment Funds

The GSC manages \$23 million in funds provided by donors or set aside by management to be invested long term. Some of the endowed gifts entrusted to the GSC date back to the mid-1800s. The investment proceeds from endowed gifts are used for donor-designated purposes while preserving and growing the dollar value of the original gift. LVM Capital Management, Ltd., actively manages 100 percent of the fixed income investments and 80 percent of the equity investments. The remaining 20 percent of equities are invested in passive index funds at the recommendation of the Investment Advisory Committee. The benchmark for investment returns is 70 percent S&P 500 and 30 percent Bank of America Merrill Lynch 1-10 Year Government/Corporate Bond Index.

In addition to the GSC and CGF, the endowment pool includes amounts designated for local congregations and RCA seminaries and colleges. In fiscal year 2022, the RCA Endowment Fund distributed \$977,000 to the GSC, \$35,000 to the CGF, and \$243,000 to RCA-affiliated organizations. If you are interested in setting up an endowment for the benefit of the GSC or your local congregation, please contact the RCA's Office of Advancement (advancement@rca.org).

BOBS also manages an endowment fund valued at \$22.1 million. LVM Capital Management, Ltd., actively manages 100 percent of the fixed income investments and 80 percent of the equity investments. The remaining 20 percent of equities are invested in passive index funds at the recommendation of the Investment Advisory Committee. The benchmark for investment returns is 70 percent S&P 500 and 30 percent Bank of America Merrill Lynch 1-10 Year Government/Corporate Bond Index. In 2022, approximately \$535,000 was distributed from the endowment fund to the BOBS' General Fund.

RCA Retirement Plans

Fidelity Investments provides recordkeeping and investment management services for the BOBS' retirement plans. In collaboration with the Investment Advisory Committee (IAC), in its fiduciary role, BOBS monitors the performance of the investment options (funds) available under the two retirement plans. BOBS and the IAC are assisted in this task by outside investment consultants from Creative Planning Retirement Services (formally named Lockton Retirement Services).

Mutual fund options available to retirement plan participants include target-date retirement funds based on a participant's retirement age as well as 18 diversified mutual funds, including four environment, social, and governance (ESG) investing options. As of December 31, 2022, 76 percent of the participant funds are invested in target-date retirement funds. The total market value of the mutual funds held in the 403(b) Retirement Program was \$246 million, with \$182 million in the non-qualified Retirement Plan at September 30, 2022.

For additional information about the retirement plan investments, see the report of the Board of Benefits Services in this workbook.

Planned Giving Programs

The GSC manages various planned giving programs, including charitable gift annuities, totaling \$1 million. The Barnabas Foundation provides investment management and recordkeeping services for these programs. The investments include equities and fixed income to provide cash flow to cover the required payouts. This fund is in a wind-down phase. Those wishing to establish a charitable gift annuity benefiting the RCA or a local RCA church may contact the Barnabas Foundation or the RCA's Office of Advancement to do so.

Church Growth Fund Investments

The CGF invests a portion of excess operating cash in four fixed-income accounts and two equity accounts. As of September 30, 2022, Telemus Capital, LLC, the Barnabas Foundation, and LVM Capital Management, Ltd., manage these funds. The RCA Investment Advisory Committee reviews the investment policy and investment performance semi-annually.

Socially Responsible and Environment, Social, and Governance (ESG) Investing

All investment policy statements for each pool of investments require the investment manager to avoid investments in the securities of companies whose principal business involves gambling, for-profit prisons, the production or distribution of tobacco or alcohol, adult entertainment and pornography, or firearms.

BOBS currently offers four ESG funds to its participants in the Retirement Program. Participants who wish to learn more about ESG investing and the ESG funds available to them may visit www.rca.org/esg.

Two General Synod actions (CA 21-6, *MGS 2021*, p. 206; ONB 21-9a, *MGS 2021*, p. 119) taken in October 2021 were related to ESG investments. Both actions were tasked to the Investment Advisory Committee for follow up; one was also tasked to BOBS for follow up. The Investment Advisory Committee created an ESG subcommittee to specifically review these actions. The subcommittee met with the moderator of the Commission on Christian Action in September 2022.

