

Valleyview Mennonite Church (an Ontario Corporation) Benevolent Fund

Fund Name: Benevolent Fund

Start Date: 2008

Review Date: 2018-04-19

Purpose

People in need matter to God. No individual in the community who is willing to receive help in Christ's name should be without food, shelter and other basic needs.

Furthermore, God's people are commanded to care for each other.

"Bear one another's burden and thus fulfill the law of Christ, and give to the people in need"
Galatians 6:2

"Whosoever has the world's goods and sees his brother in need and closes his heart against him, how does the love of God abide in him?" 1 John 3:17

The Valleyview Mennonite Church Benevolent Fund is available to provide financial assistance in time of need, help alleviate hardship and assist people with special short term needs. The fund is not intended for repeated use. Each application/need will be evaluated on its own merits. Extreme caution will be exercised when application is made more than once as the fund is not intended to address ongoing or recurring needs.

Administration

The Benevolent Fund is to be administered by the Pastoral Care Team (PCT) following the guidelines that are listed below. Should a request be made where eligibility or amount is uncertain, PCT may request the help of the Church Council Chair and the Board President for assistance.

Any member of the PCT, including pastor(s), can receive written requests for use of the Benevolent Fund. If possible, this request shall be processed by the entire PCT before assistance is given.

Any member of PCT and those consulted must disclose conflicts of interest (e.g., where proposed assistance involves a family member) and excuse themselves from the related discussion and decision.

The PCT shall be responsible to maintain a confidential Benevolent Fund log binder which shall be filed securely in the church office. The Benevolent Fund log should be completed by the PCT and signed by both the PCT chair and a PCT member when funds are requested. When funds are approved, the PCT chair shall fill out and sign an appropriate Expense Statement, so that the book-keeper can issue a cheque.

Whenever reasonably possible, benevolent assistance should be paid directly to a supplier/service provider, or the assistance should be in the form of physical goods or vouchers.

No disbursement to an individual or family will exceed more than fifty percent (50%) of the fund's original annual balance in a given year.

Levels of support

- 1) Basic (up to \$250)
If the need is urgent any one member of the PCT, together with the PCT chair, can authorize immediate payment of a modest amount not to exceed \$250.00. The entire PCT shall be subsequently informed.

- 2) Intermediate (greater than \$250)
The entire PCT shall approve assistance greater than the basic level.
- 3) Advanced
Should a need arise that requires or warrants assistance beyond the scope of the Benevolent Fund (one time) the PCT may elect to take the need to the Board of Directors who may decide to increase the Benevolent Fund, or ask the congregation for special designated funds.

Eligibility

Criteria for eligibility will include:

- 1) the individual seeking assistance must be known by the administrators of the fund (PCT) in order to establish the eligibility for the fund; if the individual is not known by the administrators, then the he/she will meet with at least one of the committee members.
- 2) the amount of financial support shall be given on a “needs and means test” basis;
 - a) “needs” are determined on the basis of total reasonable expenses less all sources of current income;
 - b) “means” are determined on the basis of non-essential assets that might be sold to meet the need.
- 3) When financial assistance is provided consideration should also be given to meeting the spiritual, physical, mental, emotional needs of the party receiving assistance.
- 4) All assistance, including reporting, shall comply with the requirements of the Income Tax Act and Regulations. The assistance must be charitable under the income tax laws.
- 5) Valleyview Mennonite Church shall not participate financially (funding or receipting) in projects which the law considers to be private benevolence

Types of Uses

Illustrations of the type of needs for which the fund may be used include:

- 1) assisting where there are insufficient funds for food or housing;
- 2) providing funds to assist an individual or family with counseling;
- 3) emergency travel at a time of death or other family crisis;
- 4) unusual medical costs not covered by any medical plan;
- 5) short term income support during a time of joblessness;
- 6) assisting with tuition fees in extenuating circumstances.

The Benevolent Fund will not be used:

- 1) to pay personal or other debts of individuals;
- 2) to cover fines or other financial penalties;
- 3) for discretionary expenses (e.g., vacations);
- 4) for insured losses;
- 5) as a lending agency. Beneficiaries who wish to “pay back” some benefits may simply make a contribution to the church’s general budget. Loan requests should be channeled to a bank or credit union.

Funding

The Benevolent Fund is a Restricted Fund on Valleyview’s balance sheet. The target maximum for the fund is \$2,500. If the fund drops below 50% of the maximum during the year, the PCT will notify the board along with any recommendations. The board will consider from where and at what time the fund will be replenished. This could be from, but not restricted to, the current year’s budget, requests for addition funds, the yearend surplus or in the next year’s budget.

- All donations are subject to the VMC Restricted Fund Policy.

Reporting Requirements

PCT members evaluating a case for assistance are responsible for the following:

- 1) Basic (up to \$250);
To report the process involved in evaluating and reasons for granting assistance at the next regularly scheduled meeting of PCT. No written “needs” documentation is required. To avoid repeat requests at the basic level between meetings, the PCT member should consult with the Chair of PCT prior to providing assistance when possible, or immediately after the assistance is provided.
- 2) Intermediate (\$250 to 50% of annual opening Benevolent Fund balance);
To report the process involved in evaluating and reasons for granting the assistance at the next regularly scheduled PCT meeting. Written documentation may be limited to documentation of subjective factors at the discretion of PCT.
- 3) Advanced (beyond the scope of the Benevolent Fund);
Two PCT members to evaluate the financial resources (including government support and resources available from other family members/significant others) available to the person being considered for advanced assistance, by reviewing copies of the most recent tax returns, pay stubs, and/or financial statements, etc., and to provide a written report at the PCT meeting. The report will include the process followed in evaluating the need and the maximum level of assistance recommended. This request will then be taken to the Board of Directors who may decide to increase fund availability or ask the congregation for special designated funds.

