

Guidelines for Giving and Fundraising
Providence Presbyterian Church
Adopted by Session, December 8, 2014
Effective January 1, 2015

Purpose:

The historic principles by which the Presbyterian Church (U.S.A.) and each of its congregations operate call for the congregation to elect officers (elders and ministers) to govern and oversee the mission of the church as its Session. Among other things, the Session is given the authority and responsibility to, establish the church's annual budget, determine the distribution of the church's benevolences, and provide for the administration of the programs of the church. The unified budget adopted by the Session reflects its prayerful decisions with respect to competing priorities and needs of the church.

On occasion of special need or opportunity, the church may make available additional giving opportunities over and above pledges and tithes given to the church budget. The guidelines below seek both to allow such periodic solicitations and fundraisers but also to limit them so that they do not obscure trusting generosity and shared financial responsibility as marks of the Holy Spirit working through true faith and the church. The guidelines below also provide guidance/procedures to comply with federal tax laws for tax-deductible charitable contributions – IRS Publication 1771. These guidelines are not intended to constitute tax or legal advice. Contributors should rely on their own tax and legal advisors to answer specific questions they may have concerning the tax treatment of their contributions.

I. General Operating Expenses

God provides the resources needed for congregational ministry and the operation of the local church's mission. These "resources" are the people of the church—who they are, what they have, and what they can imagine and do. Adequate giving to operate the church and fund its mission is the joyful responsibility of the members. The general stewardship program of the church is directed toward the congregation and is based entirely on the concept of faithful giving, not providing goods or services in return for contributions.

II. Special Projects/Designated Giving

Some aspects of church ministry are beyond the scope of the general, regular operation of the church. These may include such things as:

- Special mission outreach projects** (e.g., special offerings, shoebox ministry)
- Capital campaigns** for particular projects considered vital to the current and future ministry of the church (e.g., property improvements, building projects, etc.)
- Specific ministry areas** (e.g., VBS, LOGOS, Youth missions/conferences, etc.)

In all such cases, the Session has sole authority to determine the need/project/plan and approve it. Any person or group who wishes to begin solicitation or fundraising projects toward one of these kinds of causes will be authorized to proceed only when the Session has determined that the need exists and approved the request.

- A. Designated Gifts to Budgeted Line Items:** Gifts designated toward an approved budget line item will serve to increase the annual budget. At year end, designated monies remaining for a budgeted line item will roll over into the general fund account, with the exception of 25% budgeted for the upcoming fiscal year. Pending special

projects/need, Session reserves the right to make adjustments to this roll over amount.

- B. Approved Designated Funds:** As the need arises, a list of funds for designated offerings will be approved by the Session in anticipation and encouragement of designated giving. As a guide, this list should include the building fund, and specially identified missions and ministry established primarily for the benefit of others. Establishing this list before a giver decides to give is intended to encourage giving into areas of agreed need and to avoid misunderstandings, particularly about large gifts.
- C. Communication of Potential Designated Gifts:** Such potential gifts should be directed toward the approved designated funds with as few conditions as possible. In no case should the donor be less than fully informed of the church's intent to use the gift. If the conditions of the gift cannot be approved by the Session, the potential donor shall be invited to alter the conditions, meet with the Session, or withdraw the offer to donate. Gifts designated for individuals or designated for the benefit of a specific individual are not tax deductible contributions, and the church cannot accept such gifts.
- D. Gifts of Securities:** Donations of stock allow for maximum stewardship for some individuals. Gifts of stock held more than one year offer two unique advantages:
1. A gift of stock to the church avoids capital gains tax for you on the increase in the value of the stock.
 2. You receive a deduction for the full market value of the stock at the time of the gift to the church. Check with your qualified tax advisor for specifics related to your personal situation.

