



Cash Assistance Policy

For our hosted Collectives who would like to disburse direct cash assistance



Open Collective Foundation is closing down in 2024. [Read more here.](#)

What is cash assistance?

Cash assistance refers to giving out money, via services like Venmo and Cash App, distributing gift cards, or withdrawing cash from an ATM and handing it out.

Terminology

For the purposes of this policy, we will refer to the person in the community who receives the cash as “Recipient” or together “Recipients” and the person who distributes the cash and seeks reimbursement on the Open Collective platform (“Platform”) as “Volunteer” or together as “Volunteers”.


Why do we need this policy?

The Platform is designed to directly interface with Recipients of funds disbursed from Collective (“Collective” and together “Collectives”) budgets, through expenses submitted online and paid by bank transfer or PayPal. The Platform collects required data and documentation, and expenses go through an approval process. These steps are an important way that OpenCollective Foundation (“OCF”) fulfills its oversight and compliance role as a 501(c)(3) fiscal sponsor.

However, OCF understands that there may be situations where it's not possible for Recipients to submit an expense through the Platform and provide the required information. This may be due to a Recipient's lack of a bank account or internet access, or during responses to emergencies or natural disasters.

In these cases, Collectives sometimes seek to run a cash assistance program, where a Volunteer disburses cash to Recipients and then seeks reimbursement by submitting an expense on the Platform.

As a 501(c)(3) nonprofit organization, we must provide evidence and data about the use of all funds to the IRS and auditors on an annual basis. Therefore, the purpose of this policy is to set out how OCF can enable Collectives to run cash assistance programs while still meeting OCF's compliance obligations and oversight responsibilities.

 Basically, because we are a 501(c)(3), we have to be compliant with the IRS at all times- this means we are accountable to know where \$ comes from and where it goes.

We noticed a lot of our groups want to offer direct cash payments to unbanked recipients, so we created this policy to try to accommodate that. Most fiscal hosts do not allow direct cash assistance payments because the funds are too difficult to track.

When can cash assistance be used?


Cash assistance should only be used after authorization has been provided by OCF to the Collective (as outlined in detail below) AND only when there is genuinely no way for the Recipient to submit an expense directly through the Platform. If this isn't the case, OCF may deny requests to reimburse cash assistance payments.

Wherever possible, the Recipient should submit an expense directly on the Platform instead of going through cash assistance. Cash assistance is for people who can't provide receipts, don't have a bank account they can get paid into, or otherwise can't submit their own expense. Please note, such expenses need to include receipts for reimbursement, such as a paid phone bill, and can't be a request for cash. If they need cash upfront, please proceed with the cash assistance process below, or [consider making a grant](#).

Please note that the [invite expense feature](#) can enable someone more familiar with the Platform to fill out most of the required information for an expense. Then, the Recipient will get an email and will simply need to confirm. This can result in more people being able to directly submit their own expenses, and should be used where possible.

All transactions over \$600 via payment apps [may be taxable](#) for the Recipient. Collectives should exercise judgement when transferring money via these services and use our built-in payment tools when possible.

Funds may not be distributed via check or money order.

 Collectives **may not** disburse cash to Recipients with whom the Volunteer or the Collective organizers have a relationship or conflict of interest, e.g. family members, business partners, employees, or major donors to the Collective.

Process for authorization of cash assistance programs

1. The Collective submits information to OCF describing the cash assistance program it wishes to run ([see below](#)).
2. OCF reviews the proposed cash assistance program.
3. If the program proposal is approved, the Collective organizer signs the OCF terms of fiscal sponsorship.*
4. Volunteers distribute cash payments to Recipients as described in the program proposal, and collect certain information about the transactions (see below).
5. Volunteers submit a reimbursement expense to the Collective budget on the Platform, including the required information (see below).
6. OCF reviews the reimbursement expense to ensure it contains all of the required information and fits the context of the overall cash assistance program, and then proceeds to reimburse the Volunteer.

* This refers to the standard [terms of fiscal sponsorship](#) that all Collectives agree to when they join OCF. For cash assistance programs, OCF requires a fully signed version instead of just checking a box during signup.

Cash assistance program proposal

To receive approval for a cash assistance program, Collectives must provide the following information to OCF:

1. A name for the cash assistance program.
2. The intended impact—how this helps achieve the charitable mission of the Collective.
3. The intended Recipients (as a group, i.e. which communities, characteristics, or situations).
4. The criteria or method of selecting Recipients and determining amounts to disburse.
5. Why cash assistance is necessary (i.e. why Recipients are not able to submit expenses to get paid directly on the platform).
6. The anticipated amounts to be disbursed, per Recipient or payment, and overall for the program in total.
7. The timeline for the cash assistance program (start and end dates, or indefinite).

