



THE FOURSQUARE CHURCH

Charitable Contributions

Requirements for Churches

One of the primary benefits available to tax-exempt organizations is the ability to receive charitable gifts for which donors can claim a tax deduction. However, this benefit comes with some responsibilities. [IRS Publication 1771 \(Links to an external site\)](#) is a resource that outlines the substantiation and disclosure requirements of charitable organizations. This guidance outlines the following key requirements:

- Donors must have a bank record or written communication from a charity for any monetary contribution before the donors can claim a charitable contribution on their federal income tax returns.
- Donors must obtain a written acknowledgment from a charity for any single contribution of \$250 or more before the donors can claim a charitable contribution on their federal income tax returns.
- **Charitable organizations must provide** a written disclosure to a donor who makes a quid pro quo contribution for a single payment over \$75. A quid pro quo payment is "made partly as a contribution and partly in consideration for goods or services provided to the donor by the organization." As a general practice, churches should have systems to track all contributions made by donors to provide a comprehensive statement of all donation activity for the calendar year.

Setting up the right system

In the 21st-century church environment, utilizing contribution software is the simplest and most efficient way to keep track of charitable gifts to the ministry and issue contribution statements at the end of a year. Today, most churches use a multifunctional church database, generally known as a "church management system." Church management systems (CMS) often include modules allowing churches to track member contact information, contributions and pastoral care, and many systems also include children's check-in, attendance, and bookkeeping features. It's important to note that it is not critical for contribution tracking to be integrated into the same software that the church uses for bookkeeping. Many CMS solutions offer bookkeeping modules, but these integrations save minimal time and may result in fewer checks and balances in the church's financial systems. This technology is constantly evolving, so getting referrals from your district office to resources that will help you select the best software package for your needs is a good idea.

Contribution statements may be printed with the slogan name or fictitious business name of the church plant/congregation but should also include the legal name of the sending partner church.

To be accepted by the IRS, contribution statements must have the following disclosure: "No goods or services were received in exchange for this contribution."

It is essential to ensure that your church's contribution software is configured to include this disclaimer on all contribution statements and electronic receipts.

[The Foursquare administrative toolkit](#) contains sample charitable contribution letters, the IRS publication on charitable giving, sample non-monetary charitable contributions, and other helpful information.