



## THE FOURSQUARE CHURCH

### Donor Restricted Sample Fund Descriptions

**Purpose:** Donor Restricted Funds are funds set up by the church council to receive money from donors for a specific purpose. The funds are to be established by the church council.

**Important Notes:** The council when establishing a fund must write a clear description to explain the fund's purpose and use. A fund should not benefit a specific individual or small class of people. These fund descriptions should be kept as a permanent record and council members should have a copy to use as a guide for the disbursement of funds. Funds should only be spent from this fund in accordance with the fund's purpose.

**Fund Disclaimer:** It is recommended that when funds are promoted to the congregation through giving envelopes, giving letters, published on the church website or giving platforms, the following disclaimer should accompany the description, "By contributing to this project, donors acknowledge that per IRS regulations, donations may not be restricted to the private benefit of individuals. Additionally, the church has the full authority to apply contributions designated for this project to other purposes in the event that the project is canceled or oversubscribed."

This statement gives the church permission to reassign funds if the church council cancels the fund or the fund receives an excess of funds without requiring the church to ask the donor to repurpose the funds. Without this statement, if the church wishes to repurpose the funds, it must have the donor's permission. Please contact your district office for detailed instructions and documentation if the church wishes to repurpose or cancel a donor-restricted fund that did not have a disclaimer.

**Establishing Fund Descriptions:** It is recommended that the church not have more than 5 donor-restricted funds. It is cumbersome and difficult to manage more than five funds. It is recommended that the fund description be written to allow for expenditure flexibility within the inherent purpose of the fund.

#### Sample Fund Descriptions:

**Building Fund:** Funds will be spent on the acquisition, building, renovating, and leasehold improvements of property used by the church. The funds may also be used for large capital improvements such as, but not limited to: repaving the parking lot, reroofing the building, etc. These funds should not be used for general repairs and maintenance, paying the mortgage, rent, or lease as those are considered general operating or regular maintenance items.

**Missions Fund:** Money given by donors for the purpose of missions which may include support for local and global missions or projects, missions' trips, missionaries, mission organizations, disaster relief, and the like.

**Benevolence Fund:** Benevolence funds will be spent to assist needy individuals in the church who have a demonstrated basic living expense need. Per IRS regulations no employee or immediate family member of an employee may receive non-taxable benevolence.

Special Offering Fund: Special offering funds will be spent on visiting speakers, pastor appreciation, and other special offering needs.