

Calvary Chapel San Clemente Designated Gifts Policy

During the general course of ministry, donors will occasionally give to the Church with a designation for the gift, commonly referred to as Designated or Restricted Funds. According to the IRS, if a person wants to give a contribution to a church and receive a tax deduction, the donor must relinquish control and allow the church to use the contribution however the church best decides.

It is the intent of the Church to fulfill the request of the donor when possible; however, the Board of Trustees, with a quorum present and a majority vote, may remove any designation or restriction on gifts when the Board of Trustees deems it in the best interest of the Church to do so.

CHURCH CREATED DESIGNATED FUNDS

Church created designated funds are created by the Church leadership to specifically solicit funds for a given purpose or ministry. All Church created designated funds are approved by the Board of Trustees.

Examples of Church Created Designated Funds include, but are not limited to:

- Building Fund
- Missions Fund
- Benevolence Fund

In the event that the funds gifted by donors exceed the need or it is deemed in the best interest of the Church, the Board of Trustees, with a quorum present and a majority vote, may remove the designation and transfer the designated fund to the general fund.

DONOR CREATED DESIGNATED OR RESTRICTED FUNDS

Donor Created Designated or Restricted Funds are created by the Donor to provide funds for a specific purpose or ministry. All Donor Created Designated or Restricted Funds must be approved by the Board of Trustees.

Examples of Donor Created Designated Funds include, but are not limited to:

- Specified ministry / charity donation
- Specified equipment / furnishing purchase
- Specified outreach program

Funds gifted in this category should be accompanied with written instructions by the donor; for example, written in the memo line of the check or a letter.

In the event that the funds gifted by donors exceed the need or it is deemed in the best interest of the Church, the Board of Trustees, with a quorum present and

a majority vote, may remove the designation and transfer the Designated or Restricted Fund to the General Fund.

FUNDS DESIGNATED TO AN INDIVIDUAL

The IRS Tax Code has stated:

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. However, a deduction will be allowable where it is established that a gift is intended by a donor for the use of the organization and not as a gift to an individual. The test in each case is whether the organization has full control of the donated funds, and discretion as to their use, so as to insure that they will be used to carry out its functions and purposes. IRS Revenue Ruling 62-113

The Church will only accept and pass funds to organizations or ministries that hold a non-profit status. Individual designations must be approved by the Board of Trustees and are subject to the IRS Tax Law.

See exceptions below:

- Designating a contribution to a church benevolence fund and merely “suggesting” a recipient could still qualify as a tax-deductible contribution as long as the funds are used for food, clothing or shelter.
- Designating a contribution to a visiting missionary could qualify as a tax-deductible contribution if the donation is sent to the missionary’s missions agency who retains full control and discretion over the funds.

In the event that the designated or restricted funds are declined by the recipient named by the donor in writing or it is deemed in the best interest of the Church, the Board of Trustees, with a quorum present and a majority vote, may remove the designation and transfer the Designated or Restricted Fund to the General Fund.