



Enhancing Trust

5 Ways to Take the Mystery Out of Managing Missions Contributions Webinar



Enhancing Trust

Today's Presenters



Dan Busby
President
ECFA



Michael Martin
Vice President and Legal Counsel
ECFA



John Van Drunen
Executive Vice President and General Counsel
ECFA

Email questions to Webinar@ECFA.org



Enhancing Trust

Biblical Mandate and Inspiration for Missions



- Money and Missions
 - “God’s work done in God’s way will never lack God’s supply” — Hudson Taylor
 - “All the money needed to send and support an army of self-sacrificing, joy-spreading ambassadors is already in the church.” — John Piper
- [Excellent resource page](#) for missions – Scriptural and other support





Enhancing Trust

Growth in Missions Giving



- Giving to short-term missions is showing strong increases – the largest increase among 27 ministry types tracked in ECFA's annual [State of Giving Report](#).
- Giving to domestic and international missions is holding steady.
- Properly administering these gifts has *legal and financial consequences* and is *key to TRUST with givers*





Enhancing Trust



5 Common Missions “Mysteries”



Enhancing Trust

Mystery 1 – Are Missions Gifts Tax-Deductible?



- IRS history and guidance on “deputized support-raising”
- Intended Benefit test
 - Is the giver’s intent to benefit the ministry or an individual worker?
- Discretion & Control test
 - Does the ministry have necessary control over contributions, and has this control been communicated to the giver?
 - See [Deputized Fundraising—The Basics](#) and [Proper Care of Donor-Restricted Gifts](#).



Enhancing Trust

Mystery 1 – Are Missions Gifts Tax-Deductible?



Gifts to Support Deputized Workers	
Type of Gift	Qualifies as a Charitable Deduction for Giver
Personal gifts from an individual to a deputized worker ⁽¹⁾	No
Gifts to a ministry [to/for a deputized worker] with no restriction or preference by giver(s)	Yes
Gifts to a ministry [to/for a deputized worker] based on gifts preferenced for a deputized worker. The giver's intent is to benefit the ministry.	Yes
Gifts to a ministry (to/for a deputized worker) based on gifts restricted for a deputized worker. The giver's intent is to benefit the deputized worker.	No

⁽¹⁾ In some instances, the IRS has taken the position that a personal gift from an individual to a deputized worker is taxable income to the worker if the worker is not a family member of the giver.



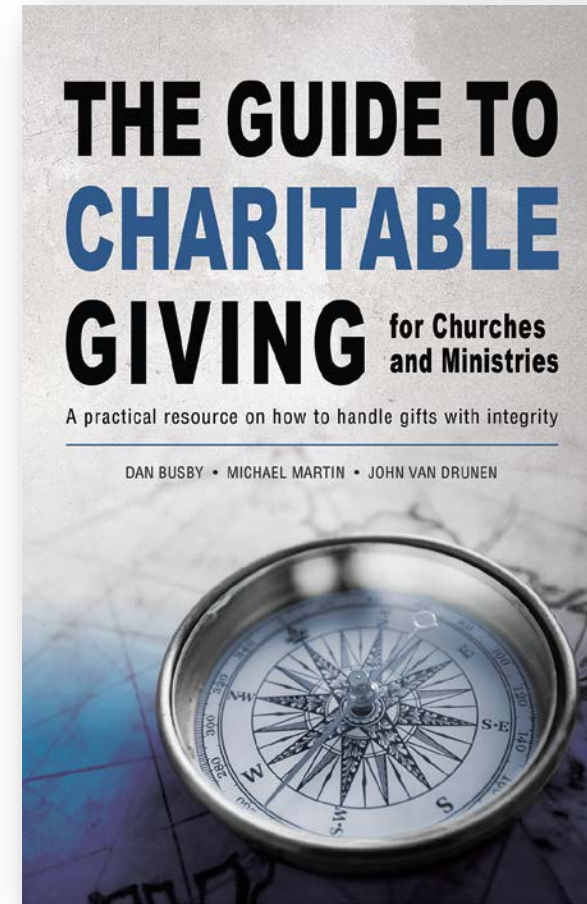
Enhancing Trust

Mystery 1 – Solved



“The IRS has acknowledged deputized support-raising as a widespread and legitimate practice. Contributions properly raised by this method are generally tax-deductible.”

