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5 International Blvd  
Etobicoke, ON M9W 6H3  
416 622 8600 • cboq@baptist.ca  
baptist.ca

## RESTRICTED GIFTS

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Most charities prefer to receive funds that are not restricted so that the funds can be used where needed most. However, there are times when a charity chooses to accept funds that are directed to a specific ministry or program (e.g., a short-term mission project or a building fund).

Charities should exercise caution in accepting gifts with restrictions. They must recognize that when accepting such gifts, the funds become “special purpose trust funds,” which means they can only be used as designated. A charity cannot change the designation or go back to the donor to ask permission to change the restriction. Only a court approval has the power to make this change.

A charity can avoid this undesirable, but surprisingly common, situation by creating a restricted gifts policy and informing donors at the time they donate that gifts with conditions will only be accepted if those conditions fall within the restricted giving policy.

*This sample document is provided as a general guideline to assist CCCC member charities. This information does not constitute legal or other professional advice. Appropriate modifications are required to suit the facts applicable to each situation. Where the intent is to use this sample, it should be provided to legal counsel along with appropriate instructions to meet the specific needs and circumstances of the charity.*