

## GROTON BIBLE CHAPEL CHURCH RESTRICTED GIVING POLICY

Givers who want their gifts used for a specific purpose or time are referred to as a “restricted gift” or a “restricted contribution.” Groton Bible Chapel controls all contributions made to the organization and ensures the funds are used exclusively for its exempt purpose. Additionally, GBC is responsible for providing reasonable measures to assure that giver-restricted gifts are used for the intended exempt purpose.

GBC will not accept restricted contributions unless it is for the purpose of supporting Missions, Gleanings, Building Fund, or Toll Gate Preschool.

Any gift which the donor desires to restrict but is not for the purposes stated above, will be treated as a “Donor Preference” contribution.

### **Donor Preferences:**

A giver’s preference communicates a desire or suggestion which is advisory in nature. A desire or suggestion does not restrict the use of the gift and allows the ministry full discretion to use the gift in relation to the desire or suggestion or use the funds for another purpose.

Donors may specify that a gift is to be used to support the operation of the ministries stated above or to acquire property or equipment. GBC will only consider gifts as contributions with donor restrictions if the restriction is explicit (written instructions specifying that the contribution be used for XXX). Restricted gifts must be used for a specific exempt purpose and unrestricted gifts may be used for any exempt purpose.

The definition of a donor-imposed restriction included in the FASB ASC glossary is summarized as a “stipulation specifying a use for a contribution that is more specific than the broad limits resulting from the nature and purpose of the organization and from the environment in which it operates.” To be considered a restricted contribution, the donor stipulates that the contribution must be used for something that is narrower in scope than the mission or purpose of the nonprofit organization. A restriction limits or directs the use of a contribution.

When GBC accepts a restricted contribution, its management accepts special fiduciary responsibilities to ensure that the assets are used in accordance with the donor’s restrictions. Upon receipt, restricted contributions are recorded in GBC’s donor database. Each contribution transaction is assigned to one of the “Restricted Contribution” financial accounts in the donor database, which map to a restricted fund and a restricted contribution GL account in GBC’s financial accounting system.

Although contributions with donor restriction typically increase net assets with donor restrictions, they may be reported as contributions without donor restrictions if they meet all of the following conditions:

- a. The restrictions are met in the same reporting period as the gift is received.
- b. The organization has a policy to report all donor-restricted contributions whose restrictions are met in the same period as support increasing net assets without donor restrictions and that policy is following consistently.
- c. The policy is disclosed.
- d. The organization has a similar policy for accounting for donor restricted investment income and gains.

GBC will not physically keep restricted assets in a separate bank account or maintain separate internal funds. The finance team does intend to keep internal spreadsheets to monitor the activity of the funds and will report activity to the donor upon request.

If the giver restricts a gift for the benefit of a specific individual in a way that prevents the ministry from exercising discretion and control over the gift (such as a gift restricted for a particular benevolent recipient or an employee of

the ministry), the gift is not deductible as a charitable contribution. Similarly, if the restrictions mandate that funds be used in part for the benefit of the giver's relatives, the gift does not qualify as a charitable contribution.

GBC will not accept a restricted gift requiring the expenditure of funds outside of the mission of the ministry.

GBC has the right to not accept the restricted gift if the restrictions are at odds with the best interests of the ministry (for example, the church does not have the capacity to comply with gift restrictions).

The Groton Bible Chapel Corporation, has the discretion of designating one time gifts of over \$10,000.