

Funding the Mission
Designated Giving Policy Information and Samples

Designated contributions are those that are made to a church with the stipulation that they be used for a specified purpose. The church may want to move unused monies in a designated fund to other accounts. The best way to avoid getting written permission from a donor is to stipulate 'an out' during the establishment of the fund how monies left can be used after its original purpose has been satisfied.

To help clarify the true intention of a donor of a designated contribution (at the time of the contribution), the IRS suggests the following language be used in a receipt for the contribution:

The contribution is made with the understanding that the [church board] has complete control and administration over the use of the donated funds.

This language clearly indicates that donors are transferring all rights in the donated funds or property, and as a result they will be less likely to attempt to enforce their gift designation. It also will weaken any legal basis for doing so.

Another option to avoid being legally precluded from using designated funds if a project is oversubscribed or is terminated is to have a designated gift policy in place and published. A sample is provided:

DESIGNATED GIFT POLICY SAMPLE

Spending of funds is confined to church board-approved ministries and projects. Each restricted contribution designated toward a board-approved ministry or project will be used as designated with the understanding that when the need for church ministry or project has been met, or cannot be completed for any reason determined by the church board, the remaining restricted contributions designated for such ministry or project will be used where needed most, as determined by the church board.