Policy Concerning Restricted Contributions

Background
The LRUCC Operating Budget that is approved annually establishes budgets for expenses in the normal areas of church operation, including benevolences, staff, programs, and operations. The income side of the ledger is supported by member contributions, fees for building use, interest income, and miscellaneous income. The income supports all the expense areas and is not targeted to one or more expense areas. The question has arisen as to whether a contribution can be restricted to support a specific budget line item. There are several possible scenarios where this might occur,

LRUCC also has several designated funds established for purposes other than those included in the annual Operating Budget. Similar questions may arise about whether contributions to those funds can be donor-restricted and if there are provisions for establishing a new designated fund.

Some additional points are pertinent to this matter. LRUCC’s By-Laws require that the Stewardship Committee accept or reject special gifts on behalf of the church. Furthermore, the IRS has specific rules and reporting requirements regarding both non-cash contributions and also donor-restricted contributions to charitable organizations.

On June 11, 2014, the Governance Board of the Church Council approved a policy intended to cover many of the scenarios involving contributions restricted to a particular budget line item or designated fund.

Policy

1. All revenue from a free will offering will be credited to the budget line item for the Board, Committee, or group sponsoring the event and all expenses will come from that line item.
2. Once the Council has approved a solicitation for an unbudgeted expense, any funds raised are credited to the associated budget line item or the appropriate designated fund.
3. An unsolicited donation to accomplish a specific project or activity is a special gift, subject to acceptance or rejection by the Stewardship Committee, in coordination with the Board or Committee responsible for the project or activity involved. If approved, and if the donor specifies that it must be credited to an individual budget line item, it would not be considered a charitable contribution, per the IRS rules.
4. Unsolicited targeted donations to increase the compensation of one or more staff members cannot be accepted.
5. An unsolicited donation to an existing designated fund may be accepted, but cannot impose new or different restrictions on the use of the fund, other than existed before the donation.
6. An unsolicited donation to establish a new designated fund is considered a special gift, subject to acceptance or rejection by the Stewardship Committee.