The Guide to Charitable Giving (p. 149)





Enhancing Trust

Mystery 2 – Are Missions Gifts Restricted or Unrestricted for Accounting Purposes?



- Accounting treatment of missionary support may be determined by factors and organizational policy but generally considered restricted revenue because the gift is for a more narrow purpose than the general purposes of the ministry
- Thus, a gift preferenced to support a particular worker is generally restricted for accounting purposes because the worker is in a certain geographical region or working on a certain project



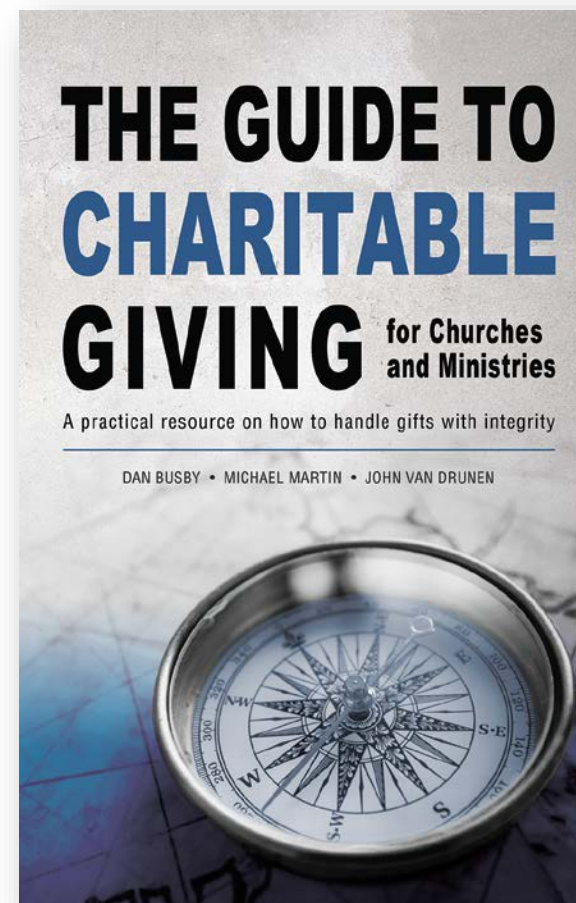
Enhancing Trust

Mystery 2 – Solved



“Gifts preferenced to support the ministry of particular workers are generally considered to be donor-restricted under GAAP because the purpose of the gift is more narrow than the general purposes of the ministry”

The Guide to Charitable Giving (p. 252)





Enhancing Trust

Mystery 3 – How Should We and Our Missionaries Communicate with Givers?



- Communication with givers is key!
 - By both the organization and its missionaries
- All communications should reinforce the intended benefit and discretion and control tests.
- Communications—written, verbal, or other media—must be consistent across all forms, including prayer and fundraising letters, newsletters, e-mails, Internet postings, etc.



Enhancing Trust

Mystery 3 – How Should We and Our Missionaries Communicate with Givers?



- Consistency with IRS recommended language in solicitations AND giver response forms:

“Contributions are solicited with the understanding that [Church/Ministry] has complete discretion and control over the use of all donated funds.

[Church/Ministry] will attempt to honor gifts preferenced to support particular workers, but the final decision on the use of all funds rests with the organization.”



Enhancing Trust

Mystery 3 – How Should We and Our Missionaries Communicate with Givers?



- Communication “Do’s” –
 - Consistency and clarity in all communications
 - Reflect gifts are for the use of the church/ministry
 - The worker’s ministry is being conducted under the direction of the ministry
 - Always reference the ministry and its programs
 - Indicate gifts are to the ministry and only preferenced for a particular worker



Enhancing Trust

Mystery 3 – How Should We and Our Missionaries Communicate with Givers?



- Communication “Don’ts” –
 - Inconsistent or unclear in communications
 - Reflect gifts are for the worker
 - Imply the worker’s ministry is not being conducted under the direction of the ministry
 - Fail to reference the ministry and its programs
 - Indicate gifts are restricted for the benefit of the worker



Enhancing Trust

Mystery 3 – How Should We and Our Missionaries Communicate with Givers?



Appropriate Wording

- Please continue to pray that the last 50% of the support I am responsible to raise for ABC Mission comes in soon.
- It is my responsibility to form a team of ministry partners who will support ABC Mission with monthly gifts and prayers.
- Please make your make your gift to ABC Mission preferred for my support.

