

Chinese Christian & Missionary Church (CCMC)

6901 Williamsburg Boulevard, Arlington, VA 22213, USA.

Benevolence Fund Policy: Principles & Administration

(August 9, 2020)

1. Introduction

The purpose of this document is to describe:

- (1) the goal and principles of the CCMC Benevolence Fund.
- (2) the eligibility requirements for prospective applicants of the CCMC Benevolence Fund, and the process for submitting applications for considerations.
- (3) the general guidelines for reviews, decision-making and disbursements.
- (4) the administration for the CCMC Benevolence Fund (including offerings and reporting).

2. Goal and Principles

The goal of the CCMC Benevolence Fund is to provide financial assistance to CCMC members and their households in times of distress. Such distress can be caused by natural disasters, healthcare epidemic or personal / family circumstances outside the immediate control of the church member.

The CCMC Deacons' Board launches this Benevolence Fund primarily as an event-driven initiative. For example, the inauguration of this Benevolence Fund is in response to possible financial hardship among CCMC members during the COVID-19 pandemic. The principle is that fundraising for the fund is event-driven (e.g., COVID-19). After an event has passed, this Benevolent Fund remains in existence but becomes dormant until the next event of potential financial hardship. If the Benevolence Fund carries a remaining balance after an event has passed, the balance remains in the fund until the next event. In principle, the Deacons' Board intends to disburse all targeted fundraising amounts for each event. However, it is possible that offerings exceed the announced offerings target. That is one reason why it is conceivable that the Benevolence Fund carries a balance even after all disbursements for one event have been made.

The CCMC Benevolence Fund follows biblical principles of doing good to all people, especially to those within the church family, and to supply the needs of the saints. Biblical references are in 2 Corinthians 8, 2 Corinthians 9:12-13, Galatians 6:10, Acts 2:44-47 and Acts 4:32-37.

3. Eligibility Requirements & Application Process

3.1 Eligibility Requirements

To be eligible for financial assistance from CCMC through the CCMC Benevolence Fund, a person must meet the following eligibility requirements:

- (1) The person is a CCMC member or a household member of a CCMC member;
- (2) The person needs to complete a CCMC Benevolence Fund Application Form and submit it to Deacons' Board;
- (3) The person is able to demonstrate (through the application form and related communications with the Deacons' Board) that he or she is under financial distress resulting from an identifiable, sudden and unexpected event (e.g., partial or complete loss of income or savings, healthcare expenses, epidemics (such as the COVID-19 pandemic), natural disasters or other personal / family circumstances outside the immediate control of the person). (For cases related to an epidemic, eligibility can be met by a person having contracted the disease (e.g., COVID-19) or having suffered economic hardship because of an epidemic.)

3.2 Tax-Exempt Status and Impermissible Private Benefits

It is CCMC's policy to comply with all tax exemption requirements under Internal Revenue Service (IRS) Code Section 501(c)(3) for nonprofit organizations. As such, disbursements from CCMC's Benevolence Fund to any recipient may not result in impermissible private benefits. Examples of private benefits that are impermissible under this Benevolence Fund policy include:

- 3.2.1 A conflict of interest (e.g., disbursement recipient receiving (or having appearance of receiving) favoritism during the Deacons' Board's Benevolence Fund review and decision-making process).
- 3.2.2 A lack of genuine financial need (e.g., disbursement recipient who has other ample financial resources available).
- 3.2.3 Unwise assistance in light of relevant circumstances (e.g., disbursement recipient who has a reputation as (or who has evidence as) a compulsive gambler or other habitual behaviors (e.g., drug abuse) contrary to the teachings of the Bible and CCMC bylaws).

Related to 3.2.1 above, members of Deacons' Board and their immediate household members are not eligible as applicants for or recipients of disbursements from the CCMC Benevolence Fund.

3.3 Application Process

Upon an event that may cause financial hardships among church members, the Deacons' Board has a responsibility to make a decision on whether to activate the Benevolence Fund, to develop any event-specific guidelines not already contained in this document, to make announcements to the church membership on the start of an application process and to begin an offerings period based on receipts of completed application forms. The general guideline is to make the application timeframe to be valid for 30 calendar days from the date of announcement of the start of the application period.

The application process begins when a CCMC church member submits a Benevolence Fund Application Form to the CCMC Deacons' Board. The responsibilities of the Deacons' Board include reviewing the submitted application form, assessing compliance with eligibility criteria and making decisions on disbursements from the Benevolence Fund based on the general guidelines described in Section 4 of this document. In fulfilling these responsibilities, members of the Deacons' Board may initiate discussions with the applicant to gain a holistic understanding of the difficulties and challenges faced by the applicant.

The Deacons' Board has a solemn responsibility to strictly protect the confidentiality of all applicants' identities and applicants' personal data (obtained via the application forms or via subsequent dialogues). Applicants will be informed of this confidentiality principle when considering submitting an application.

The Benevolence Fund Application Form contains questions that seek the following basic information from applicants:

- (1) Names of all household members (i.e., those who live in the same address as applicant);
- (2) Profession of each household member;
- (3) Employment status of each household member (e.g., furloughed; employed with reduced income; unemployed; other);
- (4) Health status (i.e., healthy or impacted directly or indirectly by diseases such as COVID-19);
- (5) Percentage of impact on household total income (e.g., due to disease such as COVID-19);
- (6) Reason(s) for financial need (with detailed explanations) (e.g., medical expenses challenges; need for basic living necessities);

(7) Amount of expected need (to be itemized and detailed to the extent possible).

