

Donor Restricted Gift Policy

Churches/charities should ensure that gifts or donations received that are restricted for the support of a particular ministry or intended to be used for a particular program or project are used solely for such purpose or purposes.

To avoid receiving funds that have no practical use for the church, the church should also have a policy that states that donations will *not* be accepted for projects or purposes outside of the church's objects or approval.

Occasionally, using funds as restricted becomes impossible. Consider the example of a church holding a special offering to raise \$7,000 for a new piano. The offering raises \$10,000. What happens to the other \$3,000? In this case, the charity is legally prevented from either using the funds in another program or returning them to the donor, without making application to the courts. This can be an expensive and time-consuming exercise.

To avoid being precluded from using restricted funds at all if a project is oversubscribed or is terminated, the following *Donor Restricted Gift Policy* should be made known to the prospective donor:

Suggested wording:

“Spending of funds is confined to programs and projects approved by the church. Should a donor choose to restrict a contribution for use in a particular program or project, we will honour that restriction, with the understanding that, when the need for such a program or project has been met or cannot be completed for any reason as determined by the church, the remaining restricted contributions will be used where most needed.”