The church will accept gifts of securities. Upon acceptance, the church will issue a receipt to the donor acknowledging the date of transfer and a description of the items donated. The Session is solely responsible for all decisions related to disposition of securities, and its general policy will be to sell them as soon as practical. Valuation of the securities for purposes of the donor's tax records is the responsibility of the donor and his or her broker.

- E. Session's Right to Redesignate:** In the event giving into the General Fund declines to the point that fixed costs (i.e., salaries, utilities, loan payments, etc.) are not met, the Session may declare a financial crisis and redesignate, without reservation, the use of any previously designated funds to meet the fixed needs of the church. Session may also choose to redesignate funds when the designated need no longer exists or designated project is complete.

III. Fundraising

- A. Session determines what constitutes an acceptable and appropriate fundraising proposal,** in compliance with the Presbyterian Church (U.S.A.) *Book of Order*.
- B. An acceptable fundraising project will meet the following criteria:**

1. The group or organization of the church interested in sponsoring an event will complete an Event Form (copy attached). The Event Form should be submitted to the Session at least two months in advance of the event.
2. Any group or organization associated with the church must receive Session approval for fundraising or solicitation of other resources within the church.
3. The event is for a specific, stated mission, project, or cause, also approved by the Session.
4. All fundraising events and activities will take care to avoid the appearance of impropriety (i.e., no gambling, alcoholic beverages, suggestive clothing or inappropriate advertising, etc.).
5. The event does not interfere with, conflict with, or directly draw attention and contributions away from any other stewardship priorities of the church.
6. If the project or event has been publicized at church or promoted as involving or benefiting the church, no part of any funds raised may be retained for personal or private use (i.e., someone can't advertise that they're doing an approved fundraiser for PPC, but then keep some of the money for themselves).
7. If the fundraising activity takes place or is promoted on church property, both the fundraising entity and the recipients of the contributions are clearly, publicly identified (i.e. Boy Scouts' spaghetti supper).
8. Fundraising events will be approved by the Session as a one-time event only. If the event is held again at a later date, it must be approved again. Funds for services, materials, and supplies necessary to operate an event will be reimbursed out of the profits.

IV. Tax Considerations for Fundraising Events

There are two general rules that organizations must follow when sponsoring fundraising events in order to comply with the substantiation and disclosure requirements for federal income tax return reporting purposes.

Per IRS Publication 1771:

1. "A donor is responsible for obtaining a written acknowledgment from a charity for any single contribution of \$250 or more before the donor can claim a charitable donation on his/her federal income tax return".
2. "A charitable organization is required to provide a written disclosure to a donor who receives goods or services in exchange for a single payment in excess of \$75."

Written Acknowledgments

When a person makes a donation to an auction or other fundraising event, that person must obtain written acknowledgment of the contribution from the recipient organization.

- A. Cash Donations** - The group or organization sponsoring the event must provide the Church's Collections Treasurer with documentation of the name, address, and amount of gift given when **no goods or services** were provided in return of the contribution. This donation will be signified on the Year End Contributions Statement provided by January 31st of the year following the contribution by the Church's Collections Treasurer.
- B. Quid Pro Quo Donations**– This is a payment a donor makes partly as a contribution and partly for goods or services.

The IRS states: "A donor may only take a contribution deduction to the extent that his/her contribution exceeds the fair market value of the goods or services the donor received in return for the contribution; therefore donors need to know the value of the goods or services. An organization must provide a written disclosure statement to a donor who makes a payment exceeding \$75 partly as a contribution and partly for goods and service".

For example, if a donor gives the group or organization sponsoring the fundraiser \$100 and receives a concert ticket valued at \$40, the donor has made a quid pro quo contribution. In this example, the charitable contribution part of the payment is \$60. Even though the tax deductible part of the payment is not more than \$75, a disclosure statement must be provided by the organization to the donor because the donor's payment (quid pro quo contribution) is more than \$75.

The treasurer of the group or organization sponsoring the fundraising event must provide the donor with a disclosure statement prior to January 31st of the year following the donation.

