

Diocese of Phoenix – Restricted Contributions Policy

Policy statement

Canon 1263 §2 of the Code of Canon Law establishes the role of the bishop of the diocese with regard to the acceptance of restricted contributions, "...the permission of the same ordinary is required to accept offerings burdened by a moral obligation or condition..." In support of this Canon and to ensure that all obligations resulting from the acceptance of restricted (designated) contributions are met, this policy is being promulgated to: (a) define restricted contributions and (b) govern the circumstances under which they may be solicited or accepted.

Related policy information

1. **Definition:** A restriction on a contribution is a donor-imposed condition that specifies a future and uncertain event whose occurrence or failure to occur gives the right of return of the contribution. Restricted contributions or gifts are often referred to as designated contributions/gifts. There is no difference between the two terms.

Example (1): A donor makes a contribution toward the construction of a new parish building. Until the contribution is used for the construction of the building, the contribution must be recorded as temporarily restricted and must not be used for other purposes. The restriction goes away when the condition of the donor (construction of the building) is met. If the building is never built, the parish has an obligation to return the contribution to the donor.

Example (2): A donor makes a contribution to an endowment fund with the intention 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 contribution can be used as directed by the donor.

2. **No pastor, administrator or other representative of the receiving organization can create a restriction.** Only a donor has the ability to impose a condition and thereby create a restriction on a contribution.
3. **Grave moral, ethical and legal obligations:** because of the obligations associated with receiving a restricted contribution, it is critical that the receiving organization have both the desire and the intention to meet the donor-imposed condition of the contribution. It is preferable to refuse a contribution than to accept conditions that do not support the mission or goals of the organization.
4. **Restricted contributions are exempt from the Bishop's Assessment.** However, no restricted contribution may be solicited or accepted merely for the purpose of avoiding the Bishop's Assessment.
5. **Acceptance of restricted contributions** – Parishes, missions, schools and other public juridic persons subject to the governance of the Bishop of Phoenix may accept restricted contributions subject to the following circumstances (for parish sized definitions please refer to Parish Finance Council Norms, section III.A.):
 - a. Contributions to capital campaigns for specific projects with specific documented objectives. Campaigns/projects budgeted to raise more than \$20,000 (\$20,000 for medium or large parishes or \$10,000 for small parishes) in contributions must be authorized by the Bishop's Office prior to the solicitation or receipt of any contributions.
 - b. Contributions to permanently restricted endowments. If there is a campaign to raise funds for an endowment that campaign is subject to the same authorization from the Bishop's Office as in paragraph 5(a) above.
 - c. Other restricted contributions may be accepted with authorization from the Bishop's Office.
6. **Bequests** - It is always preferable when possible that bequests either be unrestricted or restricted for a permanent endowment. Bequests should never be restricted to a specific project or campaign, nor should they have any other time-sensitive condition attached to them.
7. **Implementation** – This policy will go into effect July 1, 2006.