

DESIGNATED GIFTS POLICY

St. George's United Methodist Church

The designated gifts policy of St. George's United Methodist Church is established in accordance with those portions of The United Methodist Church Book of Discipline and the Internal Revenue Service of the United States of America tax code which applies to the same.

The United Methodist Church Book of Discipline, paragraph 258.4 (c) states,

"The committee on finance shall establish written financial policies to document the internal controls of the local church. The written financial policies should be reviewed for adequacy and effectiveness annually by the committee on finance and submitted as a report to the charge conference annually."

Additionally, paragraph 258.4 (e) states,

"The committee shall recommend to the church council proper depositories for the church's funds. Funds received shall be deposited promptly in the name of the local church."

Paragraph 258.4 (f) further stipulates that

"contributions designated for specific causes and objects shall be promptly forwarded according to the intent of the donor and shall not be used for any other purpose."

This is subject to Judicial Council Decision 976.

Unrestricted Funds

The goal of St. George's United Methodist Church and its Finance Committee is to encourage support of the ministries of the church through regular unrestricted tithes and offerings to the general operating budget of the church.

Restricted/Designated Funds

Designated giving is defined as a monetary gift made to St. George's United Methodist Church for a specified or "designated" purpose. Designated funds should encourage "above and beyond" giving and should not detract from the support of the General Fund operating budget. In order to promote financial stewardship and to encourage support through a variety of giving options, Designated Funds may be established to provide funding for capital, emergency, or special needs outside of the annual operating budget.

Any individual can give a designated gift; however, an appropriate Designated Fund must be established before St. George's United Methodist Church can accept a monetary gift for that specific purpose.

The following Designated Funds are established at St. George's United Methodist Church:

- 1) St. George's Preschool
- 2) St. George's United Methodist Women
- 3) St. George's United Methodist Men
- 4) Rising Hope
- 5) Lamb Center
- 6) VA Conference and Alexandria District Apportionments
- 7) Special UMC Appeals (e.g. Human Relations Day in January, World Communion Sunday in October, etc.) which we receive special contribution envelopes with our Giving Envelope set each year
- 8) Altar Flower Reimbursements
- 9) Music (includes handbell choir)
- 10) Pastor's Discretionary Fund
- 11) Staff Gifts

Only the St. George's United Methodist Church Finance Committee and Church Council may establish a Designated Fund. Any church member may submit a request to the Finance Committee for the establishment of a Designated Fund that is not supported in the General Fund budget. The process to request and establish a Designated Fund will be:

- 1) The member must present a written request to the Finance Committee detailing the following.
 - a. the purpose of the fund and how it furthers the mission of the church;
 - b. the procedures on how the fund will be used;
 - c. the procedures on how/when the fund will be closed;
 - d. the procedures for dispersing any money remaining in the fund after the goal has been reached and the fund is no longer needed;
 - e. the plan for dispersing any money remaining in the fund if it is determined that the purpose of the fund has not been achieved and will be abandoned.
- 2) The Finance Committee must approve the requested fund and then recommend the establishment of said fund to the Church Council for final approval.
- 3) If the Church Council does not approve a request for a Designated Fund, the fund cannot be established; therefore, St. George's United Methodist church will not accept a monetary gift designated for that purpose.
- 4) The Church Council has the sole authority to dissolve an established Designated Fund.

Memorial Funds: Memorial Gifts and Funds

- 1) The Finance Committee and Finance Officer shall establish a Memorial Gifts Fund for receiving and accounting for designated gifts in memory/honor of members and others associated with the church or its friends.
- 2) The Finance Committee shall establish appropriate policies on the use of such memorial gifts, and authorize expenditures of the funds for purposes it deems appropriate.
- 3) The Committee may identify priority projects or ministries toward which it will allocate such gifts. While specific interests of donors will be considered, the Committee retains the authority and responsibility to use the Funds in a manner appropriate to the purposes of the church. All gifts are received subject to this principle.
- 4) A Book of Memorial Fund Gifts [or Book of Memory] shall be maintained by the Committee that will register memorial gifts to the Church. The following information will be included in the Book: The name of the person in whose memory/honor the gift is given, the date and occasion for the gift if applicable, the name(s) of the donor, and a description of the gift. When the funds are used, a note may be made in the Book as to the use.
- 5) Where Memorial Funds are used to purchase a tangible asset, the Committee may recommend to the Church Council that a memorial marker be placed on the object noting that it was made possible by the Memorial Fund.

Scholarship Funds:

Basically, a scholarship fund can be established to help meet expenses that would otherwise be deductible - IRS Pub 508.

- 1) Tuition, books, supplies, lab fees, and similar items.
- 2) Certain transportation and travel costs (including meals and lodging).
- 3) Other educational expenses, such as costs of research and typing when writing a paper as part of an educational program.
- 4) Treas. Reg. 1.117-(3) (a) specifies that the term "scholarship" does not include "any amount provided by an individual to aid a relative, friend, or other individual in pursuing his studies where the grantor is motivated by family or philanthropic considerations."
- 5) If contributions to the fund are earmarked by the donor for a particular individual, they are treated, in effect, as being gifts to the designated individual and are not deductible.
- 6) This is also true if the donor understands that the contribution is to benefit a specific student (Revenue Ruling 62-113).

