



## **Gift Acceptance Policy**

Giving is an act of worship. Dunwoody United Methodist Church (the “Church”) is blessed with a generous membership whose gifts of cash, tangible assets and service to the Church reflect a deep understanding of stewardship as described in the Holy Bible.

The primary objective of this Gift Acceptance Policy is to describe the types of gifts that the Church is able to accept and how those gifts will be utilized in compliance with The Methodist Book of Discipline and all applicable laws. The Policy was also developed with a focus on protecting the Church’s status as a 501(c)(3) charitable organization and helping to ensure that members’ gifts to the Church are deductible as contributions for U.S. Federal income tax purposes. The Church intends and will endeavor to use gifts in the manner the donor wishes, but donors should be aware that the Church must retain the right to determine how the funds will be used for gifts to be tax deductible.

### **GIFT CATEGORIES**

***Unrestricted Gifts:*** Unrestricted gifts (sometimes referred to as undesignated gifts) are donations made to the Church without stipulation by the donor. These gifts, which account for the majority of the Church’s receipts, are added to the Church’s General Fund and directly support the Church’s mission as reflected in its ministry budget. The budget is funded primarily through such unrestricted gifts and donors are encouraged to give in this manner. Unrestricted funds allow the Church to address its most pressing needs and ministry expenses, as reflected in the annual budget approved by Church Council.

***Restricted Gifts:*** A gift that a donor stipulates is to be used for a specific purpose is, in accounting terminology, a “restricted” gift (sometimes less formally referred to as a designated gift). Restricted gifts are accepted by the Church for ministries and programs that have been approved by the appropriate Church administrative bodies. Although the Church encourages gifts that are unrestricted in order to fund the operating budget, it does not wish to discourage donors from responding to God’s stewardship call in the manner that best suits them. Thus, the Church will accept, under the policies outlined below, contributions that are designated to fund specific ministries, programs or components of the operating budget. However, the church, in its sole discretion, may decline any restricted gift.

### **CHARITABLE CONTRIBUTION REPORT**

Periodically (currently quarterly) the Church will provide to individual donors a record of their year-to-date giving in a Charitable Contribution Report. Non-cash gifts, including gifts of publicly traded stock and mutual funds, will also be acknowledged by a separate letter sent to the donor. It is the Church’s intention to provide donors with their year-end Charitable Contribution Report no later than January 31 of the following year.

### **THE CHURCH’S GIFT ACCEPTANCE POLICY**

- 1) All unrestricted gifts will be credited to the Church’s General Fund in support of the annual operating budget.
- 2) Gifts designated by the donor to be applied to a specific program sponsored by the Church but not included in the General Fund operating budget will be credited to the previously established non-

operating fund account that is used to fund that program. Examples of such programs include capital campaigns, Foodstock and the Habitat for Humanity builds.

- 3) The Church has established two endowment funds. Generally, amounts contributed to endowment funds remain a permanent asset of the Church. This permanent portion of each Endowment fund is formally referred to as “corpus” and the earnings generated by the corpus are available to support the fund’s purpose. The Church welcomes gifts that increase the corpus of our endowment funds, which are described in more detail below.
- 4) A single gift of less than \$5,000 directed to a specific ministry, program or expense category shown in the annual operating budget may be utilized to offset the related expenses but will not increase the approved budget. In effect, such gifts cover the first dollars expended in that category. Any such funds received in excess of the associated costs incurred will revert to the General Fund and be applied to other budgeted costs. The determination of the treatment of gifts of less than \$5,000 that are directed to a specific use will be made by the Chief Operating Officer in consultation with the church Finance Committee.
- 5) Due to the costs involved in administering restricted and endowment funds, the Church generally will not accept a donation of less than \$5,000 intended to create a new restricted fund or less than \$50,000 intended to create a new endowment fund. Additionally, any new restricted or endowment funds must be approved in advance by the Finance Committee or Trustees as appropriate. For restricted gifts that meet the monetary and advance approval criteria, Church administrative personnel will contact the donor to better understand and document the donor’s intentions. To avoid possible misunderstandings by either party, both the donor and the Church will sign the document created under this procedure.
- 6) The Church cannot accept gifts that are to be re-directed to another nonprofit organization that is not supported by the Church. Instead, the Church encourages its members to make such gifts directly to the organization that the donor wishes to support.
- 7) Once accepted by the Church, gifts may not be returned to the donor, as this would be counter to the basic definition of a charitable contribution and could possibly have tax implications to the donor and create issues with the Church’s status as a 501(c)(3) organization.

