

# **Medora Community Bible Church**

## **Policy Statement**

### **Designated Gifts**

Responsible Authority: Pastor and Deacons

Approval Authority: Church Board

Date of Approval:

Date of Latest Revision:

**Purpose:** To establish procedures for handling certain designated gifts to the church

#### **I. Introduction**

This policy is to establish a procedure for handling gifts or contributions to Medora Community Bible Church that have been designated for specific individuals.

By establishing this policy, we believe that Medora Community Bible Church (hereinafter referred to as "the church" or "MCBC" more closely adheres to Internal Revenue Service codes which prohibit tax exempt organizations from acting as a "conduit" to facilitate individual income tax deductions which otherwise would not qualify.

#### **II. Tax Deductible Contributions**

In order to qualify as a tax-deductible gift to the church, such gifts must be given with the intention that the church has full discretion as to the use and distribution of such funds.

The Deacon Board believes the following contributions qualify under the IRS code as fully deductible gifts:

Funds made payable or contributed to MCBC and

- A. Designated for the Deacon Fund; or
- B. Designated to a fund that has been established by the Church Board in response to a specific need.

#### **III. Designated Gifts**

From time to time, individuals will choose to make gifts payable to the church that have been designated for specific recipients. The Deacon Board will assume that such gifts were prompted by the Holy Spirit and that the gifts were directed through the church in order to facilitate individual anonymity. However, in order to maintain a high level of consistency and compliance with the law, all designated gifts will be handled in the following manner:

- A. Gifts Designated to a Church Member

For purposes of this policy a church "member" is defined to be any individual who regularly attends Medora Community Bible Church even though he is not listed on the "membership roll" of the church.

Upon receipt of a designated gift to a church member, the Administrative Director or

designated assistant (or if deemed appropriate, a member of the Pastoral Staff or Deacon Board) shall, as a courtesy, contact the donor by telephone (or by letter if the donor is not local) to remind the donor of the tax ramifications of such a gift. At that time, the donor will be given three options from which to choose:

1. The church will return the check to the donor so that he may make the gift directly to the recipient if the donor so desires; or
2. The church will complete the gift anonymously as designated by the donor with the understanding that the gift will not be included on the Administrative Director's annual report to the donor of tax-deductible contributions MCBC; or
3. The church will deposit the gift to the Deacons Fund as a tax deductible, undesignated contribution for the use by the Deacon Board at its sole discretion.

The option chosen by the donor should then be recorded on the attached "Designated Gift Response Letter" (Exhibit A) that is then mailed to the donor (returning the check or enclosing a reimbursement check if appropriate) with copies of the letter going to the church's Administrative Director and the Deacon Board Chairman.

#### B. Designations to Non-Members

For purposes of this policy a "non-member" is defined to be any individual who does not regularly attend and is not affiliated with Medora Community Bible Church. When meeting the needs of a non-member, the donor would be encouraged to forward the funds directly to the recipient or to the church or the organization with which he is affiliated.

However, it is often difficult to maintain anonymity by making direct contributions; therefore, to facilitate anonymity, the donor of a gift directed to a non-member will be contacted by a member of the Deacon Board or the Church Administrative Director. The response would also be recorded on the "Designated Gift Response Letter" and forwarded to the donor, with a copy to the Administrative Director and Deacon Board Chairman as described in Part A above.

#### C. Designations to a Missionary Family or a Missionary Organization (including para-church organizations)

All such gifts shall be referred to the Mission Board for consideration and appropriate action.

#### D. All Other Designated Gifts

Those that do not fall within the categories described above will be reviewed by the Deacon Board on a case-by-case basis.

Attachment: Sample Letter

**Exhibit A: Designated Gift Response Letter**

Mr. A. B. Cee  
3800 Anywhere Street  
Medora, KS 67XXX

Dear \_\_\_\_\_:

We are received your contribution of \$ \_\_\_\_\_ made on \_\_\_\_\_ and designated for \_\_\_\_\_.

We feel obligated to advise you of the tax ramifications of a gift designated to an individual. According to Internal Revenue Codes, such gifts are not tax deductible for income tax purposes unless the church has full discretion as to the use and distribution of these funds. Therefore, we have found it necessary to further clarify the intended use of your gift.

In accordance with our recent communication, we have indicated which of the following options you have chosen to complete with the gift in question:

1. The church will return the check to you so that you may make the gift directly to the recipient or the organization with which he is affiliated if so desired; or
2. The church will complete the gift anonymously as designated with the understanding that the gift will not be included on the Administrative Director's annual report to you of tax-deductible contributions to Medora Community Bible Church; or
3. The church will deposit the gift to the Deacon/Special Needs Fund as a tax-deductible, undesignated contribution for the use by the Deacon Board/Special Needs at its sole discretion.

We apologize for the inconvenience and thank you for your cooperation in this matter. Please feel free to contact me if you have any further questions.

Sincerely in Him,

Copy to: Church Administrative Director  
Special Needs/Deacon Chairman