

CREATING A HUMANITARIAN FUND

It is a special blessing to assist both those within and outside the Faith when they face challenges, and many of the friends desire to spiritualize this aid by channeling their benevolent contributions through the sacred institution of the Bahá'í Fund. In Gleanings, the Blessed Beauty tells us, "He, verily, shall recompense the charitable, and doubly repay them for what they have bestowed."

In order to assist those in need, Local Spiritual Assemblies may wish to establish a Humanitarian Fund to provide the believers with a means to give assistance to those facing financial difficulties. Contributors to the Local Spiritual Assembly's Humanitarian Fund would be allowed to claim their contributions as charitable deductions for income tax purposes to the extent allowed by law. However, federal tax law prohibits donors from claiming tax deductions for charitable contributions that are earmarked or known to be intended for specific person or persons.

The following steps will assist your institution to establish and maintain such a fund.

1. The Assembly should establish written guidelines on how money from the Humanitarian Fund will be used, including criteria for determining such matters as:
 - Under what circumstances would the money offered be an outright gift?
 - Under what circumstances would money be loaned?
 - Would there be maximum gift and/or loan amounts?
 - What would be the terms of loan repayment?
 - What would be the Assembly's action in the event of loan default?
2. Once the structure and rules governing the Humanitarian Fund are established, the Assembly would determine
 - How much money it will initially allocate to the Humanitarian Fund
 - How the Humanitarian Fund will be maintained and replenished
3. The Humanitarian Fund should have its own bank account, separate from the Local Fund
4. An application form should be developed to include information such as
 - Name and address of applicant
 - Reason for request for financial assistance
 - Amount requested
5. Once the Humanitarian Fund is established and funded, it should be announced to the community so that the friends may contribute to it if they wish, or apply for funds from it. Each application must be considered equally and each application received must be marked with the reason that it was either accepted or rejected.

Some important points to keep in mind are:

- The Assembly alone makes all decisions regarding who receives money from the Humanitarian Fund. Donors to the Humanitarian Fund should not participate in guiding the use of these funds. Assembly members, as individuals, may contribute to the Humanitarian Fund, but all disbursement decisions are made by the Assembly as an institution.
- Contributions that are earmarked or known to be intended for specific individuals or families should be kindly declined. In no event should such contributions receive a tax-deductible receipt.
- If the Assembly makes loans from the Humanitarian Fund, a promissory note containing the terms of repayment and remedies upon default must be signed by the recipient and two officers of the Assembly. Before offering a loan, the Assembly should exercise due diligence to determine the borrower's ability to repay.

The Office of the Treasurer is happy to assist your Assembly at all times. Please do not hesitate to contact us at Finance@usbnc.org or by calling 847-733-3472 if you have questions or need assistance.