#### **ENDOWMENT FUNDS**

**General Use Endowment Fund:** The Church recognizes that planning for future needs is a practice of good stewardship and, in the exercise of its religious purposes, has established this Endowment Fund to provide for its possible future needs.

**Missions Endowment Fund:** In 2018, the Church established a special Missions Fund to provide resources for spreading the gospel of Jesus Christ. The fund can provide resources for short-term or long-term missions. Special emphasis will be placed on using this fund to engage our local community through special projects and service needs.

**New Endowment Funds:** The \$50,000 minimum required for the Church to approve the establishment of a new endowment fund reflects the fact that donations to an endowment fund become a permanent asset of the Church, with only the income generated becoming available to fund its purpose. With this minimum in place, the earnings generated by the fund corpus will be sufficient to offset the costs of administration.

***Administration of Endowment Funds:*** Administration of the Church's endowment funds, including authorization for all disbursements, is subject to the control of the Endowment Committee following the respective fund's guidelines. Thus, members making a gift to these funds may not attach additional stipulations to the manner in which the fund's earnings will be utilized. 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.

#### **GIFTS OF STOCK, REAL ESTATE OR OTHER TANGIBLE ASSETS**

The Church will accept gifts of publicly traded stocks and mutual funds. Donors should contact the Church office for information on how to make such gifts.

Stock and mutual fund gifts are sold immediately upon receipt. Donors of stocks and mutual funds should consult with a tax professional to determine the amount of their federal income tax deduction. The Internal Revenue Service prohibits the Church from valuing a non-cash gift.

Proposed gifts of illiquid assets (non-publicly traded stock, real estate, etc.) must be approved by the appropriate Chief Operating Officer in concert with the Finance Committee.

#### **EXPENDITURES ON BEHALF OF THE CHURCH BY ITS MEMBERS**

Church members will sometimes ask to receive a contribution credit for items purchased for the Church's ministries rather than asking that such costs be reimbursed. The Church will issue a letter acknowledging the non-cash gift. The member may then use the letter and their purchase receipts for tax deduction purposes. Alternatively, the member may be reimbursed for the cost of the purchased items and then make a cash contribution to the church in that amount.

#### **GIFTS DESIGNATED TO INDIVIDUALS**

Gifts designated to a specific individual do not qualify as charitable contributions under IRS regulations. However, gifts that are made to the Church's general benevolence fund that may be used to help individuals do qualify as a charitable contribution.

#### **MISSION TRIP EXPENSES**

The Church will accept gifts designated to cover mission trip expenses incurred by specific individuals with the following understandings: (1) The Church will consider such designation as a recommendation made by the donor and will make reasonable efforts to follow the recommendation; however, the Church ultimately controls the use of the funds, (2) such gifts do not increase the approved operating budget, and (3) if the funds so donated exceed the amount of expense incurred, any excess will revert to the General Fund. No refunds will be issued to the donor. With these understandings in place, such gifts will be accepted and reported on the donor's Charitable Contribution Report.

#### **PERSONAL SERVICES**

The Church relies heavily on volunteers to help fulfill its mission, and volunteerism has a high intrinsic value to the Church. U.S. Federal tax laws, however, do not permit the value of donated personal services to be deductible. Donations of this type are not reported on the Charitable Contribution Report.

### **FULLFILLING YOUR PLEDGE TO THE CHURCH'S OPERATING BUDGET**

Annual pledges represent a significant portion of the Church's annual revenue budget and are used in establishing budgeted operating expenses. All unrestricted gifts will be credited to your pledge.

### **YEAR OF CONTRIBUTION**

Under IRS regulations, a donation delivered in person must be delivered to the Church no later than December 31 to be deducted in the year then ended. A donation mailed to the Church must be postmarked no later than December 31 of that year. (The check date does not determine deductibility in either instance.) Gifts of stock must be received in the Church's brokerage account no later than midnight on December 31. Thus, if a contribution is delivered to the Church after December 31 or received by the Church with a postmark later than December 31 or delivered to the Church's brokerage account after December 31 it will be reported in the following year's Charitable Contribution Report.

### **EXCEPTION TO NO-REFUND POLICY**

If a fund has been temporarily created for a special purpose (such as a capital campaign) and monies are collected in excess of costs ultimately incurred, the excess monies will be administered in the manner announced at the time the fund was created. If no such disposition of excess funds was specified, the monies will revert to the Church's General Fund.

