



Managing Designated Giving

Table of Contents

<u>Managing Designated Giving</u>	003
<u>Determining Whether to Accept Money as a Designated Gift</u>	000
<u>Borrowing Against and Repaying Designated Giving</u>	000
<u>References and Resources</u>	000
<u>Forms</u>	000



Managing Designated Giving

Designated giving, or stipulated gifts, occurs when an individual or third party provides a donation to the church for a specified purpose. These donations can be for a specific event or activity, such as providing the cost of refreshments at a church sponsored event. Or the donation can be for a cause of longer, less defined purpose, such as to pay for unexpected building repair expenses. How these contributions are received and recorded are an important responsibility of the Treasurer and the Board of Directors.

For one time specific donations, the Treasurer should ensure that the donation is posted to the appropriate fund and that the associated cost is credited against this deposit. Typically, the church will send a letter or note to the donor acknowledging their donation.

Donations for programs or longer term needs, such as to assist in the future purchase of a new church property, are best accomplished by establishing a separate fund on the church's books. The Board of Directors is responsible for creating and approving the creation of new funds. New funds should only be established when there is a clear desire and intent to establish a long term program. The Board motion for establishing the new fund should be properly documented and maintained as part of the church's financial record keeping. The Board motion should designate the title of the ministry leader who will have spending authority over the fund. Great care should be taken in considering the establishment of new funds, as the maintenance of these funds requires special care and attention. On the other hand, contributions to a church's building fund are exempted from tithes to UFMCC and are often a valuable component of the church's long term planning and growth.

Determining whether to accept money as a designated gift

The Treasurer should consult with the Pastor and Board of Directors when reviewing a potential donor's offer of a designated gift for a cause or fund that is not part of the current church's mission. Questions the Board must answer when considering this type of gift are:

- Is the church prepared to use the funds for the purpose intended?
- Are the gift and its purpose consistent with the church's mission statement?

If a fund is established, a copy of the minutes establishing the fund should be included in the FOP Binder for easy reference.

Motion Sample:

The Arlene Ackerman Far Reaching Faith Scholarship Fund

The Far Reaching Faith Scholarship Fund is established as a stipulated gift fund, maintained under the Metropolitan Community Church of Washington's (MCC-DC) Dominican Republic Outreach Program. The fund's purpose is to provide scholarships and financial support for students identified by UFMCC's Youth Group Ministry Program. Authorizing spending authority rests with the Pastor of MCC-DC, through notification from the Director of Emerging Ministries that a disbursement request is compliant with the scholarship requirements established by the UFMCC Youth Group Ministry Program.

Borrowing against and repaying designated giving

In rare instances, it may be necessary for the Board of Directors to borrow funds from a stipulated or designated fund to pay for unanticipated expenses of another church-held fund. The Treasurer should ensure the Board takes great care in identifying the specific amount required to address the funding short fall and to clearly state in its motion the amount to be borrowed, as well as the time frame and procedure the Board will follow to repay the loan from the fund. In the event the Board is unable to take action to repay the loan within the time period specified in its motion, another Board motion will be required in order to establish the new repayment date and procedures.

Motion Sample:

Whereas, the YourMCC Gutter Repair Fund is depleted and

Whereas the YourMCC Labyrinth Building Fund has available funds,

We the Board of YourMCC authorized the use of \$452.18 from the Labyrinth Building Fund to pay City Gutter Repair the full and final balance due for gutter replacement and installation. The \$452.18 shall be repaid to the Labyrinth Fund from the General Fund no later than 90 days from today's date of June 3, 2014. If the General Fund is unable to repay the total borrowed funds in the amount of \$452.18 in 90 days, we authorize a single extension of 60 additional days.