The subcommittee recognizes that the industry standards for ESG ratings and definitions are a work in progress. The criteria and scoring methods are constantly evolving. There is also a lot of recent pushback, both political and regulatory, regarding ESG standards. The subcommittee does not believe that the RCA is behind the industry on incorporating ESG criteria into our policies. In this frequently changing environment, the GSC Investment Advisory Committee is being cautious and prudent and believes it is not a good time to integrate ESG criteria into our investment policies. We are committed to balancing both investment growth and our ESG impact. The GSC Investment Advisory Committee plans to take the following steps:

- Paying attention to the developing industry standards related to ESG.
- Asking investment managers to provide scoring reports annually at the committee's summer meeting.
- Reviewing what peer groups are doing related to this. This can be done with our investment managers as they serve other institutional clients.
- A subcommittee of the GSC's IAC will meet annually following the full committee's summer meeting to review the ESG scores of our holdings and evaluate the current ESG environment in order to determine whether ESG criteria should be integrated into our policies.

2023 Budget Process

Alignment of Resources with Transformed & Transforming, Global Mission, and Church Multiplication

The general secretary has identified four ministry priorities that are in line with the GSC's ends policies—Transformed & Transforming initiatives, Global Mission, Church Multiplication, and Multicultural and Multiracial Future Freed from Racism. The new Center for Church Multiplication and Ministry encapsulates the work of Transformed & Transforming, Church Multiplication, and Race Relations and Advocacy. GSC staff focuses on equipping churches and church leaders in these four areas so that they are better able to follow the unique call that God has given their church. Budget managers developed 2023 budgets with the aim of making sure that we are using resources wisely in light of decreased assessment revenue.

The assessments and contributions provided by RCA churches and members enable the GSC staff to come alongside RCA congregations in many ways, start new churches, and reach people with the love of Christ through RCA mission efforts. For more on how the RCA's financial resources were used in ministry during the past

year, please see the reports in this workbook on the Center for Church Multiplication and Ministry and on Global Mission.

General Synod Council Operating Budget Process

The GSC operating budget is primarily funded by assessment income and contributions. The 2023 budget was finalized by determining revenue available from assessments, contributions, investments, and other income. In June 2022, the General Synod approved a per-member assessment for GSC, BOBS, and theological education of \$55.58 for the 2023 calendar year. This was an increase from the prior year due to the GSC assessment increase of \$1.00 to \$47.10. General Synod 2022 also approved a \$0.36 per member assessment for Sankofa journeys, which was offset by the expiration of the \$0.29 per member assessment for the restructuring team (also called the Vision 2020 implementation team in the *2021 Minutes of the General Synod*). The fiscal year 2023 budgeted assessment revenue to the GSC (excluding the Ministerial Formation Certification Agency [MFCA]) is \$3.4 million, representing a decrease of \$800,000 from the 2022 budget. The budget was built based on an estimated decrease of 20,000 confessing members.

Contributions to the On Mission Fund are unrestricted contributions to the RCA. For 2023, contributions to the On Mission Fund are budgeted at \$100,000 less than 2022 because of the uncertainty of donor commitment due to churches departing the denomination. Based on Partnership-in-Mission (PIM) shares pledged to support missionaries, Global Mission expects to see an overall increase in contributions of about \$250,000 compared to prior year giving.

