



DESIGNATED GIFT POLICY

Generally, a gift from a donor to a church is a transfer of a donor's entire interest in the donated property. The donor relinquishes all present and future dominion and power over the gift. However, churches often receive donations specifically designated by the donor for missions offerings, building fund offerings, and donations to benevolence funds. While experts in the field disagree on the legal obligation of the church to meet donor expectations, there is no doubt that the church has a moral obligation to meet donor expectations when it receives designated gifts. In short, missions offerings should only be used for missions, capital funds should only be used for capital expenditures, etc.

How does an income-based fund allocation system, such as the Funding the Mission Plan selected by the General Board, work with designated funds? Basically, the church can go down two different paths:

With a designated gift policy*

Establish a designated giving policy that includes shared percentages. The policy must clearly communicate to donors that a percentage of all donations, including designated funds, will be shared with the broader mission of the Church of the Nazarene.¹ This policy needs to be established by the church board and communicated prior to the receipt of any designated donations. Churches that choose this option will want to start to develop and communicate the policy immediately. Communication needs to occur frequently through annual reports, during appeal requests, on gift receipts, and by other means.

EXAMPLE:

J. Smith donates \$10,000 to Second Nazarene for the purchase of kitchen equipment. Since the church has established a designated giving policy that allocates a percentage of all gifts to denominational interests, a portion of the gift will be used for fund allocations. From the gift, \$521.33 goes to WEF, \$213.28 to P&B, and \$213.28 to EDU. A total of \$9,025.12 is available for the purchase of kitchen equipment.²

Without a designated gift policy*

Use all designated funds according to their intended use. Submit all fund obligations (5.5% to WEF, 2.25% to P&B, and 2.25% to EDU) from undesignated funds, basically tithes and offerings. This requires no modification of church policy and is basically how Nazarene churches have operated in the USA for the last 100 years.

EXAMPLE:

J. Smith donates \$10,000 to First Nazarene designated for the purchase of kitchen equipment. Since the church has no stated policy indicating that a portion of all designated gifts will be contributed to the global mission, the entire fund allocation associated with the gift (\$521.33 is contributed to WEF, \$213.28 to P&B and \$213.28 to EDU) must come from other, undesignated offerings. A total of \$10,000 is available for the purchase of kitchen equipment.²

*Every church should have a written policy on designated funds regardless of the option they choose.

¹This is true except in the uncommon case where a gift is received in trust or with a written reverter clause.

²Laws regarding the use of designated donations vary from state to state.

SAMPLE CHURCH POLICIES

Please note: the following is not intended as legal advice.

Global mission participation policy for churches

First Church models the concept of tithe for its members by sharing a percentage of its income with other ministries in the denomination. Unless a donor specifically requests otherwise, <INSERT PERCENTAGE HERE = combined total of WEF, P&B, EDU, and District> percent of all donations, designated or unrestricted, will be contributed to the World Evangelism Fund, regional university, Pension & Benefits fund, and district fund. Giving for other funds is to be adequately communicated to donors on offering envelopes, weekly bulletins, contribution statements, and during fundraising campaigns.

Philosophy of giving

First Church accomplishes its mission by accepting offerings—charitable contributions—from its constituents and donors. Givers are strongly encouraged to tithe and to support first and foremost the operational budget of the church. The church receives designated giving in areas that are in harmony with the mission of the church. While First Church accepts enduring or endowment gifts for special purposes, the intention of the church is to utilize its resources to further its mission immediately.

Integrity and Confidentiality

First Church handles funds with a high standard of integrity and accountability and seeks to achieve the minimum standards and best practices for affiliate membership in the Evangelical Council for Financial Accountability (ECFA). All donations are recorded in the church treasurer's records, reported monthly to the church board, and audited annually. It is the intention of First Church to maintain donor confidentiality unless permission is specifically granted by the donor.

Refused donations

First Church reserves the right to refuse any donation for any reason. To ensure that all gifts are effectively used, no gift will be accepted that is unduly restrictive, likely to result in a net loss for the church, or designated for a purpose outside of the mission of the church.

Donation Receipts

First Church will provide any donor a summary statement of recorded donations upon request. All donors will receive a contribution statement in January for the previous year's donation that lists individual donations by fund, including date. In compliance with IRS regulations, First Church does not receipt the value of donated labor. Recognizing that a charitable contribution is unconditional and without personal benefit to the donor, First Church does not refund contributions.

Non-cash donations

Non-cash gifts to the church will be acknowledged with a letter of appreciation that describes the donated property but does not indicate a value for the donated item. For larger non-cash gifts (over \$5,000 in value), the church will comply with donor needs for appraisal and completion of Form 8382. Donors of vehicles will receive Form 1098-C within 30 days of the gift receipt as well as notification of any value received from disposal.

Bequests and other legacy gifts

Life gifts, whether made directly or by bequest, are accepted in the form of cash, securities, or real property. First Church primarily uses the services of the Church of the Nazarene Foundation for asset conversion, trusts, investments, and endowment management. Gifts may be unrestricted or designated for a specific purpose. All designated gifts shall include a clause granting to the church board the privilege of changing the use of the gift in the event the designated purpose has already been achieved, is not a viable ministry of the congregation, or no longer fits the scope of the church's mission. If it is not possible to follow the donor request, the church board will determine, at its discretion, an appropriate use for the gift while taking into account the donor's ascertainable intent.