

CHARITABLE CONTRIBUTIONS AND COMPLIANCE



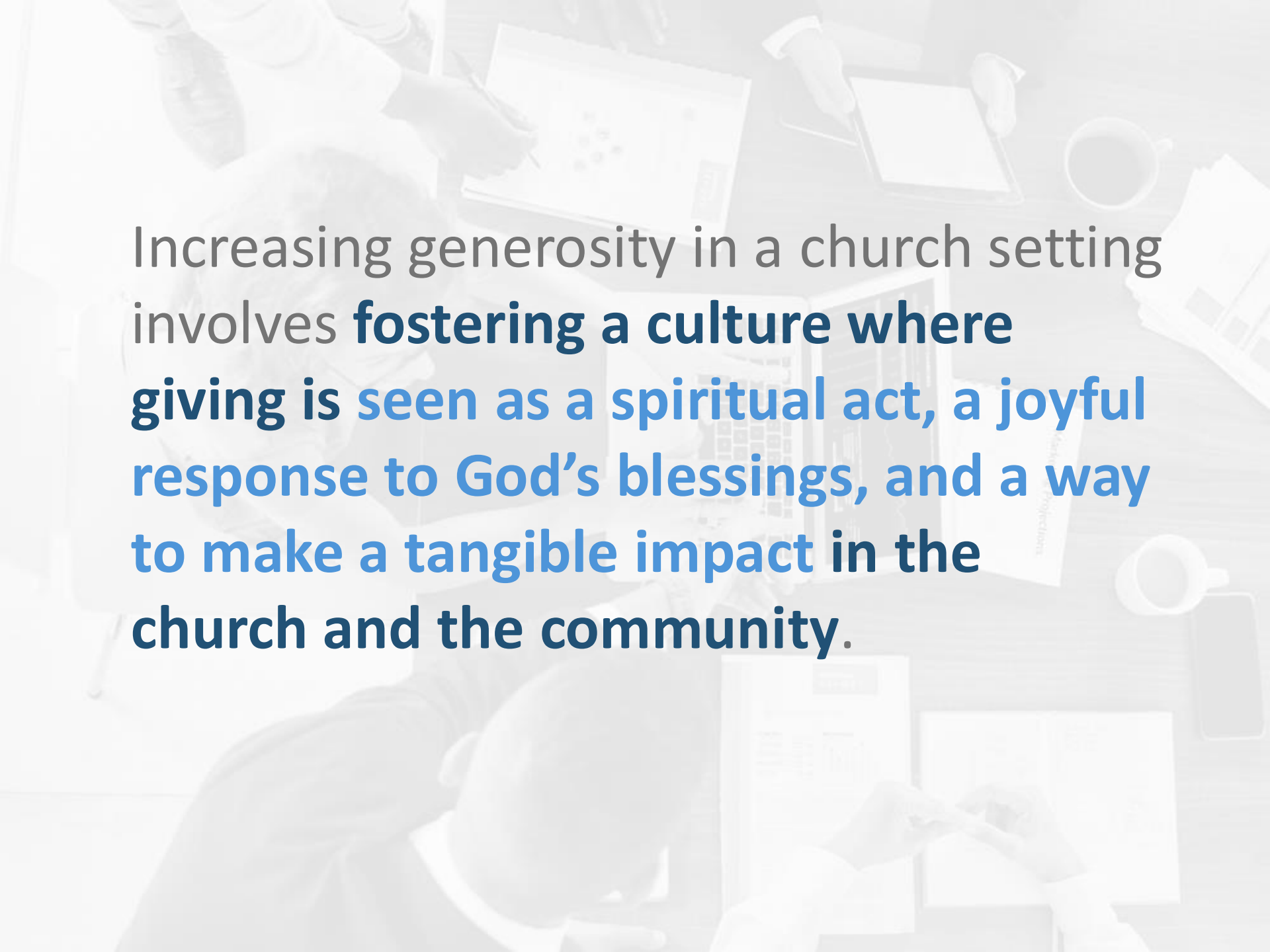
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Increasing generosity in a church setting involves **fostering a culture where giving is seen as a spiritual act, a joyful response to God's blessings, and a way to make a tangible impact in the church and the community.**

BIBLICAL GENEROSITY, INTENTIONAL AND PURPOSEFUL

*Bring the full tithe into the storehouse,
that there may be food in my house. And
thereby put me to the test, says the Lord
of hosts, if I will not open the windows of
heaven for you and pour down for you a
blessing until there is no more need.*

Mal 3:10

*Do nothing out of selfish ambition or vain
conceit. Rather, in humility value others
above yourselves, not looking to your own
interests but each of you to the interests of
the others.*

Phil 2:3-4

BIBLICAL GENEROSITY, INTENTIONAL AND PURPOSEFUL

Include stewardship in discipleship training tying to personal faith in Sunday School, Small Groups, Bible Studies not just a sermon series.



LEAD IN A MANNER WORTHY OF IMITATION, GENEROSITY CAN BE CONTAGIOUS

Shepherd the flock of God among you, exercising oversight, not under compulsion but voluntarily, according to the will of God; and not with greed but with eagerness; nor yet as domineering over those assigned to your care, but by proving to be examples to the flock.

1 Peter 5:2-3

The point is this: whoever sows sparingly will also reap sparingly, and whoever sows bountifully will also reap bountifully. 7 Each one must give as he has decided in his heart, not reluctantly or under compulsion, for God loves a cheerful giver. 8 And God is able to make all grace abound to you, so that having all sufficiency in all things at all times, you may abound in every good work.

2 Cor 9:6-8

LEAD IN A MANNER WORTHY OF IMITATION, GENEROSITY CAN BE CONTÁGIOUS

Leaders need to support generosity with their actions and words. A leader that doesn't practice what they preach will end up reaping what they sow.