Inappropriate Wording

- Please continue to pray the last 50% of my support comes in.
- I need a team of ministry partners who will support me with monthly pledges and prayers.
- Please designate your gift for my support.



Enhancing Trust

Sample Deputized Support-Raising Letter Version A



This letter demonstrates elements consistent
with IRS guidance.

We are thrilled to send you our first letter since arriving here in Sumy, Ukraine. The flight was long but uneventful, and we are getting settled into the house provided by Missions International.

It is not possible for Nancy and me to adequately express our appreciation for your willingness to provide prayer and financial support for the ministry here.

Your liberal gifts to support the outreach ministry of Missions International in Sumy enables us to serve here.

The wording makes it clear that Bill and Nancy are serving under the auspices of the ministry.

The Missions International field in Sumy includes a church, school, and a ministry center. All three units of the ministry are in the early stages of development so we have our work cut out for us to help bring maturity to these programs.

The employer-employee relationship is documented here. This paragraph even goes beyond the guidance outlined by the IRS and discloses that a portion of the gift will be used for overhead.

Missions International is a faith mission organization. As staff members, we must develop financial partnerships to provide the funding for salary, ministry expenses, health benefits, and related expenses. A portion of each gift dollar goes to administrative costs.

In service to the Master,

Bill and Nancy Jones



Enhancing Trust



Sample Deputized Support-Raising Gift Response Form Version A

We believe in the work of Missions International and are sending our gift of \$_____.

We would like our gift to help support the ministry of Bill and Nancy Jones in Sumy, Ukraine. We understand that the use of the gift is subject to the discretion and control of Missions International.

Giver(s):

Jim and René Gilfouile
285 Shortridge Road
Indianapolis, IN 46218

These paragraphs make it clear that the giver's intent is to benefit the ministry. Their financial support of Bill and Nancy Jones is simply a desire.



Enhancing Trust



Sample Deputized Support-Raising Gift Acknowledgment Version A

Official Acknowledgment • Please keep this acknowledgment for your tax records

Acknowledgment #7639 Gift Date: 01/31/XX Acknowledgment Date: 02/15/XX Jim and René Gilfouile 285 Shortridge Road Indianapolis, IN 46218	Gift Purpose	Total Amount	Gift Amount	Other Amount
	Preferred for the work carried out by: Bill and Nancy Jones	\$100	\$100	0

Thank you for your contribution which is tax-deductible to the extent allowed by law. While every effort will be made to apply your gift according to an indicated preference, if any, **Missions International** has complete discretion and control over the use of the donated funds. We recognize our responsibility for accountability and our audited financial statements are available upon request. We thank God for you and appreciate your support.

ABC Ministry

PO Box 5646
Yakima, WA 98904
509/248-0000

Other than reflected on this acknowledgment, no goods or services, in part or in whole, were provided in exchange for this gift.





Enhancing Trust

Sample Deputized Support-Raising Letter

Version B

This letter is not compliant
with IRS guidance.



Hi! Meet our family. John is 18 and a freshman in college, Joshua is 16 and a high school junior, Andy is 12 and in 7th grade, and Macy turns 4 on July 2!

For the past eight years, we have served as missionaries to India. We are more convinced than ever that this is where God wants us to be at this time. We are helping existing churches plant 7,000 new churches.

We are working on a plan to select, train, and empower more leaders in India. This will be a long process of developing leaders to the point where they can be entrusted with major responsibilities, so pray that God will provide the right people, for the right roles, at the right time.

We would love to have you partner with us as we continue to follow Jesus. If you can support us in the battle for souls in India by providing for our financial needs with your generous gifts, we will certainly appreciate it. It is a joy to serve Christ with you as partners in ministry.

Henry and Mary Miller

The letter does not mention the name of the ministry under which they are serving or state that gifts to the ministry are needed so their work may continue. Direct support is requested for Henry and Mary Miller instead of support for the employing ministry. The response form clarifies these issues, but the communication of this issue could be strengthened by including references in both the letter and the response form.



Enhancing Trust

Sample Deputized Support-Raising Letter Version C

This letter demonstrates elements that are inconsistent with IRS guidance.



We are thrilled to send you our first letter since arriving here in Mexico City, Mexico as independent missionaries.