REFERENCES AND RESOURCES

Free Church Forms - <http://www.freechurchforms.com>

Thanks You Letters <http://www.freechurchforms.com/support-files/donationthankyouletters.pdf>





THANK YOU LETTERS FOR IN-KIND DONATIONS 009
THANK YOU LETTER FOR PROPERTY DONATION FOR AUCTION 010
MOTION FOR ACCEPTANCE OF A DESIGNATED GIFT 011
MOTION TO BORROW AGAINST A DESIGNATED FUND..... 012
NON CASH GIFT ACKNOWLEDGMENT 013



THANK YOU LETTERS FOR IN-KIND DONATIONS (SAMPLE)

On Your Letterhead

Name(s)

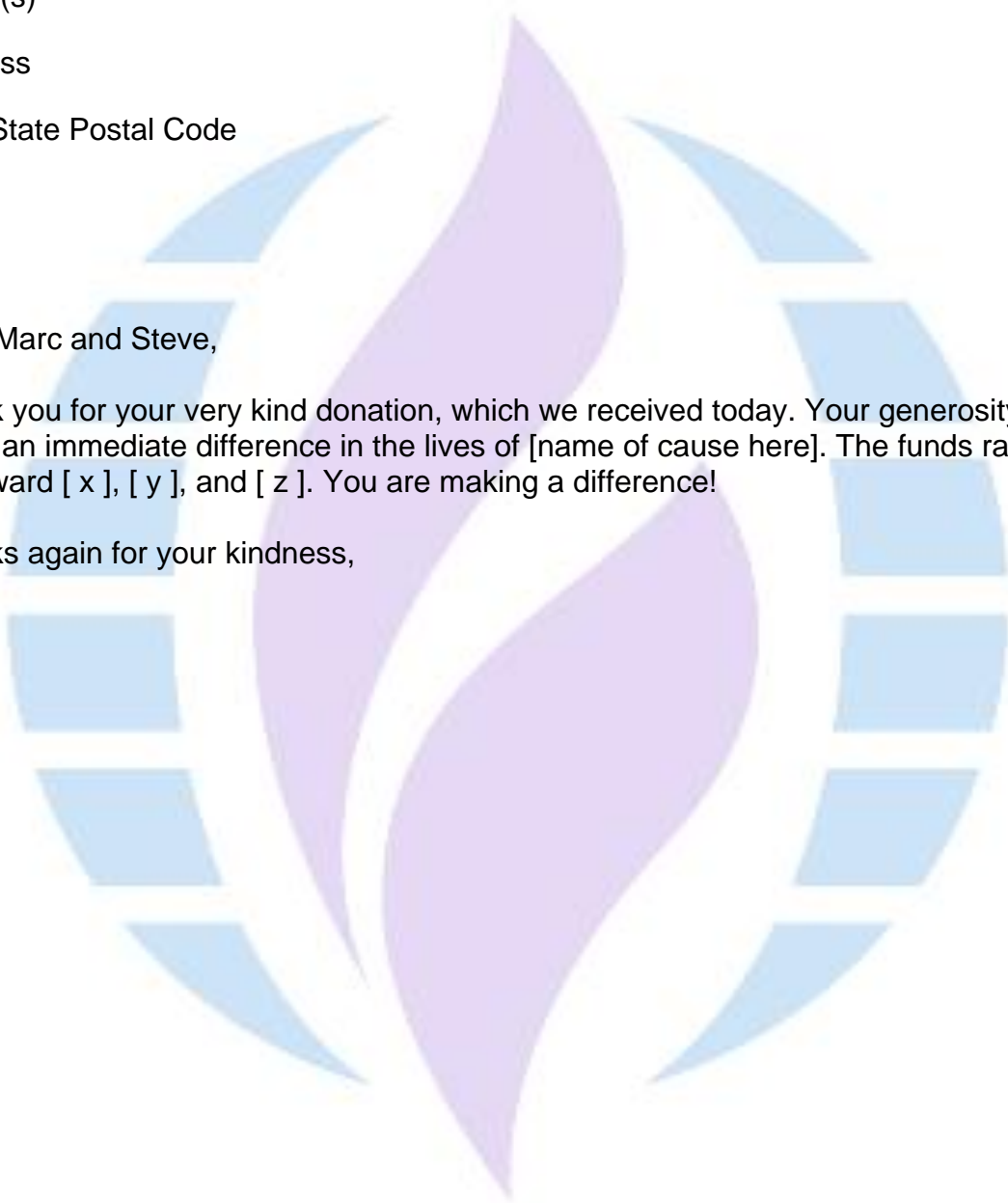
Address

City, State Postal Code

Dear Marc and Steve,

Thank you for your very kind donation, which we received today. Your generosity will make an immediate difference in the lives of [name of cause here]. The funds raised will go toward [x], [y], and [z]. You are making a difference!

Thanks again for your kindness,



**THANK YOU LETTER
FOR PROPERTY GIVEN TO BE SOLD OR AUCTIONED FOR FUND-RAISING (SAMPLE)**

On Your Letterhead

Name

Address

City, State Postal Code

Dear (Name),

Thank you so much for the donation of the 2011 IPAD2 for the Church Get Our Minds Out Off The Gutter Repair Raffle.

Because of your generosity, we sold all of the raffle tickets thus raising the full \$10,000.00 we hoped to raise. Without your gift, we would not have been able to reach our goal.

We can now get our minds off the gutters because of you!

Sincerely,

Motion for Acceptance of a Designated Gift (Sample)

Motion:

The Arlene Ackerman Far Reaching Faith Scholarship Fund

The Far Reaching Faith Scholarship Fund is established as a stipulated gift fund, maintained under the Metropolitan Community Church of Washington's (MCC-DC) Dominican Republic Outreach Program. The fund's purpose is to provide scholarships and financial support for students identified by UFMCC's Youth Group Ministry Program. Authorizing spending authority rests with the Pastor of MCC-DC, through notification from the Director of Emerging Ministries that a disbursement request is compliant with the scholarship requirements established by the UFMCC Youth Group Ministry Program.



MOTION TO BORROW AGAINST A DESIGNATED FUND (SAMPLE)

