

(CHURCH NAME)

Discretionary/Benevolence Fund Policy

**Statement of the Discretionary Fund:**

James 2:26 (NKJV)

For as the body without the spirit is dead, so faith without works is dead.

Hebrews 6:10 (NIV)

God is not unjust; he will not forget your work and the love you have shown him as you have helped his people and continue to help them.

**Purpose:** The Discretionary/Benevolence Fund Policy is a standard to assist the (CHURCH NAME) in complying with federal and state government guidelines in operating a nonprofit organization. This policy is intended to help (CHURCH NAME) avoid conflicts by providing clear content based on biblical supervision of the financial resources God has provided to (CHURCH NAME).

**Adoption and Amendments:** If the Discretionary/Benevolence Fund Policy is not included in the in the (CHURCH NAME) bylaws it can be amended, deleted, or added to at any regularly scheduled vestry meeting.  A copy of the Discretionary/Benevolence Fund Policy will be given to all vestry members, the treasurer, the bookkeeper and kept in a prominent location of the church.

**Potential sources of income for a Discretionary/Benevolence Fund:**

* The Church may set one Sunday a month, that the loose offering is designated for a Discretionary/Benevolence Fund.
* The Church may set aside on an annual basis a budgeted amount for a Discretionary/Benevolence Fund(s).
* The Church may designate that all fees or gifts received for weddings, funerals, and baptisms are contributed to the Discretionary/Benevolence Fund.
* Individuals may also contribute to the fund with occasional gifts.

**Administration of the Discretionary/Benevolence Fund**.

 The vestry or governing board must approve all Discretionary or Benevolence Fund accounts. There are two common ways to administer a Discretionary/Benevolence Fund account.

* 1.The fund can be processed through the general operating account (Preferred Method).
  + Income is deposited into the church’s general operating account.
  + Disbursements are permitted by the person(s) authorized by the (CHURCH NAME) vestry or authorized governing board.
  + Disbursements should be disbursed by check or by electric fund transfer (EFT) from the general operating account.
* 2.The Fund per the tax code can be in a separate checking account.
  + — The account must be opened using the church’s name and federal identification number (EIN).
  + — Never open the account in the name of an individual or use an individual’s Social Security number.
  + — Income initially should be deposited into the Church’s general operating account.
  + — Transfer (as needed or on regular basis) to the separate Discretionary/Benevolence Fund checking account
  + — No other income should be deposited directly into the separate Discretionary/Benevolence Fund checking account
  + — All authorized disbursements are then made from the separate Discretionary/Benevolence Fund checking account
  + — The administrator or cleric who has discretion of the account needs to maintain documentation/receipts and file said documentation/receipts with the treasurer or their designee as part of the annual audit of the account.
  + — Monthly bank statements with supporting documentation should be forwarded to the treasurer or a person of trust designated by the vestry or governing board.
* The account(s) used to disburse discretionary funds should be audited regularly (Minimum Annually) to ensure that the accounts are utilized in accordance with the canons of the Anglican Church in North America and with federal and state tax codes.

**Protocol for Discretionary/Benevolence Fund** **disbursements:**

* The administrator(s) or cleric of each account do not have complete discretion for the use of the funds.
* A cleric Discretionary/Benevolence Fund is to be utilized to address needs among congregation and community members.
  + — Payments for food, rent, utilities, medical bills, etc.  for persons in need are typical uses of these funds. Any other expenses must have the (approval or notification “pick one”) of two of the following: (Sr. Warden, Jr. Warden, Treasurer) or in their absence, by a quorum of the vestry.
  + -- Benevolence provided to the needy is considered a gift and not taxable to the recipient if it meets the specific requirements of the IRS regulation.  When deciding whether a gift qualifies as benevolence, the IRS generally considers **two** factors: the type of need— usually health care, housing, food, clothing, or transportation expenses—as well as the level of need.  If benevolence applies depends on whether individual is truly “needy”. [Treasury Regulation 1.170A-4A(b)(2)(ii)(D)](https://www.irs.gov/pub/irs-wd/0003005.pdf) defines "needy" as "being a person who lacks the necessities of life, involving physical, mental, or emotional well-being, as a result of poverty or temporary destress”. Best practice in order to verify the funds were utilized in accordance with the regulation is to pay the expense directly to the company (not the individual) with “Benevolence – (Last Name)” inscribed on the memo line. If the payment does not meet the requirements of a benevolent gift under the IRS regulation and is $600.00 or more a 1099 or W2 is generally issued.
  + Generally, all gifts (other than nominal items that meet IRS guidelines) to employees even if they meet the IRS benevolence guidelines are normally taxable. The tax codes are being revised and very in each state therefore contact your accountant or payroll specialist in order to be in compliance with the various tax codes.
  + — An inappropriate use of this fund is to meet expenses of the church, which normally should be covered by the operating budget.
* The cleric or the administrator of the account should never use the Discretionary/Benevolence Fund to make payments for anything that personally benefits them, directly or indirectly, as the fund is designated for charitable uses.
  + — This includes using the funds for personal clothing, food, books, rent, utilities, insurance premiums, medical expenses, clericals, etc.
  + — If a cleric or administrator personally benefits from the discretionary fund, it may jeopardize the tax-free status of the (CHURCH NAME) and the Internal Revenue Service (IRS) may deem the full value of the discretionary/benevolent fund as taxable income to the cleric or administrator.
  + — The discretionary fund is owned by the church.
  + — When in doubt concerning the use of the fund, seek advice from the wardens, treasurer, vestry, or diocese.
  + — Misusing a discretionary fund may expose the cleric or administrator to civil and/or criminal liability and potentially to disciplinary actions under the Constitution and Canons of the Diocese

