



*A higher standard.
A higher purpose.*

Provided by: Evangelical Council for Financial Accountability
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Benevolence Funds

Benevolence gifts are given to needy individuals or families. Benevolence gifts made directly by a donor to needy individuals are not deductible. To qualify for a charitable deduction, contributions must be made to a qualified organization.

Benevolence gifts should be paid from the general fund of an organization. Contributions to benevolence funds may be claimed as charitable deductions if they are not earmarked for particular recipients. If a donor makes a suggestion about the beneficiary of a benevolent contribution, it may be deductible if the recipient organization exercises proper control over the benevolence fund. The suggestion must only be advisory in nature and the charity may accept or reject the gift. Otherwise, earmarked benevolence gifts are not deductible.

A church or nonprofit organization may want to help a particular individual or family that has unusually high medical bills or other valid personal financial needs. To announce that the church or organization will accept funds for the individual or family and receipt the monies through the church or nonprofit organization makes the gifts personal and not deductible as charitable contributions. Instead, a church can offer the option of setting up a trust fund at a local bank. This means that contributions to the trust fund would not be deductible for tax purposes and that payments from the trust fund would not represent taxable income to a needy individual or family. This method of helping the needy person or family is clearly a legal approach and would represent personal gifts from one individual to another.

Benevolence payments to nonemployees are not reportable on Form 1099-MISC (or any other information form). Benevolence payments to employees are generally reportable on Form W-2.

Ministries should form a benevolence committee for the express purpose of determining the recipients of the benevolence funds and the amounts they should receive.

Suggested Benevolence Fund Policy

Whereas, New Haven Church has a ministry to needy individuals; and

Whereas, The church desires to establish a Benevolence Fund through which funds for the support of needy individuals may be administered; and

Whereas, The church desires to operate the Benevolence Fund according to the highest standards of integrity;

Resolved, That New Haven Church establish a Benevolence Fund to help individuals in financial need and will develop written procedures to document the need, establish reasonable limitations of support per person during a specified time period, and obtain external verification of the need; and

Resolved, That the church will accept only contributions to the Benevolence Fund that are “to or for the use” of the church and their use must be subject to the control and discretion of the church board. Donors may make suggestions but not designations or restrictions concerning the identity of the needy individuals; and

Resolved, That the church will provide a charitable contribution receipt for gifts that meet the test outlined in the previous resolution. The church reserves the right to return any gifts that do not meet the test.

Resolved, That New Haven Church will establish a Benevolence Committee to oversee the disbursement of the Benevolence Fund. This Committee will include at least one member of the Board of Directors and two independent members. They will determine who will receive disbursements from the Benevolence Fund and in what amount.

Based on *The Zondervan 2005 Church and Nonprofit Tax & Financial Guide* by Dan Busby

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Sample Benevolence Policy

Deacon Fund Committee Guidelines

Introduction

Definitions

Deacon Fund

The deacon fund is an officially recognized and designated permanent fund, established according to the church bylaws and constitution. As such, it is an approved recipient for designated giving (one of very few that exist). It has no budget for either income or expense. Its receipts consist entirely of designated giving, and its expenses consist of funds disbursed for its stated intended purposes at the direction of the Pastor of Care and Concerns or the Deacon Fund Committee.

Deacon Fund Committee

The Deacon Fund Committee is a subcommittee of the Deacon Board. Its members serve at the appointment of the chairman of the Deacon Board for a term of one year. There is no restriction on the number of consecutive years a deacon board member may serve on the Deacon Fund Committee. The Deacon Fund Committee does not consist of a fixed number of members; however, in recent practice, five members have typically served on the committee.

Purposes

The purpose of this document is to set forth the responsibilities of the Deacon Fund Committee and the guidelines for discharging those responsibilities. It is not intended to cover all circumstances under which funds may be disbursed from the deacon fund, only those which involve the Deacon Fund Committee. The Pastor of Care and Concerns has ultimate responsibility and accountability for the deacon fund, and will necessarily make many decisions to disburse funds from the deacon fund—according to its charter, and subject to these guidelines—without involving the Deacon Fund Committee.