Therefore, we conclude that contribution credit is not given when:

- 1) The contributions designate a specific student;
- 2) Donors understand their contributions are to specific student;
- 3) Parents intend their contribution to benefit children rather than the church.

Mission or Missionary Fund:

All contributions to missions go into a 'common pool' not earmarked for a specific individual, to be administered by a missions team and expended in accordance with policies established by the Church Council and the mission team. To the extent that the church should determine to support independent missionaries, the Supreme Court's decision in the Davis case ensures that contributions to local churches for independent missionaries and short-term "lay missionaries" from one's own church must have certain controls:

- 1) Church must approve each mission ministry (not individuals by name) as a legitimate activity in the furtherance of the church's religious mission.
- 2) Prepare policy to communicate all terms and conditions of the mission ministry to be undertaken by the independent missionary.
- 3) Require an 'activity report' summarizing all missionary activities of the mission ministry of the independent missionary.
- 4) Require 'accounting' or 'audit' of the use of the funds.
- 5) Confirm that the expenses correspond to the missionary activities described in the activity reports provided by the independent missionary.

Non-Cash Gifts

- 1) Non- Cash gifts will be accepted by the church on a "request only basis." This means that members are encouraged to give non-cash gifts but only when the church makes a request for them. Examples of these times would be to support a church sponsored, or one of its groups for a rummage, or yard sale.
- 2) Receipting for non-cash gifts will be recorded on a Non-cash receipt form furnished by the church. The contributor will complete the form along with an estimated value of the gift itself.
- 3) Items must be valued at \$250 or more before a receipt will be given.
- 4) Items or property given to the church in excess of \$5,000 will require the contributor to furnish an official appraisal or bill of sale. The appraisal summary will have to be attached to Form 8283. The church will provide a signature and the contributor will have to attach the form to their return.

IRS Compliance of Restricted/Designated Giving

In an effort to make all gifts possible while complying with both the letter and the spirit of the Federal tax law regulations, the procedures for accepting designated monetary gifts will be:

- 1) St. George's United Methodist Church will encourage all church members to support a Designated Fund over and above their regular tithing.
- 2) St. George's United Methodist Church reserves the right to refuse or return any donation for any reason.
- 3) A donor's designation for a monetary gift must be in writing.

- 4) Monetary gifts for organizations outside the church other than St. George's UMC's or the United Methodist Church's designated offerings cannot be accepted. Donors will be encouraged to give directly to those organizations that they would like to support.
- 5) St. George's United Methodist Church cannot accept gifts designated for individuals or designated for the benefit of a specific individual, and those gifts are not tax-deductible contributions in accordance with IRS regulations.
- 6) An exception to designated gifts for individuals will apply to short-term mission trips. A volunteer for a short-term mission trip is volunteering to help achieve a ministry or purpose of St. George's United Methodist Church. If the volunteer makes contributions to cover the costs of his/her trip, the contributions are tax deductible for income tax purposes as long as the entire time on the trip is dedicated to the mission ministry and is not combined with a vacation or other personal recreation or trip.
- 7) Monetary gifts received that are specified for a ministry or operation that is supported by the operating budget will be deposited into the General Fund to be used at the discretion of St. George's United Methodist Church in support of its planned budget for the specified ministries and operations.
- 8) If a monetary gift is received that has been designated for a fund that has not been approved and established, the donor will be contacted by a representative designated by the Finance Committee informing him/her of this policy and encouraging the donor to change the gift to an undesignated one that will support the General Fund.
- 9) If the donor is unwilling to remove the designation, the gift must be returned to the donor accompanied by a letter from a designated representative explaining the reasons for non-acceptance.

Deductibility as Charitable Contribution of Restricted/Designated Gifts

In accordance with IRS regulations for deductibility, every designated gift given, even for a church-approved project or fund, needs to be given with the understanding that all contributions become the property of St. George's United Methodist Church. As such, ultimately it is within St. George's United Methodist Church's sole discretion to determine how best to use all contributions to carry out its mission and whether or not to expend the gift for the designated purpose.

St. George's United Methodist Church will make every effort to honor a donor's designation; however, St. George's United Methodist Church shall maintain discretion and control over all contributions and the ultimate determination of how all donated funds are allocated.

Therefore, in accordance with general tax rules, if the donor of a monetary gift wants the gift to be tax deductible, the donor must transfer control over the gift to St. George's United Methodist Church.

This reservation of right shall be set forth on all church materials relating to monetary donations, gifts, and fundraising events, such as (but not limited to) offering envelopes and event/fundraising flyers. All such or similar documents shall contain the following statement: All gifts to St. George's United Methodist Church are conditional and subject to the "best interests of the church" standard set forth in the designated gifts policy.