



ECFA's 2015 State of Giving Report—Initial Findings.

The preliminary findings from ECFA's 2015 State of Giving Report are very positive. Based on January 31 renewal data for over 600 ECFA-accredited organizations, overall cash charitable contributions rose 5.9% in 2014 compared to 2013, based on over \$6 billion of cash gifts. Total revenue of these members was up 4.2%

While cash giving was up 5.9% overall, cash contributions was down 3.1% for ministries under \$1 million in annual revenue and showed no change (0.00 change) for ministries in the \$1 to \$5 million annual revenue category. There were over 250 ministries in these two categories. These findings, which are consistent with the findings in previous years studied, strongly suggests smaller ministries are looking for ways to do more or the same with less.

ECFA expects to release the final results from its *6th Annual State of Giving Report* in October 2015, featuring data and analysis on more than \$16 billion in cash contributions made to its members.

Buy your copy of Dan Busby's latest book, *Trust, The Firm Foundation for Kingdom Fruitfulness*, on Amazon.com (bulk quantities are available from ECFA). Here's a short video about the book:



Stewardship and Spiritual Gifts Blog Post. Gary Hoag, Ph.D., says "I like to summarize our responsibilities as stewards in God's Kingdom with three words: gifts, goods, and gospel. Every Christ-follower is a steward of spiritual gifts and material goods to make known the eternal gospel." [This blog post](#) focuses on our stewardship of spiritual gifts. Few New Testament passages provide more clear instructions on this topic than one profound statement of Peter that was directed to Christ-followers exiled throughout the Roman Empire.

Fist Fights over Mission Statements! Read the latest Governance of Christ-centered Organizations blog by John Pearson to evaluate your organization's mission statement. [Click here to read.](#)

The Key to Avoiding a Counterfeit Life. In 1 Timothy 6, what does Paul mean by the term, "life that is truly life"? What other life would we seek to "take hold of?" The implication is that any other form of life that is not founded on generosity and a desire to be rich in good deeds is counterfeit life. That is a powerful and challenging teaching. [Click to read the full story](#) by Dr. Scott Rodin.

ECFA's First Annual Nonprofit Financial Management Survey. Just one of the findings from this soon-to-be-released survey is that effective nonprofits have four distinct financial characteristics:

- 1. They are fanatical about process.** The survey found there are three clear indicators of great process: strong controls, clear separation of duties, and an annual fraud prevention audit.
- 2. They have financially literate leaders.** The survey found that three key groups were much more likely to be able to understand financial reports. Effective organizations have directors who really understand financial reports, finance committees who really understand financial reports, and senior teams who really understand financial reports.
- 3. They love to measure impact.** The survey found effective ministries have a culture of measurement. Boards and senior leaders were more focused on measuring impact, and the CFO was more likely to have three or more measurable annual goals.
- 4. They offer competitive compensation.** The survey indicated that effective ministries pay compensation and benefits competitive with the market—in line with other area nonprofit ministries.

You will definitely want to read the entire *Nonprofit Financial Management Survey*. It is loaded with incredible information. Watch for information on the Survey's release at www.ecfa.org.

Ministries Recently Accredited by ECFA:

1. Explorer's Bible Study, Dickson, TN
2. iChoose Pregnancy Support Services, Clayton, NC
3. Leader Formation International, Dallas, TX
4. New Harvest Missions International, Elfers, FL
5. Tilikum Center of Retreats & Outdoor Ministries, Newberg, OR
7. Truth@Work, Indianapolis, IN

A Recent IRS Ruling Reminds Charities of the Importance of Exercising Control and Discretion of Disbursements. A recent IRS ruling serves as a reminder of the importance of keeping detailed, contemporaneous records to substantiate how an organization exercises control and discretion over its funds, particularly when disbursements are made to organizations to which deductible contributions cannot be made directly (which includes many foreign exempt organizations). For additional details, the IRS ruling can be accessed via [this link](#).

