

Giving at Bridgeway Church: Some Questions & a Few Answers

as of 8/2010

At Bridgeway Church, we realize that one of the most meaningful expressions of trust in God and love for people is giving. When we give, God is delighted, others are helped, and we are strengthened. In our giving, we want to move beyond being faithful to being extravagant. We are eager to experience the happy benefits of generosity:

“Remember this: Whoever sows sparingly will also reap sparingly, and whoever sows generously will also reap generously. Each man should give what he has decided in his heart to give, not reluctantly or under compulsion, for God loves a cheerful giver. And God is able to make all grace abound to you, so that in all things at all times, having all that you need, you will abound in every good work.” 2 Corinthians 9:6-8

As you read these questions and answers, please remember that they generally address *tax-related* how-to’s, not whether or not the gift is encouraged or biblical. **We encourage all kinds of giving, at all times, in all ways, whether or not the IRS gives a benefit for doing so!** Ultimately, your giving will be noticed and rewarded by God.

Are my donations tax deductible?

Generally, gifts to one of the following two funds or to a church-approved project will be tax deductible:

1. **General Fund:** general operating expenses, ministry expenses (students, outreach, House Churches, children’s, etc.) salaries, utilities, rent, etc.
2. **Assistance Fund:** to assist individuals with emergency needs

But keep reading. There are gifts that aren’t tax deductible, or about which you’ll have to get advice from your tax advisor.

Will I get a receipt for my gifts?

In January, you’ll receive a receipt listing all donations made by check or electronic payments in the previous year. If you give in cash and would like a receipt, you’ll need to put your cash in an envelope with your name and address on it.

I’m trying to plan my end-of-the-year giving. Will I get a 2010 receipt if I make sure my check is dated 2010?

The date on your receipt depends on when you *give* us the donation, not on when you date the check. To qualify on a 2010 tax return, the gift must be 1) placed in the offering in 2010, 2) hand-delivered to the office in 2010 or 3) post-marked in 2010.

Can I give money to Bridgeway Church to help somebody in need? And are these gifts tax deductible?

Absolutely! We have established an Assistance Fund to help people in need. Just write “Assistance Fund” in the memo portion of your check. Gifts to this *fund* are tax deductible.

But what if I know that “Howard” needs help and want to give a gift to help him out?

Please do so! However, since your gift is really to an *individual* and not to the *church* (meaning, you’d be pretty upset if we kept the money and used it to pay the utility bill), it isn’t tax deductible. In this case, we’d encourage you to simply give the money directly to Howard. (If Howard also goes to our church, and you want to give your gift to him, but remain anonymous, the church office will deposit your check, and write a church check to Howard as a service to you -- but you won’t see that gift on your year-end receipt.)

Wait, I’m confused. We have an Assistance Fund, and gifts to *it* are tax deductible, but when I want to help Howard with his rent, it’s not?

Exactly. The issue here is *who you’re giving the money to*. When you give gifts to a *fund* (General, Assistance), you “release” the money to be used by the overseers of the fund in accordance with the policies of the church. The money is a gift to the *church* to further its tax-exempt purposes, and is tax-deductible. However, gifts to *individuals* (whether it’s your Aunt Edna’s birthday gift or rent money for Howard) are not tax-deductible. When the IRS sees that you’re making a check out to the church, but *really want it to go to Howard*, it assumes you’re just using the church as a pass-through to get a tax-deductible receipt for your personal gift.

OK. So how do I make sure Howard gets help, and I still get a tax-deductible receipt?

There’s the key! If you know of someone in the church who needs financial assistance, you are welcome to make a recommendation that he be given help from the Assistance Fund, *whether or not* you have ever given money to the fund.

If you’d like to give money to the fund so that it’s there to help people like Howard when the need arises, please do so! Just DO NOT designate your donations for a specific person. The key is to keep your gifts to the fund and recommendations for the use of the money *entirely separate*.

(For more information on getting help from the Assistance Fund, see the last page.)

So what about donations that aren’t to one of the two funds? Are they tax-deductible?

The answer to that is “Yes,” “Maybe” and “No.” (We’ll tell you up front that if your gift falls into a “Maybe” or “No” category, you’ll need to get advice from your tax counsel before claiming it as a deduction on a tax return.) Let’s look at some examples:

Example: *I want to give a donation to a missionary.*

“Yes, it’s tax-deductible, but not through Bridgeway Church:” If the missionary is with a mission agency (like SIM, YWAM, Wycliffe, etc.) send the money to the missions agency, and you’ll get a tax-deductible receipt from the agency.