The purpose of the deacon fund is to meet people's basic needs. The deacon fund achieves this purpose primarily in two ways: through specific disbursement at the

direction of the Deacon Fund Committee or the Pastor of Care and Concerns, and through funding to assist the Practical Help Center at the direction of the Pastor of Care and Concerns.

Oversight and Accountability

The Deacon Fund Committee is accountable to the Deacon Board. The Deacon Fund Committee will interface with the Elder Board when necessary through the Associate Pastor of Care and Concerns Ministries, or the Chairman of the Deacon Board.

The Pastor of Care and Concerns will serve as liaison with the senior staff and Deacon Board. He will meet with the Deacon Fund Committee when the committee meets to disburse funds from the deacon fund.

Income

The only regular source of income for the deacon fund is the retiring offering, which is taken following a primary worship service at which Communion is served. This is a standing arrangement; however, it is prudent for the Pastor of Care and Concerns to coordinate the collection of this offering with those overseeing the worship service to ensure the offering is announced, appropriately designated for the deacon fund, and collected.

In addition, the deacon fund may be the recipient of special offerings to help individuals or groups of people involved in natural disasters or devastating circumstances. Any such offering will be recommended through the Chairman of the Deacon Board or the Pastor of Care and Concerns, who will consult with the Trustee Board regarding the feasibility, propriety, and timing of the offering.

Finally, gifts intended for the deacon fund can simply be designated as such at the time the gift is given. Members of the congregation, however, will not be encouraged to give to the deacon fund in lieu of giving to the general fund of the church (e.g., an adult fellowship, support group, etc.) and funds designated for the deacon fund must conform to the Church Organization and Policy Manual.

Guidelines for Disbursement

General Guidelines

The deacon fund is intended as a source of last resort, to be used when the family or individual requesting assistance has explored all other possibilities of help from family, friends, savings, or investments. It is intended to be a temporary help during a time of crisis.

Assistance from the deacon fund is intended to be a one-time gift. In unusual circumstances, the Deacon Fund Committee may decide to help more than one time. However, under no circumstance is a gift from the deacon fund to be considered a loan. No gift may be repaid, either in part or in full, in money or in labor.

If the recipient desires to give to the church at a later time, this individual should be encouraged to give directly to the general fund of the church. At the discretion of the Pastor of Care and Concerns, the individual may be informed that the deacon fund accepts designated giving, but only if the pastor discerns that the person understands this is not a payback of what originally was given.

Those requesting assistance must also be willing to receive financial, family, or emotional counseling. The Deacon Fund Committee will not provide help to anyone who, in its estimation, will have negative or irresponsible behavior reinforced by financial help.

Those requesting help must be willing to give the Deacon Fund Committee permission to follow up on any of the information provided to the committee. The committee will be sensitive to confidential issues.

Recipients

In order of priority, recipients of funds disbursed from the deacon fund at the direction of the Deacon Fund Committee are:

1. church members
2. regular attenders
3. members of the community
4. ministries and Christian agencies that serve people with the same needs as those which fit the criteria for assistance from the deacon fund, but which provide services the church does not
5. employees of the church. The Deacon Fund will occasionally assist staff members in need subject to the guidelines of the employee assistance program.

Criteria

The stated purpose of the deacon fund is to meet peoples' basic needs. Normally, these needs are defined as:

- lodging
- food
- clothing
- medical treatment

- transportation to or from a place of employment
- funeral expenses
- initial evaluation and professional counseling appointments

Needs that may *not* be met by the deacon fund include:

- school expenses, business investments, or anything that brings financial profit to the individual or family
- paying off credit cards. Exceptions can be made when an individual has had to use a credit card in a crisis or emergency (e.g., hospitalization, death, etc.)
- needs of individuals who are wanted by the law or for paying fines as a result of breaking the law
- housing for unmarried couples
- legal fees
- penalties relating to late payments or irresponsible actions
- private school fees or tuition
- business ventures or investments

Financial assistance for counseling will be considered if it is perceived that counseling would directly enable the individual to address a current financial situation. In most cases, this would be limited to an initial counseling appointment. Under special circumstances, additional financial help could be given. In such cases, the committee will consult with the Pastor of Counseling Ministries to determine a specific amount.