GENEROSITY SHOULD BE ACKNOWLEDGED AND CELEBRATED

I have received full payment and have more than enough. I am amply supplied, now that I have received from Epaphroditus the gifts you sent. They are a fragrant offering, an acceptable sacrifice, pleasing to God. And my God will meet all your needs according to the riches of his glory in Christ Jesus.

Phil 4:18-19

Enter his gates with thanksgiving and his courts with praise; give thanks to him and praise his name.

Ps 100:4

GENEROSITY SHOULD BE ACKNOWLEDGED AND CELEBRATED

Churches should thank givers often, celebrate ministry supported by sharing testimony of transformation and incorporate generosity into worship.



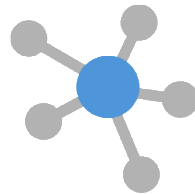
PEOPLE THAT GIVE ...

- **Expect trust and transparency** to donate—especially regular donors
- Have values and beliefs **that drive how and to whom** they choose to give
- Usually **have different preferences of methods** for giving to charities
- **Must believe in the cause** to give
- Often **give more to charities** when its deductible
- **Value communication** of the results of donations as well **as appreciative acknowledgement**

CHURCH GIVING OPTIONS SHOULD



Be simple
and
easy to utilize



Be plentiful
cash and checks in
worship, mail,
online and also
accept items other
than cash



Be communicated
regularly

SECURING MONIES FOR COUNTERS

- Envelopes can help protect member privacy and help with recording offerings in church records
- Checks and online gifts also provide a layer of protection from theft and provide verifiable proof for IRS purposes
- It is preferable to have deacons/ushers that collect offering and secure it for counting after the services
- It is advisable to screen and background check all that handle offering collection

PRINCIPLES OF COUNTING CONTRIBUTIONS TO THE CHURCH

- Counting team needs to have four to five members excludes anyone responsible to document income or make disbursements.
- Require 2 or more unrelated counters each time offering is collected/counted with a rotation
- Count on day offering received and follow a consistent policy for counting teams
- Count should take place in a secure and private location
- Counters should not cash checks from cash received
- Two counters at minimum should verify the count and create two matching approved and initialed count sheets

PRINCIPLES OF COUNTING CONTRIBUTIONS TO THE CHURCH

- Counters should be screened, background checked and bonded
- One count sheet should be provided for the treasurer for recording donations and second to be attached to deposit slip for the bank
- Offerings should be separately documented from payments for rents and other nondeductible payments
- Checks should be documented and endorsed for deposit only
- Envelopes should be documented and saved for records if required
- Deposits should be delivered immediately in secured and locked bag to bank even if it is placed in after hours drop

CHARITABLE CONTRIBUTION STATEMENT

Charitable contribution statements ensure proper IRS compliance and donor transparency. This section explains required details, deadlines, and acceptable formats, while clarifying eligible gifts and prohibited designations. By following these guidelines, churches can provide accurate records, protect deductibility, and maintain trust with donors through clear, timely documentation.

SUBSTANTIATING CHARITABLE CONTRIBUTIONS

- Requires contemporaneous written acknowledgment substantiation for gifts of \$250 or more
- IRS will allow canceled check or bank record for contributions under \$250 threshold
- Donations of noncash items over \$500 may require additional IRS forms to be completed in addition to church acknowledgment
- Letters of thanks from church are necessary and should include details of the donation, condition and that no goods or services were exchanged and should not state a value

CHARITABLE CONTRIBUTION STATEMENT

- Should be provided either paper or electronic is acceptable
- Should include date(s) of contributions and amounts on each date
- Should include church's name, individual's name and statement that "no goods or services were provided in exchange other than intangible religious benefit"
- Should provide statement by January 31 though IRS only requires that statement is dated prior to filing income tax return – burden of proof is on donor if audited
- Must be given and is irrevocable

CHARITABLE CONTRIBUTION STATEMENT

- Gift must be received, postmarked or electronically stamped by December 31st
- Given to church are for church's use (pass through gifts cannot be included on statement)
- Church has responsibility and should provide for all who donate in manner their identity can be verified such as check, envelope or online
- Can only include designations preapproved in advance by the church in order to be on statement and deductible
- Cannot be designated for individual except for services rendered or church sponsored mission trips

CHARITABLE CONTRIBUTION STATEMENT

- Cannot include value of reduced rent, donor time or services
- Cannot be benefit donor's immediate family
- Cannot be included if given to nonqualified groups such as Sunday School classes, Men's groups or WMU that are not accountable to church through church financial policies



NEW CHARITABLE CONTRIBUTION DEDUCTION LAW CHANGES

The One Big Beautiful Bill Act (OBBBA) bringing changes to the laws governing contributions was signed into law under the second Trump administration and the 119th Congress of the United States.

NEW CHARITABLE CONTRIBUTION DEDUCTION LAW CHANGE IN OBBBA

- Above the line deduction back 2026 - \$1000 Single and \$2000 Married Filing Jointly (MFJ) if taking standard deduction
- Itemizing taxpayers will only be able to deduct charitable contributions to the extent exceed 0.5% of Adjusted Gross Income begins in 2026
- Standard deductions 2026 (\$16,100 Single and \$32,200 MFJ)



UNRELATED BUSINESS INCOME TAX (UBIT)

- Churches with net income over \$1000
- The activity constitutes a trade or business; business or trade is regularly carried out; and trade of business is not substantially related to the church's exempt purposes
- Exceptions for primarily or exclusively operated by volunteers; operated for convenience of members; or if selling items that were donated



Examples: Advertising, Gaming, Sale of merchandise/publications, and some rental incomes such as parking lot

QUESTIONS

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