“It may be tax-deductible:” Sometimes the church will take on a project like a missions trip; since it is a pre-established project of the church, gifts to that project will be tax-deductible. And, on rare occasions, Bridgeway Church will choose to function as the sending agency for an individual missionary. Gifts for that missionary will be tax-deductible, since the church has taken on that missionary as a church project, and through accountability and reporting with that missionary maintains control of the use of the funds.

“No, it’s not tax-deductible:” If the missionary is *not* with an agency, and has not been “taken on” as a church project, it’s a donation to an individual and you should give the money directly to him and not through the church. Obviously, the individual can’t give you a tax-deductible receipt. (If the missionary also goes to our church, and you want to give your gift to him, but remain anonymous, the church office

will deposit your check, and write a church check to the missionary as a service to you -- but you won't see that gift on your year-end receipt for tax deductible donations.)

Example: *I like the ministry that "George" is doing and want to help him.*

"Yes, it's tax-deductible, but not through Bridgeway Church:" If George is with a ministry that can issue a tax-deductible receipt for your gift, you can receive the deduction through them. (Send your check directly to the other church or ministry, not to Bridgeway Church).

"It may be tax-deductible:" If the elders have decided that we will promote and benefit George's ministry as a project of Bridgeway Church, your gifts will *most likely* be tax-deductible.

"No, it's not tax-deductible:" If George isn't with a tax-deductible organization, and the church has not made a decision to help him, your gift is your own personal project; it should be given directly to George - not to Bridgeway Church. (Again, if George attends Bridgeway Church and you would like your gift to be anonymous, we will be happy to do that for you, but will not be able to issue a receipt.)

Example: *I like "Joe", who works for the church, and want to give him a financial gift.*

"No, it's not tax-deductible:" On behalf of Joe, thanks! However, you'll have to give the gift directly to Joe for two reasons:

1. Since it's a gift to an individual, and not a church project or fund, there's no tax advantage in giving it through the church.
2. Since Joe is on the church payroll, Joe *and* the church would have to pay employment taxes on your gift.

If you want to give the gift anonymously, you can mail a money order or give the gift through a mutual friend (or leave cash under his doormat, or send a singing telegram or . . . well, you get the idea).

Example: *I want to give one of our pastors, "Herb", a financial gift.*

"No, it's not tax-deductible:" You're welcome to do this (and Herb thanks you!). But be aware that since pastors are considered self-employed by the IRS, a gift to him may be subject to employment taxes, so it matters how you characterize your gift. If you are giving because "the church doesn't pay him enough, so I want to help out," the IRS will definitely see this as income to a pastor, and not a gift to someone that you simply like.

If you want to give a gift to one of our pastors, simply give the gift directly to him, without any indication that it is because you want to make sure he receives adequate income or financial help. Your gift will not be tax deductible; his tax counsel will help determine if it is taxable to him.

"Yes, it's tax-deductible:" If you want a tax deduction, give the gift to Bridgeway Church. It will be added to the next paycheck, and considered taxable income to the pastor.

Example: *What about the check I wrote to register for that seminar last October? Can I claim that as a deduction?*

“No, it’s not tax-deductible:” Purchases of books, CDs/tapes, seminars or services through the church are not tax deductible. If you use a check for these purchases, you’ll most likely see it stamped “non-deductible.”

(“It may be tax-deductible:” In certain cases, expenses related to volunteer or charitable services may be tax deductible if detailed personal records are kept -- consult your tax advisor for information on this.)

What do I do about those “Maybe” categories when it comes to my tax return?

You will receive a receipt for that gift, but since our receipt isn’t a guarantee that the *IRS* will consider a donation tax-deductible in an audit, you should get advice from your tax counsel before you claim that donation on your tax return. We will let you know if we think your gift falls into a “maybe” category.

Our “Official Assistance Fund Policy”

Bridgeway Church, in the exercise of its religious and charitable purpose, has established an Assistance Fund to assist persons in financial need. The church welcomes contributions to the fund. Donors are free to suggest beneficiaries of the fund. However, such suggestions shall be deemed advisory rather than mandatory in nature. The administration of the fund, including all disbursements, is subject to the exclusive control and discretion of the church (as administrated by the senior leadership team). The church may consider suggested designations, but in no event is it bound in any way to honor them, since they are accepted only on the condition that they are mere suggestions or recommendations. Donors wishing to make contributions to the benevolence fund subject to these conditions may be able to deduct their contributions if they itemize their deductions. Checks should be made payable to the church, with the notation that the funds are to be placed in the Assistance Fund. The church cannot guarantee this result and recommends that donors who want assurance that their contributions are deductible seek the advice of a tax attorney or CPA.

Revised 8/10