

The Edwards Report

SPRING 2003

MAXIMIZING THE GOOD OF GIVING

Trends

Did you grow up in a church with annual “stewardship” sermons? The kind that made sure every congregant knew that “tithing” meant 10% and where law and grace were mixed in a clumsy combination of threats and promises?

Many major donors today approach their giving differently from the way pictured in those well-intentioned efforts. They view giving not merely as disposing of a portion of one’s income, but as an investment of assets.

They view their assets not as partly theirs and partly God’s, but as wholly God’s to be deployed to His glory.

They view the selection of gift recipients not as prescribed or merely a necessary step to divest, but as important decisions for which they are accountable.

Calvin Edwards & Company supports reflective donors who approach their giving in new and creative ways.

Ministry Brief Helps Donors and Ministry

The sanctuary used to be a crack house. When we found the building, it had been abandoned for years. Addicts camped out in here, and the place was destroyed. Drug paraphernalia was everywhere.” Anita Favors was describing the Jars of Clay Church, now a simple but appropriate place of worship for some of Atlanta’s neediest people.

She went on to point out “The Cottage” where 20 women and their children are given temporary housing, a food pantry that provides wholesome meals in the neighborhood, a computerized training area where school dropouts are moving toward a GED, and a childcare center she calls The Grapevine.

Anita and her husband, Rodney, are the copastors who founded Jars of Clay in 1996. Loosely thought of as a homeless shelter, it really is a lot more than that. The police and the hospital know Jars of Clay well, they all work together to solve neighborhood emergencies—something in ample supply in Pittsburgh, one of the highest crime communities in urban Atlanta.

The Atlanta Resource Foundation had brought together 20 or so businessmen and women in its City Lights program to experience firsthand how Jars of Clay was touching lives. City Lights showcases a different ministry each month.

Tom Roddy, City Lights’ founder and director, says, “I want leaders in our city to experience how people of faith are attacking

and solving social problems. Their dedicated, frontline workers deserve our prayers, encouragement, financial support—and our thanks. They make our communities better.”

Tom knew that many of these grassroots groups have little in the way of “marketing” materials and few resources to tell their story in a way that appeals to businesspersons. So he asked Calvin Edwards & Company to prepare a detailed, to-the-point tool that would get the essential facts across to persons who could support ministries featured by City Lights.

So at Jars of Clay, Anita gives the history, shows God’s leading and provision, shares the vision, and tells the stories. It’s compelling. One leaves with a sense of profound gratitude that good people would take on such difficult work—for no personal gain. The *Ministry Brief* the firm prepared fills in the gaps, giving the legal, financial, strategic, and operational details. Participants leave knowing the whole story.

Using this tool, the Atlanta Resource Foundation has provided an important resource to the City Lights participants. It helps them understand the ministry they are visiting; it also means that Jars of Clay has a tool it can use with other donors and prospects.

If you are interested in seeing a sample *Ministry Brief*, contact Calvin Edwards & Company. ■

PhilanthroPHACTS

- Annual reports are published by 16.3% of foundations with assets over \$1 million or that distribute at least \$100,000 per year.
- Protestants, in 2000, gave 2.64% of their income to churches. Of this, 85% was for church operations and 15% for external mission outreach.
- America’s 60 largest donors gave \$4.6 billion in 2002, \$12.7 billion in 2001. Most frequent recipients were colleges and universities, hospitals, and medical centers.

Tools & Resources

The Generosity Factor

by
Ken Blanchard &
S. Truett Cathy

This easy-to-read little book blends together Truett Cathy’s philosophy of generosity and Ken Blanchard’s refreshing story-telling style. As the parable unfolds, readers will be challenged about their personal values and priorities.

Comes complete with a surprise ending!

Evaluating Organizations



Younger generations of donors are applying business skills in their philanthropy. Reflective givers are asking: What problems need addressing? What regions or areas do we want to work in? What alternative solutions, or products, exist? What return can we expect on investment?

Major giving has traditionally been thought of as deriving from relationships. "People give to people, not programs," the fundraising trainers proclaim. It's true, and ought to be so, in many respects. Again, this is as it is in business; for example, venture capital investors are closely involved with the firm in which they invest.