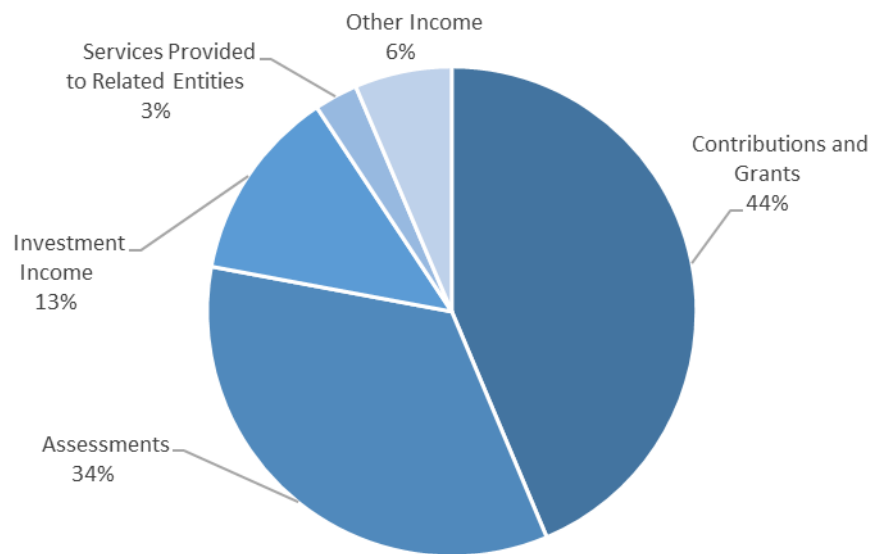
Personnel costs, including salaries and benefits, make up 71 percent of the total budget. The remaining 29 percent of the budget is used for meeting and travel costs for the GSC, commissions, and General Synod; office costs, including rent and utilities; and other costs necessary to carry out the work of the GSC.

The 2023 budget was prepared assuming a draw on reserves of about \$800,000. This deficit included a planned draw on reserves of \$110,000 for the MFCA.

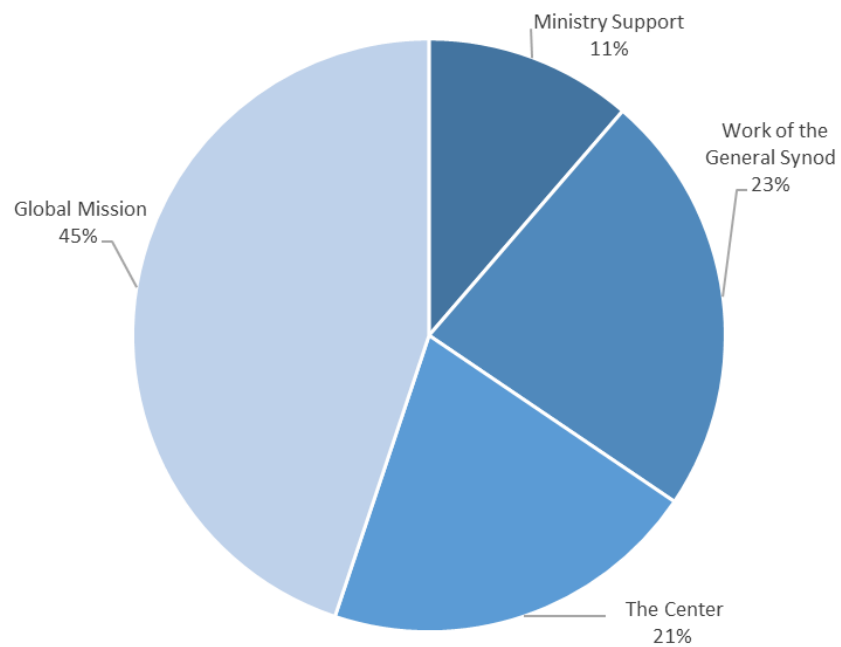
General Synod Council 2023 Fiscal Year Budget

The charts below show the budgeted operating income and expenses for 2023. This budget includes the four strategic priorities, the work of the General Synod, and ministry support services. The budgets do not include donor-restricted activity.

2023 GSC Budgeted Income
Total \$10.3 Million



2023 GSC Budgeted Expenses
Total of \$11.1 million



In addition to the operating budget, gifts and grants designated for specific purposes typically provide about \$4 to \$5 million annually. These specific purposes include funds for disaster relief, Global Mission projects, grants from foundations, and other projects beyond the scope of operational work.