### **FINANCE COMMITTEE DESIGNATIONS**

The Finance Committee may recommend to Church Council that annual operating budget surpluses be "designated" for future purposes that the Committee believes fulfill the Church's mission. Funds designated in this manner are treated as unrestricted funds as the Church can also approve the removal of this designation depending upon various factors.

### **CONCLUSION**

The Church respects and is grateful for each donor's decision to give as led by our Lord. The Church must, however, reserve the right to decline contributions that are not related to its mission, not in the best interests of the Church, or not qualified for tax purposes. The Church also reserves the right to amend these policies at any time.



## **Gift Acceptance Policy Frequently Asked Questions**

### **May I designate that my pledge donations be used to defray a specific program included in the budget?**

Dunwoody United Methodist Church (the "Church") welcomes all gifts that support its operating budget. Because the operating budget has been thoroughly vetted by the Finance Committee and approved by Church Council, and because the operating budget is funded primarily by unrestricted gifts, the Church urges its members to make donations that are not restricted to a single program or purpose.

### **What is the process for determining the Church's annual operating budget?**

Church personnel develop budgets for all revenue categories and all anticipated operating expenses to be incurred. A significant portion of the revenue budget is based upon pledges received during the annual pledge campaign. Additionally, the program leaders of our fee-based activities (Preschool and Sports/Leisure) will estimate their expected fee revenues for inclusion in the budget. A few smaller revenue items are budgeted by Church administration. Annual operating costs are budgeted by program leaders and department heads, and adjusted as necessary to ensure that total expenses do not exceed total revenues. The budgets are reviewed by the Finance Committee and ultimately approved by Church Council.

### **If I do request that my gift be used for a specific purpose, how does the Church administer that request?**

If your gift is directed to a program or campaign that is not included in the operating budget, then it will be recorded in a non-operating (restricted) fund whose resources may be used only to pay for the restricted purpose of the fund. Examples include special non-operating funds established for capital campaigns, Foodstock, and the Habitat for Humanity builds.

If your one-time gift is less than \$5,000 and specified to support a specific line item, ministry or program included in the operating budget, it will be credited directly to that area in the budget and monitored by our finance staff to ensure that your request is followed. The budget is not increased as a result of your gift. In effect, any donations directed in this manner are defraying the first expenses incurred, with expenditures in excess of this amount being paid from the General Fund. Any such funds received in excess of the associated costs incurred will revert to the General Fund and be applied to other budgeted costs. The Church must maintain the flexibility to apply any such excess to the General Fund in order for your donation to be tax deductible.

If your one-time gift is at least \$5,000 and the intention of your designation is unclear, then someone from the Church will contact you to clarify your intent. If your intent is to create a fund for a new project or ministry, the appropriate Church administrative body must review and approve the formation of that fund. The Church is not obligated to create any specific fund, and will not create funds that are contrary to its core mission. If your donation is accepted, then the Church will document that in a form that both you and the Church can sign. This formality is to ensure that the Church has a clear understanding of your intent so it can utilize the funds in the manner you intended.

**What if I wish to restrict my gift but am unable to donate at least \$5,000?**

The \$5,000 threshold applies to one-time gifts. A series of smaller gifts made at different dates cannot be accumulated in order to achieve the threshold. However, if several donors make gifts totaling at least \$5,000 with the same restrictions on the same date, the threshold will be considered to have been met. This will allow you to locate other Church members with similar desires in order to achieve the threshold.

**Do restricted gifts count toward fulfilling my annual pledge?**

Annual pledges represent a significant portion of the Church's annual revenue budget and, as noted above, are used in establishing budgeted operating expenses. Only unrestricted gifts may be applied to your annual pledge.

**May I donate publicly traded stock?**

Yes, and there are tax advantages to donating stock that has appreciated in value. If you are interested in making a stock donation, contact the Church business office for more information.

**May I donate non-publicly traded stock, restricted stock, real estate or other tangible assets?**

The Church is not staffed to hold or administer illiquid assets. Thus, the Church's decision regarding a proposed donation of any other form of non-cash asset is subject to review and approval on a case-by-case basis by the Chief Operating Officer in consultation with the appropriate Church administrative body, usually the Trustees, the Endowment Committee and/or the Finance Committee.

**Are my donations to my Sunday School class a deductible charitable contribution?**

The Church does not provide tax advice. However, contributions you make to your Sunday School class are not reported in the Charitable Contribution Report because individual Sunday School classes have not been qualified as charitable organizations under IRS Section 501(c)(3). We recommend that you consult with a tax professional to determine the answer to this question as it pertains to your personal tax situation.