But thoughtful donors are not simply relying on relationships and promotional materials from charities to make giving decisions. They supplement these with a more analytical approach. Foundations, especially large ones, have led the way in this regard. Generally, they have clear giving guidelines and engage in a formal process to evaluate grant proposals.

A structured evaluation process for major gifts involves two steps: *organizational* and *program* evaluation.

At the highest level, organizational evaluation involves answering two key questions: What do they do? (mission) And how, exactly, do they do it? (strategy) Then there is a multitude of questions about *how* they operate. When doing this kind of evaluation, we look at 10 areas: purpose and strategy, governance, management and human resources, planning, finance, fund development, technology and internet, legal, marketing and website, and general effectiveness.

A number of organizations gather and/or analyze data that address some issues of organizational performance. They mostly rely on data from ministries' informational tax returns, Form 990, and so are heavily weighted toward financial analysis.

Entities such as the following provide valuable services to donors in this regard: Evangelical Council for Financial Accountability, American Institute of Philanthropy, Ministry Watch, Charity

Navigator, Better Business Bureau Wise Giving Alliance, GuideStar, and Generous Giving's Marketplace. These tend to fall into three categories: those that report on compliance to standards, those that present public information or data supplied by the charity, and those that analyze and comparatively rate organizations.

All of these approaches offer useful information to careful givers. Just as businesspersons rely on independent information for their analysis, now donors can too.

However, the limitations of this approach need to be understood. Of necessity, all these tools are limited in *scope* and heavily weighted toward financial analysis. For example, none evaluates a charity's marketing, public relations, or communication effectiveness. Management quality is not reviewed and is often inferred from financial results.

They are also limited in *discernment*. Clinical, objective, numerically oriented reports cannot get at the heart of an organization. They can miss issues pertaining to the stage, location, or obstacles a ministry may face. Poorer numbers may reflect difficulties encountered in launching a much-needed service.

Also, four- or five-star rating systems tend to suggest one organization is *definitively* better than another. The sponsors of these tools make no such claim, but users can view them that way.

None of these tools accomplishes program evaluation. To know that a ministry only spends 3% on fundraising and 7% on general and administrative costs still leaves the question unanswered: How effective are the programs that receive 90% of the funding? We'll look at program evaluation in the next *Report*.

Purposefully made major gifts should be backed up with some business-grade analysis that goes beyond having a friendly relationship with senior executives. However, more important than any analysis, rating, or comparison is a donor's sense of God's leading in his or her giving. The information gathered in reviewing giving options is the stuff that prayer is made of. No spreadsheet, matrix, or formula should outweigh God's voice. ■

I'm a Believer

"The growing number of faith-based and community nonprofit organizations often makes it difficult for busy donors with no staff assistance to discern which potential recipients are best able to achieve positive change and measurable results. However, local community foundations and professional philanthropic advisors can be good resources for this kind of assistance."

— **Martin C. Lehfeldt, President**
Southeastern Council of Foundations
Atlanta, GA

NEWS

■ Of charities surveyed by GuideStar, 48% reported that private donations had decreased in the first 10 months of 2002. Furthermore, 40% of grantmakers indicated their giving had declined. However, 85% of individuals say they gave the same or more than 2001. The declines are broadly attributed to the economy and stock market volatility, though diversion of funds following 9/11 and concerns of nonprofit scandals are also cited as contributing causes. ("Giving Troubles Found in Studies," *The Chronicle of Philanthropy*, January 9, 2003, p. 27 and Wirthlin Worldwide, "Most Charitable Donors Stayed the Course in 2002," www.wirthlin.com) *Recommendation*: If possible, maintain or increase your giving through these tough times. Tell organizations of your commitment.

■ The Statistical Abstract of the United States for 2002 indicates that 44% of U.S. adults volunteered in 2000. On average they contributed 15.1 hours per month. The largest share—19.1%—contributed to religious causes. ("Census Data Show Drop-off in Volunteerism," *The Washington Times*, February 12, 2003) *Recommendation*: In addition to financial gifts, consider stepping up your involvement with charities by volunteering. Give the gift of influence!

A Word From the Word

"Everything we have has come from you, and we only give you what is yours already!"

King David to the Lord God
1 Chronicles 29:14, LB

Do you let God have his possessions?

1 CHR

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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Maximizing the Good of Giving

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