

The Edwards Report

FALL/WINTER 2002

MAXIMIZING THE GOOD OF GIVING

Trends

In recent years entrepreneurs have taken principles from the world of business and deployed them when giving. "Venture Philanthropy" has been especially popular in the technology and financial services industries.

This approach applies some of the practices of venture capital to charitable giving. It seeks out the best "return on investment," brings in "partner" capital, and offers various levels of consulting to help make it happen. Those who don't deliver are abandoned for those with better outcomes.

Some of this is good. Experimentation can be valuable. New ideas are needed. But not all the work of charities and ministries can be quantified down to calculated metrics. Nor can numbers alone drive giving decisions.

Calvin Edwards & Company serves thoughtful donors who seek a balanced way to help faith-based charities.

Study Helps Target the Right Initiative

Giving is an important part of life for David and Lillian Lay. They view it as a great blessing, and quietly celebrate its impact. It is a part of the bond that makes them a couple.

Their church, national organizations, Christian colleges, agencies focused overseas, and kids in their community all benefit from the Lays' generosity. They enjoy making a difference, stepping up to the plate, and making something possible that otherwise may not be accomplished.

As a math professor at the University of Maryland, Dr. Lay invests in the lives of youth. He has authored a widely used linear algebra textbook and coauthored several other college texts. Highly acclaimed in his field, David Lay is a deeply spiritual man who sincerely cares about others. He and Lillian live modestly and see themselves as stewards of God's resources.

With his analytical bent and sense of responsibility for how "God's" money is used, Dr. Lay had a question about a ministry they supported, Gospelink. This intriguing organization raises money in the U.S. to support indigenous preachers in Africa. These preachers reach out to the communities beyond their

homes, using the local language and with an understanding of the culture. It is a remarkably effective and cost-efficient way of spreading the gospel.

Did this young organization have the infrastructure to continue to expand? Was the model scalable? David contacted the National Christian Foundation for help. Not performing that kind of research themselves, they referred him to Calvin Edwards & Company.

We agreed to analyze the ministry and advise. We spent two days on-site at Gospelink's Florida office, interviewed key staff and volunteers, read board minutes, analyzed financial and statistical data, evaluated processes, and reviewed a variety of materials.

In the end we counseled that infrastructure on the Africa side was simple and adequate, but there were needs on the U.S. side for this growing organization. A list of recommendations was provided to remedy this and to strengthen the organization in other ways.

Dr. Lay reflects, "The analysis Calvin Edwards & Company did is invaluable. We understand at a deeper level whom we are supporting, and are excited about Gospelink's incredible potential for evangelism. The firm's recommendations were excellent. We now have clear ideas of how to direct additional funds as Gospelink matures into a larger organization." ■

I'm a Believer

"In the last year, the country has been hit with scandals in prestigious corporations, charities, and religious institutions. The public's confidence has been shaken. Now, more than ever, donors to Christian ministries need the assurance that the ECFA seal provides. In addition, it is wise to seek philanthropic counsel to validate giving decisions when significant gifts are considered."

— **Paul D. Nelson, President**
Evangelical Council for
Financial Accountability
Winchester, VA

If you are interested in learning how an advisor can help with your giving, or how to obtain research on a giving opportunity, contact Calvin Edwards & Company.

Tools & Resources

National Christian Foundation

This organization serves donors nationally by providing services around the concept of donor-advised funds. This public foundation permits a donation to be made at the giver's convenience, and subsequently to distribute it to one or more organizations.

NCF focuses on identifying ways to make it easier for donors to give and maximize the impact of gifts. A sizable operation, NCF takes in and grants out about \$100 million per year, and has an asset base of over \$350 million. **To find out more or to open an account, contact Imani Bendu at 800-681-6223.** See www.nationalchristian.com.

CONSIDER THIS



Most of us spend more time planning a vacation than we do planning our giving. This is all the more remarkable when we recognize that Americans are tremendously generous and that about 2% of the Gross Domestic Product is made up of donations.

Arguably, in most households giving is the least contemplated “major purchase” each year.

Bill Gates says, “Giving money effectively is almost as hard as earning it in the first place.” It seems we often shy away from that hard work and give reactively with our instincts. Daryl Heald of Generous Giving has said that much giving is like tipping—we give on an impulse if we like what we see.