IRS Advisory Group Issues Form 990 Report. The IRS Advisory Committee on Tax Exempt and Government Entities (ACT) has released its annual report. It supports a congressional mandate to require electronic filing of the Form 990 series. Currently, only tax-exempt organizations with \$10 million in assets are required to file electronically. (*ASAE's Inroads, June 18, 2015*)

Lack of Substantiation Results in IRS Disallowing Deduction for Donated Household Items. The IRS recently disallowed a deduction claimed by a taxpayer who contributed \$37,315 worth of household items to various charities. This case serves as a reminder that even when the actual occurrence of a charitable contribution is not in dispute, a donor must follow gift substantiation rules to qualify for a tax deduction. [Click here for the full Tax Court ruling.](#)

Charitable Giving Increases to Record Levels in 2014. According to an annual report just released by *Giving USA*, charitable giving in the United States increased to a record \$358.38 billion in 2014. This is an increase of 7.1% in current dollars (5.4% adjusted for inflation) from 2013. Religious organizations were again the largest class of recipients, receiving \$114.90 billion or 32% of total giving.

Although \$114.90 billion is a record for religious organizations (even adjusted for inflation), the rate of giving to religious organizations grew by only 2.5% in current dollars (0.9% adjusted for inflation), much lower than the total giving growth rate of 7.1%. In contrast to the 2.5% increase for religious organizations generally, preliminary figures from ECFA's annual giving report suggests that ECFA member organizations (which are all religious organizations) saw their donation income increase by 5.9% in current dollars (4.3% adjusted for inflation) from 2013 to 2014. This preliminary ECFA member data suggests that once again ECFA's member organizations have experienced greater donation growth than non-member religious organizations.

An [article released by *The Chronicle of Philanthropy*](#) contains additional summary information from *Giving USA's* report on 2014 giving.

IRS Will Have To Do More With Less. House Republicans have proposed cutting the IRS budget next year by nearly 8%, as opposed to the President seeking an 18% increase. The proposed cuts would shrink the agency's budget by \$838 million, leaving it with \$10.1 billion—what it was back in 2004.

In the larger context, what this means is more revenue lost to tax evasion. (*EO Tax Journal 2015—114, Paul Streckfus, editor*)

Conflicts of Interest Governance Toolbox Series No. 3 Is Now Available. Board and Organizational Conflicts of Interest is a topic intensely important to all ministries. As Dan Busby says: "A blind man on a galloping horse at midnight could see a related-party transaction problem. But we often can't see the problem ourselves. The intensely focused task of leading ministries can make us blind to the obvious and blind to our blindness." [Click here to order](#) effective board training materials: a 15-minute DVD, Read-and-Engage Viewing Guide for each board member, and a Facilitator's Guide.

Senate Republicans Mull Two-Year ACA Fix. The Supreme Court is expected to decide within days the legality of federal subsidies that have helped millions of Americans purchase health insurance under the Affordable Care Act. Congressional Republicans are preparing their plan to protect those individuals should the court rule against the Administration. (*ASAE's Inroads, June 18, 2015*)

The Guide to Charitable Giving for Churches and Ministries. Watch for this 340-page guide that will be released late this summer. It is written by ECFA's Dan Busby, Michael Martin, and John Van Drunen.

This one-of-a-kind guide covers the full gamut of topics related to how a ministry handles cash and noncash charitable gifts—from gift acknowledgments, reporting to the IRS, communicating giving opportunities to givers, and much more.

IRS Political Activity Rules Unlikely to Be Released This Month. A key concern for many tax-exempt organizations will center on how the IRS chooses to define political activity. While earlier political activity rules applied only to 501(c)(4) organizations, IRS Commissioner John Koskinen has confirmed that the agency plans on broadening the new rule to apply to 501(c)(3) organizations as well as other tax-exempts. (*ASAE's Inroads, June 18, 2015*)

ECFA Member? If you are serving with one of the 1,949 ECFA member ministries, committed to observing high standards of excellence, THANK YOU!

If not, learning whether your ministry may qualify for ECFA membership just takes 7 minutes. Call John at 1-800-323-9473. It may be one of the most important calls you make in 2015!



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