

## **DESIGNATED GIFTS POLICY KENT ISLAND UNITED METHODIST CHURCH**

### **Unrestricted Funds**

The goal of Kent Island United Methodist Church and its Servant Leadership Team 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 a monetary gift made to KIUMC for a specified or "designated" purpose. 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. Designated gifts can be given by any individual; however, an appropriate Designated Fund must be established before KIUMC can accept a monetary gift for that specific purpose.

The process to request and establish a Designated Fund will be:

- 1) Any member or ministry representative of KIUMC may request the establishment of a Designated Fund for a specific purpose or ministry that is not supported in the General Fund budget.
- 2) The member or ministry representative 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.
- 3) The Finance Committee must approve the requested fund and then recommend the establishment of said fund to the Servant Leadership Team for final approval. The criteria for determining if the fund will encourage "above and beyond" giving and will not detract from the support of the General Fund operating budget
- 4) If the Servant Leadership Team does not approve a request for a Designated Fund, the fund cannot be established; therefore, KIUMC cannot accept a monetary gift for that purpose.
- 5) The Servant Leadership Team has the sole authority to dissolve an established Designated Fund.

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) KIUMC will encourage all church members to support a Designated Fund over and above their regular tithing.
- 2) KIUMC 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 cannot be accepted. Donors will be encouraged to give directly to those organizations that they would like to support.
- 5) KIUMC 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 KIUMC. 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 item that is supported by the operating budget will be deposited into the General Fund to be used at the discretion of KIUMC in support of its planned budget for 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 the pastor (or a designated representative) 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 the pastor (or a designated representative) explaining the reasons for non-acceptance.

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 KIUMC. As such, ultimately it is within KIUMC'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. KIUMC will make every effort to honor a donor's designation; however, KIUMC 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 KIUMC.

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 KIUMC are conditional and subject to the "best interests of the church" standard set forth in the designated gifts policy.*

As of this June 26, 2018, the following Designated Funds have been established:

- Capital Improvements Fund
- Missions Fund
- Missions Travel Fund (Costa Rica, et al.)
- Love Fund
- Memorial Fund
- Cemetery Fund

This policy replaces any previously approved Designated Funds Policies

Approved by the Servant Leadership Team; updated on June 26, 2018.