But society’s great philanthropists have been much more strategic and reflective about their giving. John D. Rockefeller said, “Giving should be entered into in just the same careful way as investing. . . . Giving is investing.” In his famous essay, *Wealth*, Andrew Carnegie stated, “It is well to remember that it requires the exercise of not less ability than that which acquired the wealth to use it so as to be really beneficial to the community.”

Religious givers who see themselves as stewards of God’s resources should be even more careful to ensure that their giving is effective and well-planned. One way to exercise the kind of care of which Rockefeller spoke is to develop a written giving plan.

In their book, *Inspired Philanthropy*, Tracy Gary and Melissa Kohner state, “Creating and using a giving plan will give you a sense of control, purpose and direction” (p. 3).

Here are a few pointers to help develop your own personal giving plan:

1 Plan annually, at the end of each year. Make it a part of your New

Year’s resolutions.

2 Pray through what you believe God would have you do; be guided by your passions, beliefs, and convictions. In light of how God made you, what should you support?

3 Plan to give promptly and regularly. Don’t do it all at year end.

4 Set “for sure” goals and “stretch” goals. Ron Blue’s model of “should give . . . could give . . . and would give” is excellent (see his *Generous Giving*, pp. 123-129).

5 Include gifts from four asset classes—finances, time, skills and influence, and things.

6 Leave room for spontaneous and whimsical giving—especially for unexpected personal needs of others.

7 Scripture says to support the poor and needy—be sure to include that sector.

8 Include your spouse, don’t make it a private matter.

So what does a giving plan look like? To get started, a single piece of paper will do.

Write out a giving *mission statement*—what you believe you should accomplish through your giving. Then identify the 2-3 *sectors* you wish to support. I use 11 for givers focused on faith-based organizations: urban, poverty and disaster relief, evangelism, education, children and youth, discipleship, family, public policy and advocacy, arts and culture, human services, and church and denomination. Next, list the *organizations* you will support in each sector to which you are committed, or note that you need to find one. Finally, after careful thought and prayer, put down the *amount* you will give—money, time, skills, and things—and *when* you will make the contributions. Don’t forget to pencil in the stretch goals to which you will rise if circumstances permit.

With these simple steps you will have a basic giving plan, something to guide in your personal philanthropy. It can be enhanced later, but for now you will have taken a big step toward intentional giving. ■

PhilanthroPHACTS

- More than 87% of all giving in the U.S. comes from households that give to religious congregations.
- Households that give to religious congregations give, on average, \$2,104 annually; those that give only to secular organizations give \$623.
- Middle-income Americans give a bigger proportion of their earnings than those in upper brackets; Southerners are the most generous; New Englanders, the least.

NEWS

■ The Charity Navigator website helps donors figure out whether a nonprofit has its financial house in order. It’s a free service at www.charitynavigator.org. They have rated 1,747 of the nation’s leading charities, including many faith-based ones. From zero to four stars are awarded based on their financial analysis. (BusinessWeek Online, November 11, 2002.)

Recommendation: Check the organizations you support and see how they score; if they are not listed, contact Charity Navigator and request coverage.

■ According to a national survey commissioned by the BBB Wise Giving Alliance, more than 90% of small businesses (those with 4-99 employees) in the U.S. support charitable organizations. 85% donated money, 63% gave in-kind contributions of products or services, and 85% had participated in one or more fundraising or promotional events. (“Nearly All U.S. Small Businesses Support Charitable Organizations,” www.give.org.)

Recommendation: Explore ways to increase giving or volunteering at your business, especially to local community groups.

A Word From the Word

“It is more blessed to give than to receive.”

Jesus, quoted by the Apostle Paul
Acts 20:35, NIV

ACTS

Has *your* giving made you more blessed yet?

Subscriptions are free to affluent donors to Christian ministries. Consultants, not-for-profit executives, and others may subscribe for \$49 per year. To subscribe or unsubscribe, please e-mail your request to Info@MaximumGood.com.

We welcome reader comments and suggestions.

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CALVIN EDWARDS
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Maximizing the Good of Giving

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