Whereas, the YourMCC Gutter Repair Fund is depleted and

Whereas the YourMCC Labyrinth Building Fund has available funds,

We the Board of YourMCC authorized the use of \$452.18 from the Labyrinth Building Fund to pay City Gutter Repair the full and final balance due for gutter replacement and installation. The \$452.18 shall be repaid to the Labyrinth Fund from the General Fund no later than 90 days from today's date of June 3, 2014. If the General Fund is unable to repay the total borrowed funds in the amount of \$452.18 in 90 days, we authorize a single extension of 60 additional days.



NON-CASH GIFT TO A CHURCH LETTER (SAMPLE)

If the church receives a non-cash gift, the following letter illustrates a proper response.

On Your Letterhead

Dear _____:

Thank-you for your gift of _____. Please keep this receipt for your records and claim this on your tax return. According to the IRS, the church cannot name an amount and add it to your contribution record. Therefore, your contribution record will not show this gift, but you can claim it, using your receipt and this letter for verification. There is a line on the IRS form for non-cash contributions. Write the amount you can prove to the IRS in that space.

If your gift is valued at more than \$500, you will need to obtain IRS Form 8283. If your gift is valued at more than \$5,000, you will also need to obtain a qualified appraisal.

No goods or services were provided other than any “intangible religious benefit” for any of the contributions reported on this statement.

This gift was given with the understanding that no deduction is allowed unless the church exercises full administrative control over the donated item to ensure that they are being used in the furtherance of the church’s exempt purposes. Legally the church must retain the privilege to do with the item as the church pleases.

Sincerely,

Notes:

Special rules apply to automobiles.

Selling property to a church at less than market value in order to receive credit as a tax-deductible donation requires proper verification BEFORE the transaction. Seek professional advice.