**Guidelines:**

(CHURCH NAME), in exercising their duties, has established one or more Discretionary/Benevolence Fund(s) to assist persons in financial need. The administration of the fund, including all disbursements, is subject to the control and discretion of the (CHURCH NAME) vestry. The vestry may consider recommendations but in no event is the vestry, cleric or the administrative person or persons bound to honor the recommendations. Donors will not be permitted to recover a contribution on the grounds that the vestry failed to honor the donor’s recommendation. (CHURCH NAME) recognizes that planning for future needs is a practice of good stewardship and has established this fund as an ongoing restricted account. Should at any time in the future the (CHURCH NAME) decide to close a Discretionary/Benevolence Fund, all monies in the fund at that time will be restricted for outreach and/or mission.

The treasurer will record the required IRS documentation for the Discretionary/Benevolence Fund requests.

The following documentation should be recorded for accurate record-keeping:

1. A complete description of the assistance
2. The purpose for which the aid was given.
3. The name, address and amount distributed to each recipient.
4. Any relationship between recipient and staff or vestry members of (CHURCH NAME).

All assistance is based on the availability of Discretionary/Benevolence Fund(s). The Fund(s) may assist in the payments of bills to a third party that will provide receipts for expenditures (IRS requirement for amounts over $75.00). Once an individual or family has met the annual limit of up to ($500.00 – “Set a limit”) in financial assistance, they are no longer eligible for further assistance that calendar year. (CHURCH NAME) reserves the right to exceed the ($500.00 – “Set a limit”) annual limit in special circumstances to be approved by the vestry.

All personal information is confidential and will be stored securely for audit and historical records.

(CHURCH NAME) is called to live for and be surrendered to Christ and to follow the way of Christ as found in the Holy Scriptures.  It is our privilege, purpose, and passion to share the Good News of Jesus Christ and to passionately love our neighbor as our self.

**Discretionary/Benevolence Worksheet**

RECIPIENT INFORMATION:

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Phone: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

VENDOR: (or attach bill)

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Address: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Account/Invoice No: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

REQUEST:

Amount of Request: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date of Request: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

PURPOSE: (Please explain why there is a need) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Is the Recipient a member of the (CHURCH NAME)? Yes No

Frequent Sometimes Seldom Never

Which description best describes your financial situation?

Short term emergency Short term problem Long term problem

Is the recipient related to any employee, officer, vestry member or Discretionary/Benevolence committee member of (CHURCH NAME)?

No Yes

(If yes) Whom? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(If yes) What is the relationship to the above mentioned? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Have they received assistance from the (CHURCH NAME) in the past calendar year? No Yes

(If yes) Explain:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Is the recipient willing to receive financial counseling?

No Yes

**Disbursement Form**

**Selection of Benevolence Funds Recipient:**

*Complete this form to verify all required information has been received and approved prior to disbursing a check. If the Discretionary/Benevolence Fund(s) are administered by the Church This form should be given to the bookkeeper prior to processing the check and being filed. If the account is held in a separate account at the discretion of specific signer(s) this document should be given to the Treasurer or their designee to support the annual audit of the account. Supporting documents are confidential and are kept in the locked storage cabinet at the church and are to be maintained as required by the Internal Revenue Service (IRS).*

* Legal Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Address \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* W9 (Preferred) or Social Security # (Calendar Year received is $600 or more): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Relationship between recipient and ordained clergy, staff, or vestry members \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Purpose of financial assistance: (Please explain why there is a need)

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

This Discretionary/Benevolence Fund is at the discretion of: *\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

CHECK PAYABLE TO \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

AMOUNT: $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

TOTAL GIVEN TO THIS PERSON THIS CALANDAR YEAR (Including this Disbursement) $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\*

\*If $600.00 or more you will need W9 (Preferred) or full legal name, address, and Social Security # for a 1099MISC if required.

Discretionary Signature/Date:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Check Completed By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date Paid: \_\_\_\_\_\_\_\_\_\_\_\_\_\_

Check or Confirmation #\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_