Sample Disclosure Statement for Quid Pro Quo Donations (Payments greater than \$75.00):

Dear Church Member,

Thank you for your contribution of \$100.00. In return you received concert tickets with a fair market value of \$40.00.

If you plan on claiming a tax deduction for this contribution, the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of money contributed over the value of goods or services received. (\$60.00)

Again, thank you for your generous commitment to the work of Jesus Christ through this church.

Sincerely,

Your Name
Church Title
Dated

- C. Non-cash Contribution**– The group or organization sponsoring the fundraising event should provide donors of non-cash contributions a notification of receipt prior to January 31st of the year following the donation. However, it is the responsibility of the donor to determine the value of the non-cash items.

Noncash Contribution Receipt Example

Dear Church Member,

Thank you for your contribution of two Collegiate Football Tickets as an item at our Silent Auction.

You did not receive any goods or services in connection with this contribution other than intangible religious benefits.

If you plan on claiming a tax deduction for this contribution you are responsible for establishing the value of the donated item.

Again, thank you for your generous commitment to the work of Jesus Christ through this church.

Sincerely,
Your Name
Church Title
Dated

V. Financial Reporting

- A.** Monthly financial statements of the church's general fund and designated fund accounting will be provided by the finance committee to the Session for Session review and approval. Upon approval, monthly statements will be placed in the narthex for members of the congregation.
- B.** In accordance with the Book of Order (G3.0205 c. 2011-2013), Groups with financial accounts separate from the Church's General account should at least quarterly prepare and present reports of all financial activities to the Session.
- C.** In accordance with the Book of Order (G3.0113 – 2011/2013), a full financial review of all financial books and records shall be conducted every year by a committee of members versed in accounting procedures or a public accountant. Using the "Church Audit Guide" as a guide. The audit should be completed annually by the end of March. <http://www.nhpresbytery.org/pdf/publications/council/auditguide.pdf>

VI. Year-End Contribution Statement

The IRS provides clear guidelines with regard to the date of posting contributions, which Session follows carefully. All contributions received or postmarked by December 31st will be included in that year's contribution statement. If the contribution is received or postmarked after December 31st, it will be included in the contribution statement of the year in which it is received/postmarked—regardless of the date on the check.

The Session may adjust the guidelines set forth in this document at any time.

EVENT PLANNING FORM

<p>In order to ensure that special events run smoothly, please complete the event form and submit a copy to the Session at least two months prior to the event. All events must have Session Approval.</p> <p>Prior to Submission, Sponsoring Group should check with the Fellowship Committee to determine if facility is available.</p>		
<p>Name of Sponsoring Group/Person:</p>		
<p>Type of Event and Purpose:</p>	<p>Date and Time of Event:</p>	
<p>Contact Person:</p>	<p>Phone:</p>	<p>Space/Rooms Needed:</p>
<p>Number of Persons Expected:</p>	<p>Special Needs/Requests:</p>	
<p>Is this a church sponsored event? <input type="checkbox"/> No (Nursery is not provided) <input type="checkbox"/> Yes*</p> <p>*If Yes, is nursery needed (for children under the age of 4) <input type="checkbox"/> No <input type="checkbox"/> Yes**</p> <p>**If nursery is needed, please specify the exact times needed for nursery and person responsible.</p>		
<p>Person(s) in Charge of Set Up</p>		<p>Phone:</p>
<p>Person(s) in Charge of Clean Up: (Area should be returned to pre-event arrangement and condition)</p>		<p>Phone:</p>
<p>Person in Charge of Day of Event:</p>		<p>Phone:</p>
<p>Person in Charge of Supplies:</p>		<p>Phone:</p>
<p>Supplies Needed* (microphones, projectors, etc.)</p>		
<p>*Individuals/small groups must provide their own refreshments and supplies such as coffee, paper products, etc. These are not provided by the Church.</p>		

Session Approval Date: _____