The word "independent" implies they are not working under the auspices of a missionary organization.

The wording connotes a personal ministry: "we are opening," "the church God has led us to build," and "contributions for our project."

We are opening an Internet café as an outreach ministry. The café will open doors for the church God has led us to build. To help plant a church here, we ask that you pray about making contributions for our project.

If you want to send a gift to us and receive a tax deductible gift acknowledgment, please send the gift to Conduit International. They only take a three percent administrative fee to cover the processing of gifts and pass through the remainder of the funds to us.

Sending "a gift to us" implies a personal gift that is not tax-deductible. A low administrative fee suggests minimal, if any, oversight. The use of the term "pass through" implies an earmarked transaction.

Gifts to replenish personal savings suggest personal gifts that do not qualify for a charitable deduction.

The needs are so evident and the people so poor that we have used up our savings to help the spread the news of a new church being planted. We could share with you story after story of the needs. To continue this outreach ministry to the needy and local pastors we need your help to replenish our savings account and help with building up a benevolence fund.

This is a mixture of ministry and personal purposes combined under the banner of charitable giving. Requesting funds for a personally-owned home is problematic.

We would like to invite new believers to meet in our home, so we are looking for a home we could buy in the area to turn into a meeting place. Your contributions to us will help us purchase and remodel a house for this purpose. When we sell the home at the end of our ministry here, the proceeds will provide a reserve which can be used for our retirement.

Thanks so much for your support of our ministry in Mexico City!

In Christian love,
Fred and Rachel Brown



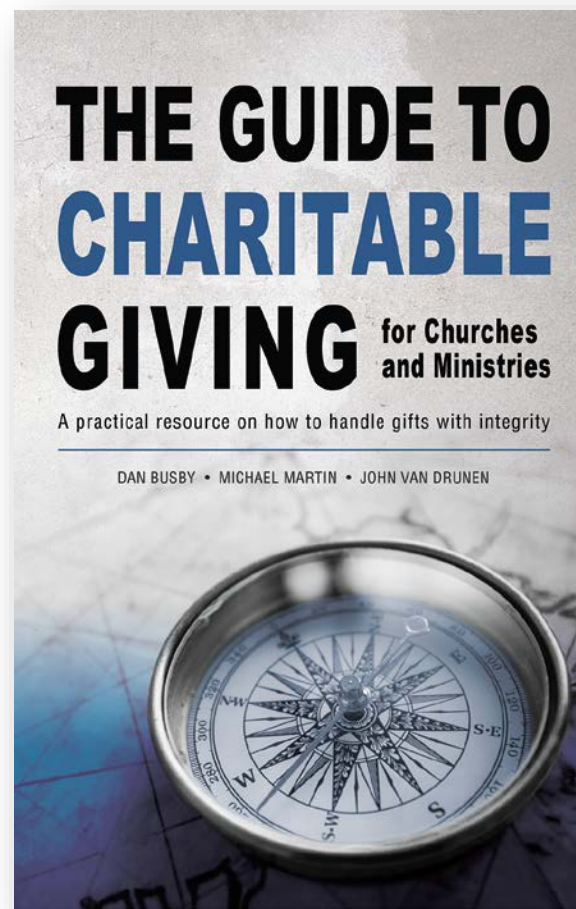
Enhancing Trust

Mystery 3 – Solved



“It is important to communicate to the giver that the gift is preferenced for the work performed by a particular individual, and it is not restricted to benefit that individual. . . .”

The Guide to Charitable Giving (p. 152)





Enhancing Trust

Mystery 4 – What Policies Should We Have in Place for Our Missionaries?



- Not only is communication with givers key, so is communication with missionary workers.
- Many workers helping raising funds under the deputized concept may assume an element of personal ownership over the funds, without the right information and training.
- Who is responsible for providing that information and training? The sponsoring organization (Hint: That's you!)



Enhancing Trust

Mystery 4 – What Policies Should We Have in Place for Our Missionaries?



- **Step 1** – Develop a policy for your organization and its missionaries
- **Step 2** – Communicate and re-communicate the policy
 - Include in a training manual
 - Annually distributed and updated
 - Consider more in-depth training for new missionaries
- **Step 3** – Continually monitor compliance with the policy
 - Get copies of communications/appeals for support
 - Inform your web developers on communication requirements



Enhancing Trust

Mystery 4 – What Policies Should We Have in Place for Our Missionaries?



