

CONTRIBUTION POLICY CAMELBACK BIBLE CHURCH

Camelback Bible Church (CBC) is exempt from federal and state income tax as a not-for-profit religious organization under Section 501(c)(3) of the Internal Revenue Code pursuant to a group tax exemption ruling issued by the Internal Revenue Service.

GENERAL CONTRIBUTION GUIDELINES

CBC acting as the body of Christ, has as it's purpose to be God-glorifying, Cross-centered, and Life-transforming by serving in our world as Christ served in His.

Following Christ's example, we are to be a responsible entity in our business affairs with our local, state, and federal government. The church is funded by charitable contributions; therefore, it is very important for Pastors, Church Staff, Elders, Deacons, Members, and other donors to understand that there are some basic requirements that charitable contributions must satisfy in order to be tax deductible:

1. The contribution must be **cash or property** and **not for personal services rendered**.
 - a. The value of personal services is **never** deductible as a charitable contribution.
 - b. The value of rent-free building space provided a church **cannot** be claimed as a charitable contribution.
2. The contribution must be claimed by the **donor as a tax deduction in the year it was made**.
 - a. Generally a contribution is made at the time of delivery.
 - b. A check that is mailed is considered delivered on the date it is mailed (postmarked)
3. The contribution must be **unconditional without any personal benefit** to the donor.
 - a. In a legal sense the donor must absolutely and irrevocably divest him/herself of title, dominion and control over the contribution.
4. The contribution must be made **to or for the use of a qualified tax exempt charitable organization**.
 - a. Contributions made directly to individuals are not deductible.
 - b. Contributions made for individuals to particular missions or other charitable organizations are deductible, as they were given "for the unqualified use of" a qualified organization.

5. The contribution must be **within the allowable legal limits** as specified by the Internal Revenue Service. According to the IRS a contribution deduction ordinarily cannot exceed 50 percent of a donor's adjusted gross income (a 30 percent rule applies in some cases).

a. Some contributions that exceed the limits stated above **can be "carried over"** and deducted in future years.

6. The contribution must be **properly documented** both from the perspective of the church and the donor.

Contribution of Cash or Checks

Contributions of cash or checks are deductible as charitable contributions under the current provisions of the Internal Revenue Code.

- It will be the obligation of CBC to provide a statement of actual contributions for its fiscal year for use by individuals in documenting charitable gifts on their individual income tax returns.
- Cash gifts will be included in statement to the extent CBC financial staff is able to identify the donor.
- Deduction is usually limited to the year of the actual gift.

Designated Contributions

"Designated contributions" are those that are made to CBC for a specified purpose. If the purpose is an approved project or program **approved by the Board of Elders of CBC**, the designation will not affect the deductibility of the contribution.

- For example, an appropriate deductible contribution would be to a church building fund, organ fund, or a specific mission trip.
- Gifts designated to CBC's benevolence or mission's funds, administered by the Church, will be reflected on the donor's record of contributions if **no specific designations are otherwise attached to the gift.**

A gift **that would not qualify as a deductible contribution under IRS guidelines** would be a contribution that specifies it be spent on a designated individual, ***unless CBC exercises full administrative control over the donated funds.***

- For example, contributions to a church scholarship fund that are earmarked for a specific individual are not charitable contributions.
- Contributions earmarked to a particular person or family within the context of the benevolence fund, are not charitable contributions.

Mission Trip Contributions

Contributions for mission trips must be made with the understanding that CBC must have full administrative and accounting control over the funds, including all decisions about who will receive a benefit from the gift. **To be an officially sanctioned CBC mission trip, it must receive approval by the Elder Board.**

• **In order to be deductible, a mission trip contribution must not designate a specific individual on the check.** To do so is a violation of Internal Revenue Code of Charitable contributions.

- In addition, CBC must make a reasonable determination as to the portion of any mission trip expenditure that is for purposes other than mission work, e.g., sightseeing or other recreational or pleasure activities.
- If a trip is not substantially devoted to mission activities (as determined by the Board of Elders), contributions for it and expenses incurred in connection with it are not deductible.

Contribution of Services

The value of services rendered to CBC (e.g. donating time to provide financial funding advice) is not deductible under current tax laws. Unreimbursed expenses in rendering services to the Church may be deductible.

- Transportation or other travel expenses (including meals and lodging) in performing services away from home on behalf of the Church are deductible if there is no significant element of personal pleasure, recreation, or vacation.
- Expenses incurred in connection with attendance at a church conference, convention or similar event are generally deductible only if the individual attends as the Church's designated representative. **Such expenses are not deductible if the individual attends simply as a member of the Church.**
- When an individual pays for expenses directly, the individual is responsible for maintaining records pertaining to such expenses.

Receipt of Goods or Services by the Donor

Purchase of goods and services, including tickets to CBC events or programs, usually presumes payment of an amount representing the actual value of such goods or services. In such cases, the burden is on the tax payer to show that the amount paid is not the actual value or that the payment exceeds the fair market value of the admission, in which case only the difference (i.e., the difference between the value of the item purchased and the amount paid) can be deducted.

- Sponsoring church groups may determine a fair value for their event, goods or services, and provide that information on the ticket or receipt.
- In that situation, the donor is responsible for maintaining records related to any deduction he or she may claim.

Contribution of Property

CBC may accept gifts of property after approval by the CBC's Treasurer. In the case of such gifts, it is the donor's responsibility to determine and document the appraised value of the contribution to support any tax deduction. CBC financial staff will provide documentation acknowledging acceptance of the gift, date of ownership transfer and description of the contributed property. CBC staff is not permitted to determine estimated value of property gifts.

Contribution of the Use of Property

Permitting CBC to use property (the loan of a vacation home for a staff retreat) generally is not a charitable contribution eligible for a tax deduction. However, the Church may determine to accept the use of property in such cases where the donor understands that no tax deduction is permitted.

Miscellaneous

CBC reserves the right to refuse to accept contributions that are not qualified for tax purposes or that are not related to the primary purpose of the Church or not in the Church's best interest.

The purpose of this Policy is to provide donors with guidance as to general rules governing the tax treatment of their contributions to CBC. The Policy is not intended to constitute tax or legal advice. Contributors should rely on their own tax and legal advisors to answer specific questions they may have concerning the tax treatment of their contributions.