4. General Guidelines for Reviews, Decision-Making and Disbursements

4.1 Guidelines for Reviews and Decision-Making

The CCMC Deacons' Board is to dutifully and carefully fulfill its responsibilities as described in this policy document.

In assessing and verifying the reasons and natures of the financial needs of applicants, the Deacons' Board is to be objective and independent, and should adhere to the principles and guidelines contained in this policy document. In reaching a determination that an applicant does have a legitimate financial need, the board also need to carefully consider the circumstances of each applicant when reviewing the application and in making disbursement decisions. The board is to faithfully strive to understand the applicant's circumstances and the financial challenges. This may require additional dialogues and prayers with the applicant, beyond the information on the application form.

The Deacons' Board should consider the extent to which the applicant's income level or savings level has been negatively affected. The financial hardship may include difficulties in affording life's basic necessities (food, transportation, shelter, healthcare). The Deacons' Board disbursement decision should be made only after the above considerations and analysis have thoroughly been completed.

4.2 Guidelines for Disbursements from Benevolence Fund

The general method of disbursements is in the form of a check payable to the applicant directly.

Disbursements from the Benevolence Fund will not be used to meet the following needs:

- (1) Business investments, debts or any funding that brings financial profit to an individual or family.
- (2) Paying off credit card balances. (Exceptions can be considered when an individual has a legitimate reason in using a credit card in a crisis or emergency to meet basic necessities (e.g., expenses related to health care, expenses related to necessities in daily life such as food, utilities, living expenses, transportation costs).
- (3) Paying fines imposed by law enforcement or court ruling, as a result of a legal conviction or indictment.

- (4) Legal fees arising from criminal indictment or conviction.
- (5) Paying off gambling debts.
- (6) Paying penalties related to late payments or irresponsible actions.

5. Administration of Benevolence Fund

5.1 Offerings

Based on the quantity of received application forms and verifications of applicants' eligibility, the Deacons' Board is to make an announcement to the church congregation that the offerings period for the Benevolence Fund is to start. The church congregation will be informed that a principle of offerings towards the Benevolence Fund is that such offerings should be above and beyond what a person normally offers to the church General Fund, Mission Fund and/or Building Fund. The church retains control on all disbursement decisions. The church will respectfully decline any offering that comes with a designation of a specific targeted recipient; all offerings to the Benevolence Fund must be non-designated. Having their Benevolence Fund offerings accepted by the church, offerors are entitled to receiving tax deductions for their charitable contributions.

If received offerings exceed the announced target, the excess amount (i.e., fund balance minus planned disbursement(s)) will be preserved in the on-going (albeit dormant) Benevolence Fund, to be used for disbursement(s) at the next event that lead to the need for Benevolence Fund disbursements.

To honor the goal and principles of the Benevolence Fund, all offerings to the Benevolence Fund will either be disbursed to verified recipients or be retained in remaining balance inside the Benevolence Fund. The Benevolence Fund is established as a restricted fund, specifically for the goal and principles set forth in this policy document. As a restricted fund, balance in the Benevolence Fund is to stay inside the Benevolence Fund and is not to be transferred to other CCMC funds.

5.2 Reporting and Record-Keeping

The Deacons' Board should faithfully report the balance of the Benevolence Fund to the church membership at regular intervals, especially during an active offerings period. Major milestones of the administration of the Benevolence Fund are to be announced to the church membership, such as start date of offerings period, target for offerings and disbursement decisions (while honoring the confidentiality of all applicants, all approved applicants and their household members). The Deacons' Board is responsible for maintaining detailed records of Deacons'

Board deliberations, such as assessments of applications, determination of eligibility and disbursement decisions. In particular, the church treasurer (responsible for Income Controls) and deacons in charge of Expense Controls are responsible for the accounting of fund balance and disbursement details (disbursement amounts, dates, recipients). The Deacons' Board is also responsible for keeping records and case histories on each recipient (e.g., name & address; amount of disbursements; purpose of aid; any relationship between recipient and Deacons' Board). Approved recipients of Benevolence Fund disbursements are required to provide (to Deacons' Board) receipts to prove that the disbursements have been used for their intended purposes.

5.3 Compliance

CCMC commits to full compliance with all relevant government regulations on healthcare information protection and identity protection, such as laws related to the Health Insurance Portability and Accountability Act (HIPAA).

Registered and qualified as a 501(c)(3) organization under IRS laws, CCMC is not under any obligation to issue IRS Form 1099 ("Information Returns") to recipients of Benevolence Fund disbursements, as no services are received by the church. Recipients of disbursements from CCMC Benevolence Fund are exempt from reporting such disbursements as income on their tax returns.

5.4 Announcements

The Deacons' Board is responsible for making timely announcements of important milestones in the administration of the CCMC Benevolence Fund. The purpose is to keep the church membership informed. These announcements may include the following:

- Announcement of Benevolence Fund establishment and availability of this policy document as a reference.
- Announcement of start of accepting applications.
- Announcement of positive verification of eligibility and start of offerings period (applicant confidentiality maintained).
- Announcement of regular status of Benevolence Fund balance.
- Announcement of target being reached.
- Announcement of disbursement(s) (applicant confidentiality maintained) and fund balance after disbursement(s).