- Examples and illustrations in *The Guide to Charitable Giving*
 - Sample Deputized Worker Policy (pp. 171–73)
 - Sample Communication from a Ministry to Its Deputized Workers (pp. 176–77)



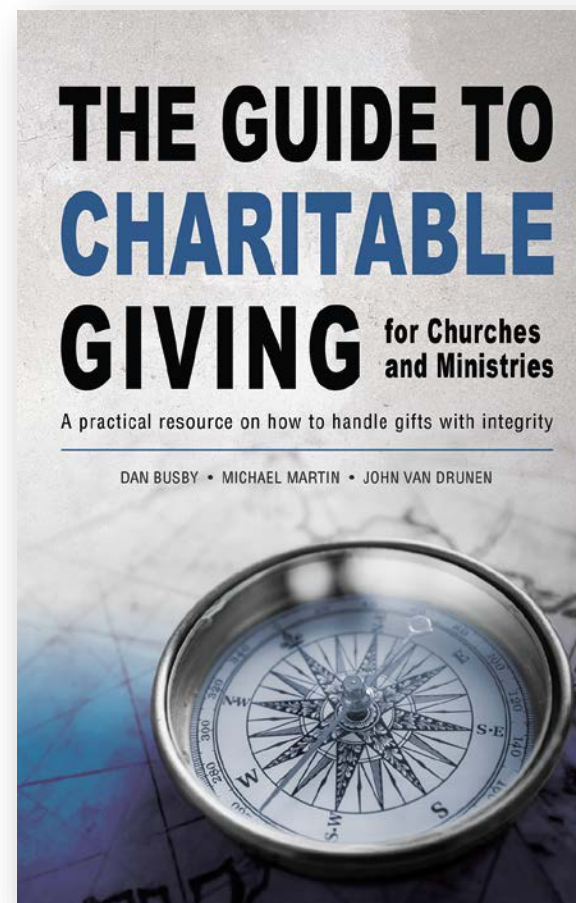
Enhancing Trust

Mystery 4 – Solved



“Organizations utilizing deputized support-raising should carefully establish appropriate policies and procedures. Once the policies are created, they should be included in a training manual to explain the process of deputized support-raising to potential workers.”

The Guide to Charitable Giving (p. 157)



Mystery 5 – Any Differences in Short-Term & Long-Term Missions?



- Review of various funding models
 - Sponsoring ministry's general budget
 - By the trip participant directly
 - Through funds raised by a deputized individual
 - Hybrid models – including crowdfunding
- If deputized missionaries, remember the 2 tests from the IRS and importance of communication:
 - Intended benefit test
 - Discretion and control test



Enhancing Trust

Sample Short-Term Mission Trip Support-Raising Letter

This short-term mission trip fundraising letter demonstrates elements which follow IRS guidance. The notes in the letter relate to accounting for the gift and qualifying it for a tax deduction.

1232 Main Street
Yakima, WA 98904
509/248-6739

Date

Dear Mr. and Mrs. Giver,

This paragraph confirms it is a church-sponsored mission trip.

This summer, I have an exciting opportunity to serve the Lord on a mission trip sponsored by our church (Yakima Fellowship) to East Africa. Fifteen members of my church youth group plan to participate in a 10-day trip. We will fly into Nairobi, Kenya, on July 21.

Our ministry during this trip is in Nairobi at an orphanage where most of the children have AIDS. Our team will lead a Vacation Bible School, distribute clothes we will take with us, and be available to work with and support the children in the orphanage. Sponsors from our church will accompany our team and provide ministry oversight.

One of the ways you can help me is to pray for the trip, the ministry we will perform, and for me personally. Only with a prayer support will I be able to bless the children in the orphanage.

This paragraph confirms that ministry will be performed on the trip.

This paragraph confirms that gifts are preferred for Jodi's trip expenses. (For accounting purposes, gifts are restricted for the mission trip.)

Yes, there are financial needs. The cost of the trip is \$2,100, which each team member is responsible to raise in gifts for our church. Please pray with me that the funds to cover my trip expenses will be provided.

Gifts to the church, with an expression of a preference for my trip expenses, are tax deductible to the extent allowed by law.