Generally, assistance from the deacon fund will not exceed \$1,500 per person or family (this is a cumulative cap in the unusual case of someone who receives more than one gift from the fund). In very unusual circumstances, families and individuals who are in need of substantial funds (over \$1,500) and who have the opportunity to make a life-changing decision can continue to be assisted up to whatever limit the deacon fund deems appropriate. Such cases should be reviewed carefully and, when appropriate, additional accountability should be sought (such as the Chairman of the Deacon Board, the Pastor of Business Administration, etc.).

Special projects, sometimes funded by special offerings designated for the Deacon Fund, might include supporting local outreach ministries to the poor, or helping to provide assistance during times of catastrophe or major crises.

Procedure for Disbursement

Source of Request

A Request for Assistance Application must be filled out by the person requesting help or by someone who is assisting the person in need. In either case, the person must be in the presence of a representative of the church. The church representative taking the request will record references and contacts to collaborate the need.

Processing the Request

1. The Request for Assistance Application is returned to the Care and Concerns Office in preparation for presentation to the Deacon Fund Committee. The process takes approximately one week.
2. In a meeting or by a telephone conference, the Deacon Fund Committee reviews the request and comes to a decision.
3. The person making the request is informed of the decision.
4. Checks are written and disbursed. As much as possible, checks from the deacon fund will be payable to vendors, homeowners associations, etc., rather than to the individual requesting assistance. This is excepted when less than \$100 is needed for living expenses.
5. The lifestage pastor who oversees the assisted person's age group will be notified.

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Aid and Assistance Guidelines

Mission: To aid and assist those in need, according to biblical directives and fiscal constraints.

*Note: This example is only a guideline and may be adjusted on an **as needed** basis.*

General Requirements:

- 1. The Process** (for all applicants)
 - a. Those seeking assistance will submit a written application.
 - b. Approved volunteers will interview applicants.
 - c. Two members of the Aid & Assistance team will give final approval.
 - d. A check will be issued to vendors only (no checks will be made out to individuals seeking aid and assistance).
 - e. All assistance will be recorded.

Guidelines:

1. Members

- a. Amount in a 12-month period will not exceed:

Single no children	\$ 600
Single with children	\$1,700
Married no children	\$ 800
Married (with 1-2 children)	\$1,200
Married (with 3-4 children)	\$1,300
Married (with 5 or more children)	\$1,700

2. Non-Member Attender

- a. Amount in a 12-month period will not exceed:
- | | |
|---------------|---------|
| Single Parent | \$1,200 |
| Others | \$ 600 |

3. Non-Attender

- a. Amount in a 12-month period will not exceed:
- | | |
|---------------|--------|
| Single Parent | \$ 600 |
| Others | \$ 100 |

4. The Specifics

Gas Vouchers

- a. Limited to members only
- b. Aid & Assistance application must be filled out
- c. Limited to six vouchers in any 12-month period
- d. No more than one in any two-month period
- e. Vouchers will be disbursed in \$5, \$10, or \$15 increments

Hotel Vouchers

- a. Available to members, non-members and non-attenders
- b. May be used up to two nights maximum
- c. Are for designated hotels only

Food Bank

- a. Available to any who ask
- b. Available no more than once per month

Clothing Closet

- a. Open to all who ask

5. Guidelines for the Application Process

- a. Applications must be filled out completely and can be turned in at any time.
- b. All non-attendees will need to show poof of identification and place of residence.
- c. Staff members will be treated as members.

- d. People requesting financial help for professional counseling must first meet with and obtain approval from a pastor.
- e. No more than \$250 will be given on any professional counseling request.
- f. Any claim of a disability requires proof with government documentation and/or a doctor's letter of verification of disability and estimated length of time the applicant is unemployable.
- g. Requests of more than \$1,000 will require a meeting with a minimum of three (3) of the Aid & Assistance team members.

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