✦ If a Collective wishes to run multiple cash assistance programs with different answers to the above, the Collective is required to submit multiple program proposals, each of which will be reviewed and approved separately, as applicable.

How to submit a program proposal


Where possible, OCF prefers Collectives to post the above information as an Update on the Collective's page of the Platform in a style appropriate for the community of supporters of that Collective, for transparency and for ease of referencing program narratives when processing expense reimbursements.

If a Collective does not wish to make a public post for its proposal, it may [submit the information](#) to OCF privately.

In either case, to submit a proposal, fill out [this form](#), which asks for the link to an Update or for the program details to be filled out.


How to submit a reimbursement expense


To get reimbursed for cash assistance payments, Volunteers go to the Collective's page on the Platform and select "submit expense", then select the reimbursement option and proceed to fill out the information required on the "submit expense" form and detailed below.

 After Collectives are approved to operate a Cash Assistance program, for the **Expense Category**, please select: **7314 Mutual Aid**

Required info for reimbursement expenses

Cash assistance reimbursement expense requests from Volunteers need to include certain information at different amount levels (in addition to the standard information required when submitting an expense, such as the Volunteer's payout method details).

Amount disbursed and reimbursed per volunteer per year	Information required (see  below for descriptions)
< \$250	1 + 2 or 3
\$250-\$600	1 + 3
\$600-\$5,000	1 + 3 + 4
> \$5000	1 + 3 + 4 + 5

 Note: These thresholds are per year, per volunteer; **not** per reimbursement or per cash assistance payment or per cash assistance program.

Information Required for Reimbursement Expenses:

1. Data per cash assistance disbursement:
 - a. Name of recipient
 - b. Amount disbursed
 - c. Date disbursed
 - d. What the funds will be spent on (e.g. groceries, rent, medicine)
 - e. Any recipient contact info available (phone number, address)
2. ATM cash withdrawal slip or gift card purchase receipt
3. Payment app receipt, e.g. Venmo, CashApp
4. Volunteer W9 on file
5. Hard evidence of what the funds were used for, e.g. hospital bill, rent payment confirmation, grocery store receipt.

What this means:

- For most cash assistance payments, volunteers do not have to require documentation or paperwork from recipients, just info they can collect verbally on the spot.
- Every cash assistance reimbursement expense **must** include a list of recipients and transactions as described in 1.
- If a single volunteer seeks reimbursement for more than \$600 per year, we need their W9 (these forms will not be submitted to the IRS, just kept on file in case any misuse of funds is discovered)
- Once the \$5,000 threshold is reached, the requirement for evidence goes up. In most cases over \$5,000, it will be easier to have the recipient submit an expense to OCF directly instead of using the cash assistance process.

Do not submit the above information in another attachment separate from the payment receipt. **Include it as a private note** (in that box on the expense screen) **or as a comment on the expense page**. (Separate attachments make it harder for OCF to locate the info in the database later).

Privacy and personal information

The Platform is designed for transparency, so it's important to keep in mind what will be made public. Do not put a Recipient's private info in public areas:

Public: Expense titles, description, and amounts.

Private: Attached receipts, private notes (a text box you can write in at the time of submission), and comments (which you can post after submission).


Therefore, we ask for Recipient details to be on the receipt attachment or in a note or comment on the expense.

Batch payments

Volunteers **may** submit multiple cash assistance disbursements in a single reimbursement expense, as long as the required info for each individual Recipient and disbursement is included. The Platform allows uploading multiple receipts in a single expense.

Outside accounts

If a Collective uses services like Venmo or Cashapp, Volunteers' personal bank accounts, or any other account or service outside the Platform, for a cash assistance program or any other purpose, it must be in compliance with OCF's [Outside Accounts Policy](#). **Under no circumstances** are Collectives allowed to receive money to an outside account and distribute it as part of a cash assistance program without first transferring the funds to OCF.

 This is because OCF, as a regulated 501(c)(3), **needs** to track that all funds raised and disbursed by our hosted Collectives are being used for compliant charitable purposes.

Rejecting reimbursements

If any of the required information is missing, or the Collective's cash assistance program has not been approved by OCF, reimbursement requests from Volunteers may be denied.

More Info:

Read our [Policies Update](#) / [Watch our Webinar](#) to learn more.

[Previous Policies](#)

[Next International Activity Policy](#)

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