This paragraph confirms the church will exercise discretion and control over the funds. Implied is "There are no refunds to givers if I don't go."

If you will commit to pray, please check the appropriate box on the enclosed card. If you are able to make a gift to the church to assist with my expenses, please check the appropriate box on the card, indicating your interest in helping fund my portion of the trip expenses, and make your check payable to the sponsoring church, Yakima Fellowship. If I am unable to participate in the trip, your gifts will be used to support the short-term mission program of the church.

May God bless you richly as you consider your involvement in this mission trip!

Sincerely,
Jodi Hunter





Enhancing Trust

Sample Short-Term Mission Trip Gift Acknowledgment (Trip Expenses Paid by the Ministry)



Official Acknowledgment • Please keep this acknowledgment for your tax records

Acknowledgment #2675 Gift Date: 01/02/XX Acknowledgment Date: 01/15/XX Bill and Karen Smith 2315 Main Wenatchee, WA 98801	Preferred for the mission trip of: Jodi Hunter	Total Amount	Gift Amount	Other Amount
		\$100	\$100	0

Thank you for your contribution which is tax-deductible to the extent allowed by law. While every effort will be made to apply your gift according to an indicated preference, if any, **Yakima Fellowship** has complete discretion and control over the use of the donated funds. We thank God for you and appreciate your support.

Yakima Fellowship

PO Box 4256
Yakima, WA 98904
509/248-5555

Other than reflected on this acknowledgment, no goods or services, in part or in whole, were provided in exchange for this gift.

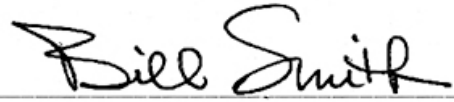




Enhancing Trust

Sample Short-Term Mission Trip Gift Check (Trip Expenses Paid by the Ministry)



Bill and Karen Smith 2315 Main Wenatchee, WA 98801		DATE: <u>December 31, 20XX</u>
PAY TO THE ORDER OF:	<u>Yakima Fellowship</u>	\$ 200.00
<u>Two Hundred and no/100</u> -----		DOLLARS
FOR <u>Missions Work</u>		

Note: If a giver wishes to identify the preferred participant on the check, the “preferential” or “to support the trip of” terminology should be used to avoid communicating the gift is earmarked for a particular participant. It is more advisable for the giver to check an appropriately-worded box on the response form to indicate a preference to support the ministry of a particular trip participant.



Enhancing Trust

Sample Short-Term Mission Trip Gift Acknowledgment (Trip Expenses Paid by the Participant)



Official Acknowledgment • Please keep this acknowledgment for your tax records

Acknowledgment #4575
Gift Date: 01/02/XX
Acknowledgment Date: 01/15/XX
Bill and Karen Smith
2315 Main
Wenatchee, WA 98801

Description of Services Provided

Built church building
in Nairobi, Kenya,
on July 21-28, 20XX

Thank you for your contribution which are tax-deductible to the extent allowed by law. While every effort will be made to apply your gift according to an indicated preference, if any, **Yakima Fellowship** has complete discretion and control over the use of the donated funds. We thank God for you and appreciate your support.

Yakima Fellowship

PO Box 4256
Yakima, WA 98904
509/248-5555

Other than reflected on this acknowledgment, no goods or services, in part or in whole, were provided in exchange for this gift.



Mystery 5 – Any Differences in Short-Term & Long-Term Missions?



- Comprehensive policy - Sample Short-Term Mission Trip and Mission Field Assessment Visit Policy - *The Guide to Charitable Giving* (pp. 191–96)
 - Screening, training and supervision
 - Funding, communications, and gift acknowledgement
 - Refund and trip cancelation
 - Trip expense reimbursements
 - Staff trip participation



Enhancing Trust

Mystery 5 – Any Differences in Short-Term & Long-Term Missions?



- What about sightseeing or other fundays on a trip?
- Should gifts for short-term missions ever be refunded?
 - Worker unable to participate
 - Other circumstances requiring trip to be cancelled
- What about minors joining parents on a trip?



