

**St. Margaret of Scotland Parish**  
Saint Louis, Missouri

**Recognizing and Recording Restricted Gifts**

**Purpose:** The purpose of the St. Margaret of Scotland Recognizing and Recording Restricted Gifts Policy and Procedure is to ensure proper recognition and recording of restricted gifts or contributions. It is meant as a reference for the Pastor, Parish Staff, School Staff and Finance Committee concerning the management of restricted gifts on behalf of St. Margaret of Scotland.

**Policy:** It is the policy of St. Margaret of Scotland Parish that restricted gifts, in accordance with Canon Law, are an “Offering given by the faithful for specified purpose may be used only for that purpose.”

Restricted contributions must be recorded in a restricted revenue account when they are received. When dealing with cash, the parish may or may not set up a separate account for restricted funds; however, restricted funds must be held in the account until the conditions are met and/or the funds are used for their intended purpose. Financial obligations resulting from the restricted contribution are shown on the balance sheet in the Equity section.

1. Definition: A restriction on a contribution is a donor-imposed limitation on the use of the contribution. The donor can restrict a contribution by giving it for a specific purpose or by making it subject to some condition or obligation. Restrictions may be temporary or permanent. Examples of temporary and permanent restrictions are:
  - a. A donor makes a contribution toward the construction of a new parish garden on the condition that the development of the garden is carried out to completion. Until the contribution is used for the completed construction of the new parish garden, the contribution must be recorded as temporarily restricted and must not be used for other purposes.
  - b. A donor makes a contribution to the parish endowment fund with the condition that the income from the contribution will fund operations of the parish. This contribution is restricted permanently. That is, the original contribution (or corpus) can never be used. Any income from the contributions can be used as directed by the donor.
2. Some conditions or obligations attached to the donation may not have anything to do with the actual use of the donation. This policy is only concerned with the restriction on the use of the funds based on the purposes, conditions and obligations specified by the donor. All conditions and obligations must be honored if the donation is accepted, but they have no bearing on whether the donation should be considered restricted funds.
  - a. An example is a donor contribution of \$10,000 on the condition that a room is named after him without restricting the use of the \$10,000 in any way. This donation would not be a restricted gift but does have conditions that must be met.
  - b. A donor makes a contribution to the parish or other organization utilizing a special contribution envelope. This contribution is temporarily restricted for the

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general use listed on the envelope, such as “Building Fund” or “Endowment.”

3. No pastor, administrator or other representative of the parish, school or organization can create a restriction. Only a donor has the ability to impose a condition and thereby create a restriction on a contribution. An exception may exist if the donor relinquishes funds to the pastor to be used at his discretion and the pastor then chooses to designate the funds with a temporary or permanent restriction.
4. Grave moral, ethical and legal obligations are associated with receiving a restricted gift. It is critical that the parish have both the desire and the intention to meet the donor-imposed condition of the gift. It is preferable to refuse a contribution rather than to accept conditions that do not support the mission, values or goals of the parish.

### **Responsibilities:**

Pastor supports this policy and procedure by making the decision of accepting or not accepting the conditions associated with a restricted gift. He is responsible for ensuring that the conditions associated with the restricted gift are clearly stated, understood and documented prior to accepting the gift.

Parish and School Staff and Volunteers support this policy and procedure by following the policy when soliciting or receiving restricted gifts. All restricted gifts will be forward to the Parish Business Office Staff for the Pastor’s approval and recording.

Parish Business Office Staff support this policy by accurately recording the restricted gift in the appropriate QuickBooks accounts and assists the Pastor in meeting the conditions of the restricted gift. The Business Manager will record restricted gifts on the balance sheet in accordance with the Archdiocesan Financial Manual.

Finance Committee supports this process by recommending policy and procedures to the Pastor, auditing process and ongoing review of financial statements for compliance with this policy. The committee will advise and assist the pastor on compliance with the conditions of the restricted gift as requested.

### **Procedure:**

1. The pastor will accept any restricted gifts on behalf of the parish, school and organization of the parish, if he determines the Parish can and should meet the conditions of the gift.
2. The Parish Business Manager will record solicited and unsolicited restricted gifts in QuickBooks according to Archdiocesan procedures.
3. The Parish Business Manager will create a documentation file for each restricted gift. He/she will track the use of the funds/gift in accordance with the conditions set forth by the donor. File will include all required forms for specific types of gifts, such as stocks or property. The documents will be retained as outlined in the record retention policy and procedures. The donor will be provided the appropriate documentation of donation in compliance with tax law requirements.

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4. The Finance Committee will be informed of the receipt of the restricted gifts through its routine monthly reports and meetings.
5. Reference used to develop this policy and procedure include
  - a. Canon Law – Canon 1267 Section 3.
  - b. Archdiocese of St. Louis *Financial Management and Control Manual for Parishes*

Finance Committee Recommendation Date:

Pastor Approval:

Tracking	This	Replaces
Initial	All	New
Pages	3 of 3	All
Date	12/1/2013	All