

DESIGNATED GIVING POLICY

Background

The ministries of Bethany Chapel are supported by the generous financial contributions of individuals.

Financial contributions may be made to:

- The General Fund,
- Funds set up for specific purposes, and
- Special projects.

Each of these is used in different ways to achieve the charitable purposes of Bethany Chapel.

The General Fund is the Fund where the majority of contributions are received. The Elders determine the various ministries to be supported and through the annual budgeting process, the money is distributed to support those ministries. As an example, the Elders have determined that it is important to support missions. As a result, each year a budget is established for long-term missionaries, as part of the General Fund budget. Throughout the year money is distributed from the General Fund to support those long-term missionaries.

The Elders and Deacons have also established other Funds to be used for specific purposes. For example, the Pastoral Care Fund was established with the specific purpose of helping those in need. Depending upon the Fund, contributions may be made to those Funds directly by individuals.

The third way that financial contributions may be made is to special projects. These projects are established by the Elders and Deacons from time-to-time to address a specific need. However, the contributions received will still eventually go to either the General Fund or one of the other Funds. As an example, the funds for the 2007 Nursery Renovation project went into the Capital Reserve Fund, to be used to pay for the cost of the Nursery renovations.

Definition of Designated Giving

Designated giving refers to when a donor designates where or how their contribution is to be used.

Gifts vs. Contributions

In this policy the word “gift” is used to indicate that the donation received by Bethany Chapel is a *charitable gift for income tax purposes*. The word “contribution” is used to identify a donation to Bethany Chapel, which *may or may not* be a gift for income tax purposes.

According to the Canada Revenue Agency (CRA), it is appropriate for a charity to issue an official receipt for income tax purposes for any designated contribution where the charity can show that:

1. The gift is for projects or programs which are under the control of the charity,
2. The charity has the ultimate control over the disbursement of designated contributions, and
3. No benefit is returned to the donor or a dependent of the donor as consideration for the contribution.

Examples of Contributions Received by Bethany Chapel

Contributions to General Fund or Other Funds (including Special Projects)

The majority of the contributions that we receive have no designation whatsoever and go into the General Fund. These funds support the ministries of Bethany Chapel. These ministries and the ultimate control over the disbursements of contributions are under the control of the Elders and Deacons of Bethany Chapel. Thus, they are gifts and it is appropriate to issue an official receipt for income tax purposes.

Contributions to the specific Funds, by their nature, are designated contributions. We must use the three CRA tests to determine if they are gifts. If the only designation is that the contribution go, for example, to the Pastoral Care Fund, then it would be appropriate that they be gifts and a receipt for income tax purposes be issued. The Pastoral Care Fund is under the control of Bethany Chapel and the ultimate control over the disbursements of contributions to the Pastoral Care Fund are under the control of the Elders and Deacons of Bethany Chapel.

However, contributions to a Fund (General or otherwise) may not be a gift if there are conditions on the contribution that contravene the CRA tests. For example, a contribution to the General Fund that designates that the money must go to support a particular staff member above and beyond their normal salary, would not be a gift, because the Elders and Deacons do not have control over the disbursement of the designated contribution. In the same way, a contribution to the Pastoral Care Fund, with a designation that the money must go to a particular individual, would not be a gift.

Short-Term Mission Trips

Contributions to a Short-Term Mission Trip must be measured against the CRA tests as well.

A volunteer for a short-term mission project is volunteering to help achieve the charitable purpose of Bethany Chapel. The beneficiaries of such a project are

those who are ministered to, not those who deliver the program (although they might also indirectly benefit). If such a volunteer solicits contributions to help pay for the costs of carrying out the project, including the reimbursement of ministry expenses incurred by the volunteer (example: travel), such designated contributions are received by Bethany Chapel for its charitable purposes. Even if related persons or the volunteer make contributions to cover the costs of the short-term mission trip, the contributions are gifts for income tax purposes because they pass the CRA tests. Therefore, it is appropriate to issue an official receipt for income tax purposes.

In order to help ensure that the tests are passed, it is best that contributions be made to the particular project and not related to a particular individual.

An example where a contribution is not considered a gift would be where a short-term mission project permits a volunteer to enjoy a time of vacation or recreation (i.e. a period of time which is more than incidental to the project). In this case, a designated contribution made by the volunteer or by any donor, for the project will not qualify as a gift for income tax purposes, since the volunteer has enjoyed a personal benefit.

See also Short-Term Mission Fund Policy.

Contribution to a Specific Program or Project Identified by Donor

A designated contribution may not meet the tests of a gift for income tax purposes if the donor dictates that a specific program or project be undertaken by Bethany Chapel. Bethany Chapel must devote all of its resources to activities carried out exclusively in pursuit of its objectives. If a donor designates a contribution in such a way that he or she effectively dictates that a program or project must be undertaken by Bethany Chapel, as a condition of accepting the contribution, then Bethany Chapel will be pursuing the purpose of the donor, not the objectives of Bethany Chapel. In such a situation, Bethany Chapel must first consider the advisability of adopting the program. If it decides that the program or project will advance its ministries or charitable purposes, and it is an appropriate use of available resources, then it could accept the contribution as a gift for income tax purposes and an official receipt for income tax purposes could be issued.

Bethany Chapel Policy Related to Designated Giving

1. In order for a contribution to be considered a gift to Bethany Chapel and for Bethany Chapel to issue an official receipt for income tax purposes for any designated contribution, the contribution must meet the following tests:
 - The contribution is for projects or programs which are under the control of Bethany Chapel,
 - Bethany Chapel has the ultimate control over the disbursement of designated contributions, and

- No benefit is returned to the donor or a dependent of the donor as consideration for the contribution.
2. For any fund-raising project where we are uncertain in advance of the amount of contributions that will be received, we must:
- Advise donors that if more contributions are raised than required, what will be done with the excess contributions. More specifically:
 - If it is a project related to the Short-Term Mission Fund, the excess contributions will stay in the Short-Term Mission Fund (as specified in the Short-Term Mission Fund Policy).
 - If the contributions for the project will eventually go to any other Fund, the excess contributions will go to the New Initiatives Fund (unless previously designated otherwise by the Elders and Deacons).
 - Advise donors what will happen if not enough contributions are received to proceed with the project.

These arrangements must be agreed to by the Elders and Deacons as part of the project approval process before the project is allowed to proceed.

3. If we receive a contribution that does not meet the CRA tests, we must contact the donor immediately and inform them that this contribution does not qualify as a gift and a receipt for income tax purposes cannot be issued. We will then give the donor the choice of:
- Returning the contribution to the donor or,
 - Asking the donor to remove or adjust the designation so that it does meet the CRA tests.

Also refer to the Policy for Estate Gifts for designated estate contributions.

Approved by Deacons, December 2007