Enhancing Trust

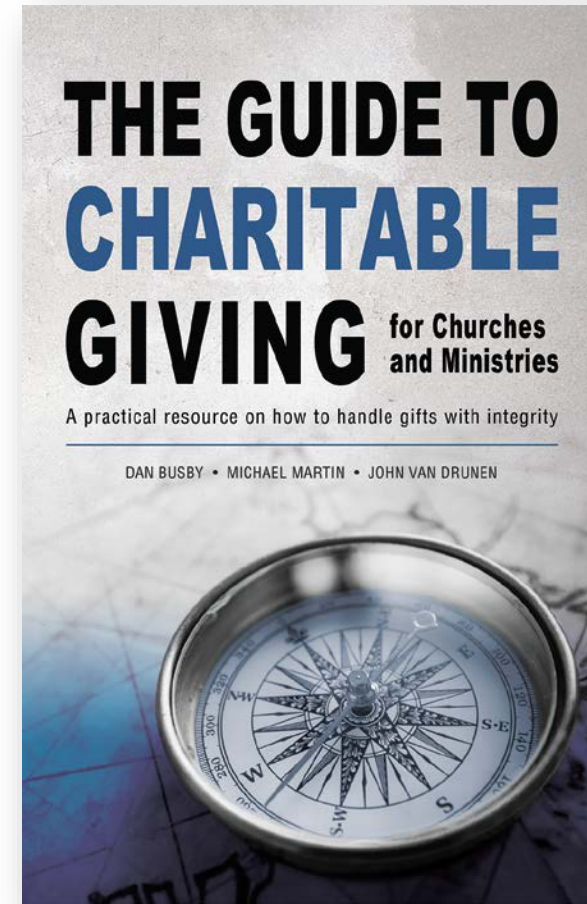
Mystery 5 – Solved



“A giver may express a *preference* for a particular trip recipient, but if a giver expresses a *restriction* for a certain trip recipient, the gift is generally an earmarked gift.

Therefore, the gift may not qualify for a charitable deduction and should generally not be accepted (or not acknowledged as a charitable gift if accepted).”

The Guide to Charitable Giving (p. 190)





Enhancing Trust

Other Important Missions Issues



- What steps should a ministry take if it has accepted a gift earmarked for an individual?
 - Correct the error, frequently by removing the restriction or returning the gift
 - Avoid earmarking going forward
 - Deputized worker training regarding communications
 - Supporter education
 - Try to utilize digital or paper response devices that use appropriate language



Enhancing Trust

Other Important Missions Issues



- Ministries which may not provide adequate oversight of missionaries – p. 162 – indicators worthy of review:
 - Simply handling gift processing for a nominal charge
 - Lack of regular and meaningful communications
 - Little or no vetting process before going to the field
- This poses several risks to the organization, its leaders, its participants, and the broader community



Enhancing Trust

Other Important Missions Issues



- Is it appropriate for workers (generally long-term missionaries) to raise funds specifically for personal purposes like an auto or home – p. 180
 - This is challenging issue as sometimes it becomes challenging to distinguish personal and organizational related needs
 - Charitable funds can be raised for support and organizational needs.
 - Personal needs really should be handled as support needs, but their should not be restricted giving for personal needs



Enhancing Trust

Other Important Missions Issues



- Separation from Service – p. 156–57, 180–81
 - Who's funds are these? The charitable organization's.
 - The organization is the intended beneficiary and has to exercise discretion and control over the use of funds
 - Policy options
 - Transition and severance payments
 - Use remaining funds to support other mission activities
 - Transfer to another charitable mission organization



Enhancing Trust

Q & A Time!

