

GUIDELINES FOR CHURCHES  
CONSIDERING FINANCIAL  
CONTRIBUTIONS TO OTHER ORGANIZATIONS

The following guidelines present relevant considerations by a church when determining whether to contribute money to another organization. This guidance is necessarily general. A church should consult with tax counsel regarding the specific facts of any planned donation to another organization.

To avoid jeopardizing the charitable status of the church, the following questions must be answered in the affirmative:

- Is a contribution to the organization consistent with the purposes of the church?
- Is the organization recognized by the IRS as a Section 501(c)(3) charitable organization? If so, no further inquiry is necessary.
- If the organization is not a recognized public charity, can the church ensure the use of funds for charitable purposes by (a) limiting the use of funds for specific projects that further the church's purposes and (b) requiring the organization to maintain records establishing that the funds were used for charitable purposes?
- Is the church acting to further its own purposes and not as a "mere conduit" of a donation from a third party to the organization? A donation to a foreign charity or to an organization that is not a U.S. public charity may not be deductible if the church is acting as a conduit. In order not to be deemed a mere conduit, the church must show that the donation is not earmarked but, instead, is given to the church to be used, in the church's discretion, as a contribution to another organization consistent with the church's purposes and practices.
- Will the organization provide documentation to ensure that the use it makes of donations from the church is for appropriate, charitable purposes?
- If the organization is a foreign charity, the church should consider the Anti-Terrorist Financing Guidelines: Voluntary Best Practices for U.S. – Based Charities, published by the U.S. Department of the Treasury and found at [www.treas.gov/offices/enforcement/key-issues/protecting/index.shtml](http://www.treas.gov/offices/enforcement/key-issues/protecting/index.shtml).

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