

## **Charitable Contributions**

### **Giving Policy for The Ridge United Methodist Church**

#### **INTRODUCTION**

The Ridge is part of The United Methodist Church and is a qualified charitable organization exempt from federal income taxes under IRS Sec 501(c)(3). Contributions to the church are deductible for federal income tax purposes under the rules and regulations established under the current provisions of the Internal Revenue Code.

#### **TYPES OF CONTRIBUTIONS**

Generally speaking, a contribution to the church is either 1) undesignated, which supports the yearly budget of the church through our General Fund, or 2) designated giving, which supports other approved funds or projects of the church (which may or may not be part of the yearly budget). The purpose of this policy is to set forth how both kinds of gifts will be treated in order to be considered a tax-deductible contribution.

For purposes of this policy, the following terms are used:

- Tax Deductible Contribution – a gift of cash or property given to a qualified organization by a donor who receives no tangible benefits from the gift and gives up full control of the gift for the organization to use for its purpose and mission.
- Undesignated Gift – A gift that is given without designation. The yearly budget is funded primarily through undesignated gifts, and as such, donors are encouraged to give without designation.
- Designated Gift – A gift that is designated for a specific fund (other than the General Fund) or ministry project. Designated giving will be accepted only for funds or special projects that have been approved by the Finance Team.

#### **FUNDS AND DESCRIPTIONS**

- General Fund – The General Fund includes all undesignated gifts from our weekly tithes and offerings, and is used to support the ministry of the church. Each year, the Finance Team prepares a yearly budget that is approved by the Leadership Team and The Ridge Charge Conference. This budget will guide the disbursement of funds from the General Fund.
- Building Fund – The church, in the exercise of its religious purposes, has established a facility fund to provide for the future needs of the church for expansion, construction, purchase of land or facilities for the church. The church welcomes contributions to this fund. The administration of the fund, including all disbursements, is subject to the control of the Finance Team and the Leadership Team. The church may consider recommendations from anyone, but the church is not bound in any way to honor the recommendations. Donors will not be permitted to recover a contribution on the grounds that the church failed to honor the donor's recommendation.

The church recognizes that planning for future needs is a practice of good stewardship and has established this as an ongoing fund. Should at any time in the future the Leadership choose to close this fund, all money in the fund at that time will revert to the general fund of the church.

- Capital Campaign Fund – The church, in the exercise of its religious purposes, ran a campaign from April/2018 – April/2020 to provide for the needs of church expansion, construction or purchase of facilities for the church. The administration of the fund, including all disbursements, is subject to the control of the Finance Team and the Leadership Team. The church may consider recommendations from anyone, but the church is not bound in any way to honor the recommendations. Donors will not be permitted to recover a contribution on the grounds that the church failed to honor the donor's recommendation. Should at any time the Leadership choose to close this fund, all money in the fund at that time will revert to the building fund.

Note: other funds for special projects or events may be created on a temporary basis as determined by the Finance and Leadership Team. Any money collected in excess of what is needed shall be returned to the General Fund.

## **GIVING POLICIES**

- 1) The General Fund makes up the yearly operating budget of the church and is supported by undesignated giving.
- 2) Any gift designated for a budget line-item expense (under any fund) will be posted to that line item and will not increase the annual budget, but it will increase the available funds for that line item.
- 3) The church will not accept any Restricted Gifts whose use is restricted by donors. The church has no discretion in the management and disbursement of such funds. Whereas for Designated Gifts, the church will make every reasonable effort to honor designated gifts. However, according to IRS regulations, in order for a gift to be considered a tax-deductible gift, the church must maintain full control over how the gift is used.
- 4) The church will not accept gifts for ministries outside of the church asking to forward the donation to that ministry UNLESS the church has taken up an offering for a specific purpose for a specific time frame. The church encourages people to give directly to outside ministries that they would like to support.
- 5) The church is able to accept gifts of stock. Contact the Church Office for details on how to contribute stock. The value reflected on your contribution statement will be equal to the value of the stock when we receive it. However, the deductible amount allowed by the IRS depends on information that you should obtain from your broker, so please confer with your broker as to the exact value that you can deduct.

6) The value of personal services donated is not deductible as a charitable contribution. The church relies heavily on volunteers to fulfill its ministry. However, donations of this type cannot be reflected on the individual's record of giving.

### **GIFTS TO INDIVIDUALS**

Gifts designated to a specific individual do not qualify as charitable contributions under IRS regulations. Gifts designated as either a love offering or benevolence to a designated individual will be held until a decision is made as to whether the church can administer the funds. These gifts will not be reflected on the donor's record of giving.

### **REFUNDING A CHARITABLE CONTRIBUTION**

A charitable contribution will not be returned to the donor. To refund the gift would be contrary to the basic definition of a charitable contribution and could have possible tax implications to the donor and potentially cause a liability to the church.

Refunds on a designated contribution will be handled in the following manner:

- Designated gifts for a fund or special project – Every reasonable effort will be made to use the designated gift for the purpose in which it was designated. However, if the fund or special project no longer exists, the church will make every reasonable effort to contact the donors of such gifts. The purpose of this is to give the donor the option of re-designating the gift to an already established fund or to the general fund. A contribution made toward a designated fund will not be returned to the donor. For donations that cannot be identified, the Leadership Team will decide how to use the funds.

### **CONTRIBUTION STATEMENTS**

The church will provide, at least annually to donors, a record of cash contributions received in accordance with rules and regulations required by the IRS. Non-cash gifts will be acknowledged by letter as described above, in compliance with IRS rules and regulations.

### **YEAR OF CONTRIBUTION**

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

### **CONCLUSION**

The church respects the donor's decision to give as led by the Lord. The above policies are meant to provide guidance to the donor and the church body as well as comply with the applicable tax laws. The church reserves the right to refuse contributions that are not related to the primary purpose of the church, not in the best interest of the church, or those not qualified for tax purposes. The church also reserves the right to amend these policies at any time. Please email the church office ([info@theridgecolumbus.com](mailto:info@theridgecolumbus.com)) for clarification or questions.