Email questions to Webinar@ECFA.org



Dan Busby



Michael Martin



John Van Drunen



New Website Just For Churches

ECFA.CHURCH

Email questions to Webinar@ECFA.org



Enhancing Trust

Visit ecfa.church/ChurchExcel.aspx



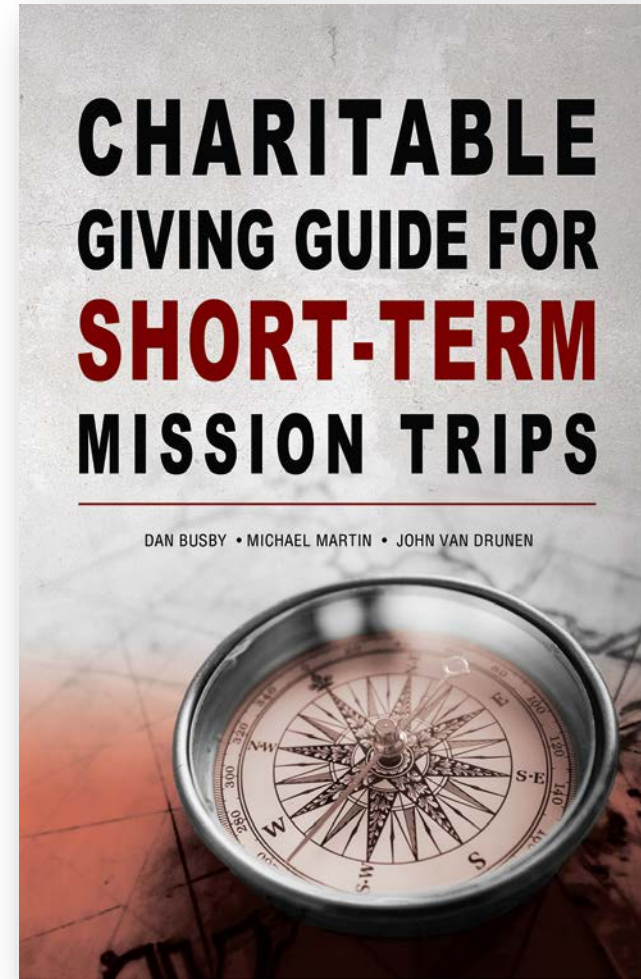
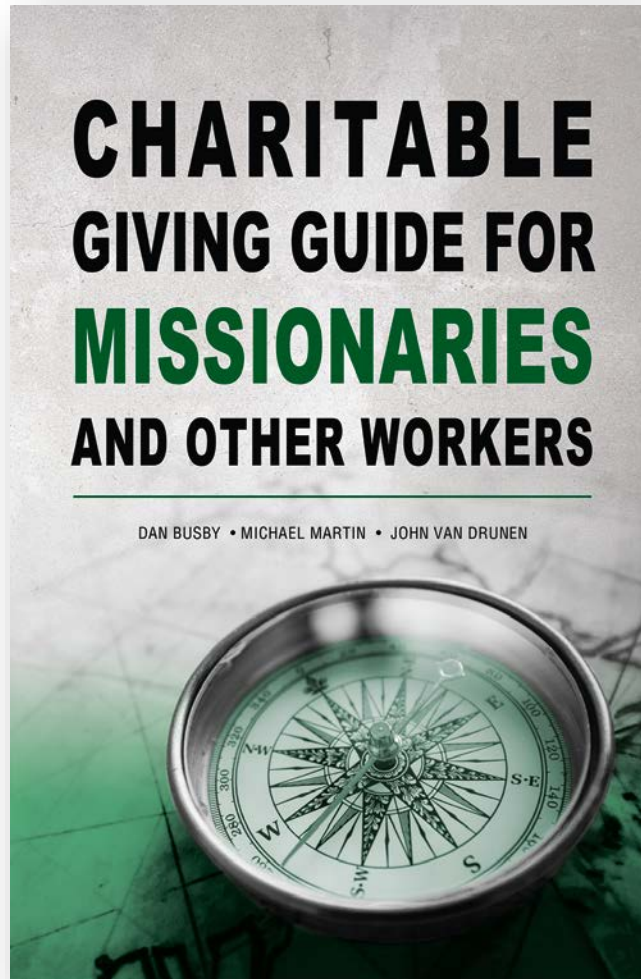
CHURCHEXCEL

On-demand tools & training for your church to EXCEL in stewardship

Email questions to Webinar@ECFA.org



Order at ECFA.org/ECFAPress.aspx



Email questions to Webinar@ECFA.org



Enhancing Trust

Upcoming Webinars

Date	Topic	Speakers
April 20	8 Highlights from The Generosity Project Survey	Susie Lipps Dirk Rinker
May 25	What to Look for in Charitable Gift Tax Reform	Michael Batts David Wills

Register today at [ECFA.org/Events](https://www.ecfa.org/Events)

Email questions to Webinar@ECFA.org



Enhancing Trust

Not an ECFA Member? Visit [ECFA.org/Join](https://www.ecfa.org/join)

Join the ranks of the **2,100**
certified churches and ministries!

*Matt Chandler, Lead Pastor
The Village Church
Flower Mound, TX*



Email questions to Webinar@ECFA.org



Enhancing Trust
