

PRAYER OF FAITH WORLD OUTREACH GIVING POLICY

Charitable Contributions

INTRODUCTION

Prayer of Faith 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. This policy does not deal with love offerings or gifts to employees. 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 Church Board. Designated gifts for budgeted line item expenses (Ground Zero, Regional Food Bank) will be accepted in accordance with #3 below.

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 Church Board prepares a yearly budget that is approved by the Church Board. This budget will guide the disbursement of funds from the General Fund.
- **Missions Fund** – The church, in exercise of its religious purposes and mission, has established a special Missions fund. The Missions Fund was established to show our commitment to missions as a church. The administration of the fund, including all disbursements, is guided by the Church Board and is subject to the control and discretion of the Church Board. The church recognizes that spreading the gospel is the primary purpose of the church and has established this fund as an ongoing fund. Should at any time in the future the Church Board choose to close this fund, all money in the fund at that time will be used to support mission work or to support local ministries and/or organizations. **Donations to this fund will not be accepted.** Instead we encourage people to give to the General Fund.
- **Building Fund** – The church, in exercise of its religious purposes, has established a facility fund to provide for the future needs of the church for major repairs, major remodeling, expansion, or construction or purchase of facilities for the church. The church welcomes contributions to the fund. The administration of the fund, including all disbursements, is subject to the control of the Church Board. The church may consider recommendations from anyone, but in no event is the church 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 fund as an ongoing fund. Should at any time in the future the Church Board choose to close this fund, all money in the fund at that time will revert to the general fund of the church.

Note: other funds for special projects may be created on a temporary basis as determined by the Church Board. 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. *(Note: These gifts do not show up on reports as part of the regular tithes/offerings for that month.*

3) 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.

4) 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.

5) 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.

6) We are often asked if one can just receive contribution credit for items bought for the church's ministries instead of being reimbursed. We are always grateful for the generous spirit of our people and we want to do what we can to accommodate this request. We do have to establish an adequate trail to substantiate the gift, however. We ask these donors to go ahead and submit a check request for the reimbursement—approved by the appropriate ministry leader. They can then return the money as a contribution and designate it to the ministry that incurred the expense.

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 (undesignated) 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.

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.

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

- Mission Trip Designation – Gifts designated for individuals to cover mission trip expenses are considered tax deductible as long as the donor has the understanding that the designation is a suggestion and the gift is ultimately under the control of the church to use as it deems necessary. Donors need to understand when they designate a gift for a specific individual, any funds given above and beyond what is needed for that individual will be used as the church deems necessary to further its mission and purpose. Therefore, no refunds will be given. This holds true if the donor is the person going on the mission trip. Although the gift was designated, refunding it may cause conflicts between those who gave and also goes against the very definition of a charitable contribution.
- 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 a different fund (or to the general fund) or refunding it. The donor needs to be aware of the possible need to file an amended tax return if the gift is refunded and the deduction was claimed in a previous year. Obviously, this procedure is only appropriate for those donors who can be identified. For donations that cannot be identified, the Church Board 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 call the Church office at 405-739-0458 for clarification or questions.