In the summer of 2023, staff will finalize the 2024 budget, which will be based on the approved covenant shares percentage rate and other estimated revenue for 2024. We are expecting a drop in revenue based on departures from the denomination. The negative financial impact of churches leaving the RCA will likely continue through the next several years. The budget will remain focused on fulfilling the priorities of Transformed & Transforming, Global Mission, Church Multiplication, and Multicultural and Multiracial Future Freed from Racism in impactful and measurable ways.

To find out more about how assessments provide funding to the denomination, please review the following resource on the RCA website: www.rca.org/assessments-and-financials/what-are-assessments. To find out more about covenant shares, please review the resources available on the RCA website: www.rca.org/assessments-and-financials.

2024 Covenant Shares

The 2023 per-member assessment amount was approved by the June 2022 General Synod. The 2023 per-member assessment provided funding for GSC, theological education, and Board of Benefits Services (BOBS) assistance grants. Classes and regional synods also assess churches; however, those assessments vary by classis and regional synod and are not approved by GSC or General Synod; thus, they are not covered in this report.

General Synod 2019 approved a proposal to replace the current per-member assessment method with covenant shares, an income-based assessment method. General Synod 2022 declared the related amendments to the Bylaws of the General Synod approved. This means that covenant shares will be effective beginning with the calendar year 2024, so the GSC is recommending a percentage rate, rather than a per-member assessment, to the 2023 General Synod. The General Synod will annually approve the percentage rate to be used to calculate covenant shares.

The GSC is recommending a covenant shares rate of 2.7 percent of congregational income for the calendar year 2024. The GSC will calculate the amount due from each classis based on the total contributions received by each church within its bounds, as reported on Line 21 of the Consistorial Report Form (CRF), multiplied by the General Synod-approved percentage rate. The change in the total dollar amount of a church's covenant shares will be limited to no more than 10 percent, either up or down, over the previous year's assessment amount.

A covenant shares rate of 2.7 percent will generate approximately \$3.2 million of assessment revenue. From that overall amount, the Pastoral Formation Oversight Board (PFOB) is requesting \$415,000 (representing approximately 0.35 percent of

congregational income) in assessments to be used for theological education. The remainder, approximately \$2.8 million, will support the GSC.

The total projected assessment revenue of \$3.2 million represents a 1.5 percent increase over the expected assessments collected from 2023 assessments for the churches remaining in the denomination. This compares all assessments collected by the GSC for the GSC, BOBS, and theological education to the expected collection of 2024 assessments based on the proposed rate of 2.7 percent.

General Synod Council Assessment Request

Assessments provide funding for three of the four ministry priorities that are in line with the GSC's ends policies—Transformed & Transforming initiatives, Church Multiplication, and Multicultural and Multiracial Future Freed from Racism.

Assessments also fund the work of the General Synod—the annual General Synod meeting and the work of GSC, commissions, and racial and ethnic councils—as well as general and administrative support services. Assessments do not fund Global Missions. Contributions and grants, investment income, endowment distributions, and fees for services provide the additional revenue to the GSC.

Assessment revenue has declined significantly over the past five years due to churches leaving the denomination. In the calendar year 2020, the GSC received \$6 million in assessment revenue. By 2024, assessment revenue will have declined by over \$3 million. The projected assessment revenue of 2.8 million in 2024 represents a decline of over \$600,000 from the previous year. The GSC has made several budget reductions in anticipation of this significant decline in assessment revenue. However, more reductions will be necessary in order to develop a balanced budget. In the summer of 2023, staff will finalize the 2024 budget, which will be based on the approved covenant shares percentage rate and other estimated revenue, as well as using a portion of our unrestricted operating reserves.

A \$30,000 portion of the assessments collected will be set aside to be used for General Synod initiatives. This fund will be set aside and carried forward year to year unless a General Synod action requires the use of a portion of the funds for a specific purpose. The intention behind setting aside this amount of assessments each year is to create a fund from which initiatives approved by the General Synod can be funded without needing to add an additional assessment. For example, the 2023 General Synod approved a program of Sankofa journeys and Institute for Healing Racism experiences through the adoption of RE 22-3. It also then adopted a \$0.36 per member assessment to fund that initiative. Going forward, General Synod actions requiring funding would no longer need to include a specific per member assessment; instead, the General Synod action would specify a dollar amount to be used from the General Synod initiatives fund. If a General Synod action requires funding that exceeds the amount available in the General Synod initiatives fund, an addition to the covenant shares percentage would need to be approved by the General Synod.