All documentation shall be signed by two PCT members and filed in a confidential and secure place. Care should be taken not to reveal the names of individuals considered and/or approved for assistance. Individual names should not be included in the minutes of PCT meetings.

Benevolent assistance shall be reported on T5007 slips as “social assistance” in accordance with the requirements of the Income Tax Act. (***see Appendix “A” for details of this reporting requirement***)

Note, there are certain exceptions where the church does not have to report the payment or benefit on a T5007. These exceptions if paid to or on behalf of the relief assistance recipient are:

- medical expenses,
- child care expenses,
- funeral expenses,
- legal expenses,
- job training or counseling expenses,
- a series of payments in the year that together do not exceed \$500, and,
- payments that are not part of a series.

(This information on exceptions is taken from CCCC’s FAQ 35)

Confidentiality

All applications for assistance and information provided will be considered on an individual basis and be kept confidential and treated with sensitivity and respect.

**Valleyview Mennonite Church
Request for Assistance from the Benevolent Fund**

Name:
Address:
Phone #:
Email Address:
Please let us know what the funds will be used for:
Describe ways you've attempted to raise the necessary funds:

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For use by Pastoral Care Team

Request accepted in the amount of _____. Cheque payable to _____

Request rejected

Chair of Pastoral Care Team

Name: _____ **Signature:** _____

Date: _____

Revisions to the Benevolent Fund Policy approved at the April 19, 2018 board meeting.

Appendix “A”
CCCC Charities Handbook (part of Chapter 25 - Reporting requirements)

SOCIAL ASSISTANCE AND THE T5007 SUMMARY REQUIREMENT

Certain payments to individuals made on a needs, means, or income test must be included in income as social assistance if the payments constitute a series of payments adding up to \$500 or more.³² Although “social assistance” is not defined in the *ITA*, the CRA has indicated that it generally refers to financial assistance³³ that is “extended to those individuals whose income is inadequate or non-existing owing to disability, unemployment, old age, etc.”³⁴

The total payments made in the year must be reported to the individuals on Form T5007 and to CRA on Form T5007 Summary. This applies even where the payment is made by a non-governmental organization, including a charity.³⁵ **Usually a charity will be required to report a series of payments (e.g., monthly payments) which in total equal \$500 or more in the year.³⁶ According to CRA’s T5007 guide, CRA does not expect a T5007 to be issued where only one payment was made. The implication is that, for example, a single \$1,000 payment does not have to be reported, but three payments of \$200 each to one individual do need to be reported.**

Certain payments specifically listed in paragraphs 233(2) (a) to (g) of the *ITA Regulations* are excluded from the reporting requirement. These include payments for medical, child care, funeral, and legal expenses, as well as payments for job training or counseling. In addition, CRA’s administrative practice is not “to require excluded amounts to be included in the recipient’s net income, thereby not affecting the calculation of income-tested benefits.”³⁷ This means that neither the charity nor the relief assistance recipient is required to report the payment or benefit received that falls under the listed exemptions.

When social assistance is provided in the form of a payment directly to a third party on behalf of the recipient (such as a utility company), the charity should include a written statement that the payment represents one-time assistance and the charity is not taking any responsibility for the account going forward (this may help protect the charity from being pursued by the biller if the account holder goes into arrears).

RECIPIENTS OF SOCIAL ASSISTANCE PAYMENTS

Recipients of social assistance payments must include the amount received in income.³⁸ If the recipient is married, the amount is added to the spouse’s income with the highest income from other sources. Either way, the recipient is not taxed on those amounts because of a deduction equal to the amount added to income.³⁹ However, depending on the circumstances, the inclusion of these amounts in income may result in the denial or reduction of other tax credits or benefits that the individual may have otherwise been entitled to, such as GST credits and child tax benefit payments.

³² *ITA* s. 56(1)(u). See T4115, *T5007 Guide - Return of Benefits*, online: <http://www.cra-arc.gc.ca/E/pub/tg/t4115/README.html>. Certain payments listed in the *Income Tax Regulations* are exempted from this requirement, as discussed below.

³³ The term financial assistance has been interpreted by CRA to include gift cards. See CRA Views 2014-0537191E5, “Social Assistance – Gift Cards,” November 3, 2014

³⁴ CRA technical interpretation 2011-0418701E5 (20 March 2012).

³⁵ The *T5007 Guide* indicates that a T5007 return should be filed by “provincial, territorial, or municipal agency or similar body that makes social assistance payments based on a means, needs, or income test.” A recent technical interpretation confirmed that this also includes charities. In technical document 2011-0418701E5, *ibid.*, CRA confirmed that assistance provided by a charitable organization to needy members and non-members on the basis of a “means, needs, and income test” constituted a social assistance payment and required the issuance of a T5007.

³⁶ A T5007 is not required for a payment that is not a part of a series of payments or for a series of payments that do not exceed \$500 in the year: *ITA Regulations* 233(2).

³⁷ CRA technical interpretation 2003-005351E, dated February 26, 2004. See also CRA Document No.: 98-25265.

³⁸ *ITA* s. 56(1)(u).

³⁹ *ITA* s. 110(1)(f).