

SAMPLE DONOR RESTRICTED GIFT POLICY

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 charity, the charity should also have a policy that states that donations will *not* be accepted for projects or purposes outside of the charity'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 [board/charity] approved programs and projects. Each contribution directed toward an approved program or project will be used as restricted 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 [board/charity], the remaining restricted contributions will be used where most needed."

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.