The GSC realizes the tremendous blessing and responsibility we have been given to manage the past and present funds entrusted to us by donors and congregations. We commit to careful stewardship of the funds with which God has blessed us.

Theological Education Assessment Request

The Pastoral Formation Oversight Board (PFOB) recommends a General Synod assessment for theological education of \$415,000, allocated in the following manner:

- \$15,000 to cover the cost of the meeting of the PFOB, the General Synod professors, and collaborative efforts among the respective agents.
- The remainder will be split evenly between the three theological agents.

In previous years, this was a separate request than the GSC assessment request, and General Synod voted on the amounts separately. Because the theological education assessment would end up being an uneven fraction of a percent (approximately 0.35 percent), it will be less complicated for the General Synod to approve one overall covenant shares rate and allocate the dollar amount for the theological education assessment within that overall rate.

Board of Benefits Services' Assistance Grant Assessment Request

The Board of Benefits Services is requesting no assessment for 2024. BOBS is pleased to report that due to endowment funding, they are able to eliminate the assessment request to provide funding of the assistance program. In previous years, the approved assessment rate for the BOBS assistance grant program was \$2.00 per member.

Covenant Shares Recommendation

The GSC recommends that the General Synod 2024 covenant shares rate be set at 2.7 percent (calculated based on Line 21 of the CRF with 10 percent increase or decrease limits per church over the previous year's assessments, as described earlier). Of the assessments collected, \$415,000 would be provided to theological education and allocated according to the recommendation from PFOB.

F 23-1

To approve a General Synod 2024 covenant shares rate of 2.7 percent, of which \$415,000 will be allocated for theological education according to the formula provided by PFOB.

Determining Assessments for Newly Organized Churches

General Synod 2010 adopted a recommendation (*MGS 2010*, R-51, pp. 166-167) that determined how newly organized churches would pay assessments. This recommendation asked the GSC to apply a formula in which newly organized churches would pay 20 percent of the full assessment amount the first year of organization, 40 percent in their second year, 60 percent in their third year, 80

percent in their fourth year, and 100 percent in subsequent years. This formula has been used for newly organized churches since January 1, 2010.

The gradual assessment scale was implemented with the mindset that it would help a growing church if it were able to ease into its full share of assessments. This was a gracious idea to help emerging congregations. With the shift into covenant shares, it is a good time to help our new congregations of any size partner from day one with the mission of the RCA regardless of giving level. We don't wish our assessments to be seen as a burden but as an investment into the greater mission of the RCA family. Under the covenant shares method, the amount owed to the denomination will be based on contributions made to the newly organized church, which will be in accordance with the church's ability to pay assessments, therefore the church's investment in the denomination will grow as the church grows.

Therefore, the GSC recommends that the gradual assessment formula no longer be used. The change would be effective for churches organized on January 1, 2022 and after. These newly organized churches would be assessed under the covenant shares method beginning with calendar year 2024. All newly organized churches being assessed under the graduated formula (those churches organized in the years 2018-2021) will be assessed at the covenant shares rate but will continue on the gradual implementation plan until they are paying 100 percent of the covenant shares rate. Because those churches are increased at a rate of 20 percent each year, they will not be limited to the 10 percent limits.

F 23-2

To eliminate the formula for assessing newly organized churches as adopted in R-51 in 2010. This will be effective for all newly organized churches that have organized on or after January 1, 2022. All newly organized churches currently being assessed under the graduated formula (those churches organized in the years 2018-2021) will be assessed based on the covenant shares method, but the graduated increase in their rate will continue to be based on the 2010 formula until they are paying 100 percent of the covenant shares rate.