

FUND RAISING EVENTS AND OTHER SALES

Statement of Policy:

Indian Springs Baptist Church believes that God has provided the necessary financial support for the operation of the church and its various ministries by blessing our members financially. Just as Abraham was blessed so that through him others would be blessed, we believe that faithful obedience to the Biblical teachings of tithing and free-will offerings to support the ministries of the Kingdom of God through the local church will result in abundant support and financial resources so that Fund Raising Events will not be necessary.

There are situations where various ministry organizations will need to sell items in conjunction with the conduct of their ministry. When such situations arise, the following Procedures should be observed.

Procedures:

1.0 DEACON REVIEW AND APPROVAL

.01 All fund raising events or sales which are to be planned and coordinated by a ministry of Indian Springs Baptist Church or any of its integrated ministry auxiliaries must be approved by the Deacon body in advance of any promotion. The Deacons will evaluate the event to determine if it complements Indian Springs Baptist Church's mission and purpose statement. Other considerations will include: planned ministry results, calendar conflicts, demands on staff, financial plans, facility use, planned promotion, etc.

.02 In evaluating the fund raising event, the Deacons, in conjunction with the Church Treasurer, will also determine if the proceeds generated from the event qualify as Unrelated Business Income (UBI). Federal laws require non-profit organizations to pay federal income taxes on income that was produced from activities that are not directly related to their exempt purpose. In determining if UBI was generated, the IRS will be more concerned on how the funds were raised, rather than how the profits will be spent. In other words, it does not matter if the profits are planned to be used for an exempt purpose; the issue is, were the profits produced from a charitable, religious or educational purpose?

2.0 OVERSIGHT AND FOLLOW UP

.01 If the sale is approved, a Project Planning Sheet should be completed and submitted to the appropriate ministry Leader who will be overseeing the event. This form requires the completion of a budget and the submitting of all appropriate calendar requests (for review by the Church Council) and work requests. All publicity must be cleared through the Publicity Committee when the church's name is being used in promotion pieces.

3.0 SALES OF MERCHANDISE

3.1 Sales Through Church Ministries

.01 Christian products will be offered for sale to the membership and visitors of Indian Springs Baptist Church for convenience and support of church ministries. Examples of products that could be sold are: Christian books, literature, tapes, CD's, etc. Products to be sold must meet the following conditions:

- Products offered for sale must be religious in nature and in direct relationship to an approved ministry or program of the church. Products which could be viewed as secular in nature (i.e. mugs, tee shirts, pencils) must have some form of scripture reference or Christian symbol on them to be sold at Indian Springs Baptist Church. Sales of non-religious products might be viewed as unrelated business income and could require the collection of state sales tax.
- Sale price of the product must be adequate enough to cover the cost of the item and minimal overhead costs. Profits on the sale of products are not allowed.

3.2 Sales by Visiting Organizations

.01 Commercial activities are discouraged. However, in support of special programs, events, revivals, conferences, training seminars, and the like, individuals or organizations that have been invited by the church may offer to the church members and attendees products that support their ministry. These products must be directly related to that organization's ministry.

.02 The organization selling the products is responsible for staffing and the collection of monies. The church will give direction as to where the products can be sold in church facilities. Facilities staff will provide tables, chairs and other reasonable set-up requests.

4.0 FEES PAID FOR SERVICES RECEIVED

.01 From time-to-time activities will be offered to church members at a no-cost-to-the-church basis. Such events may be offered where the fee charged the participant will pay the prorated expenses of the activity. Examples of these types of services might include:

- youth camps, retreats
- music, art or other lessons
- seminars and related activities
- team sports events
- counseling services
- coordinating weddings
- sound and light service for weddings

.02 The initial expenses and the collection and distribution of such fees and cost sharing charges will be administered through the sponsoring ministry budget accounts of the church. The ministry's budget will bear the burden of any excess expenditures.

.03 No purchases are to be made from cash collected. Any amounts needed for purchases or reimbursements are to be obtained through a Purchase/Funds Request or Petty Cash.

5.0 GARAGE SALES, YOUTH ACTIVITY SALES, CRAFT SALES, ETC.

.01 Profit motive activities sponsored by the church are not allowed.

6.0 "QUID PRO QUO" CONTRIBUTIONS

.01 Moneys received at a fund raising event must be evaluated to determine if any portion of the receipts represent a tax-deductible contribution to the donor. If a donor makes a "quid pro quo" contribution of more than \$75 (that is, a payment that is partly a contribution and partly a payment for goods or services received in exchange for the contribution), the church must provide a written statement to the donor, for contribution purposes, that satisfies the following two conditions:

- The statement informs the donor that the amount of the contribution that is tax-deductible is limited to the excess of the contribution over the value of any goods or services provided by the church in return.
- The statement provides the donor with a good-faith estimate of the value of the goods or services furnished to the donor.

.02 A written statement need not be issued if only "token" goods or services (a value of \$70 or 2% of the amount of the contribution, whichever is less) are provided to the donor.

.03 The quid pro quo rules do not apply to contributions in return for which the donor receives solely what the IRS calls an "intangible religious benefit." An example would be that of attending a worship service.

.04 The church Finance Office will provide a Contribution Receipt to all donors who make a quid pro quo contributions. This receipt allows for the disclosure of the required information as discussed above.