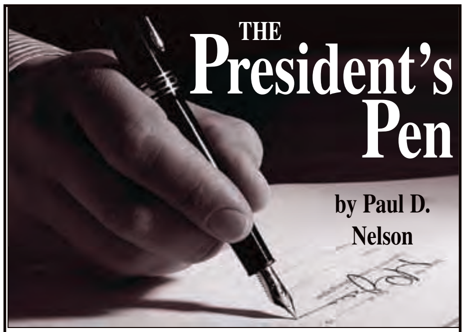
EVANGELICAL COUNCIL FOR FINANCIAL ACCOUNTABILITY • ECFA

# FOCUS ON ACCOUNTABILITY

Second Quarter 2002

A PUBLICATION OF THE EVANGELICAL COUNCIL FOR FINANCIAL ACCOUNTABILITY



## THE President's Pen

by Paul D. Nelson

### After Enron

As one who spent many years in Houston, Texas in the energy industry, I have followed the Enron debacle with considerable interest and some knowledge of the tangled, limited partnership practice that made Enron unmanageable. With the aid of the media, a scandal of this magnitude always ripples through corporate America via stockholder reaction, government legislators, and other regulators. This one may even reach the nonprofit world.

Intellectually, we know that well-planned, in-depth strategy meetings may methodically and logically conclude that change is necessary. But, whether it's the attack on the World Trade Center or a showdown among family members, major change is always more likely to follow a crisis.

Many ministry leaders forget that ECFA was born out of crisis—that its formation forestalled onerous legislation that would likely have been imposed upon Christian ministries twenty years ago.

Fortunately, that change has turned out positive, but not all changes following a crisis are good. Some are made in haste and under

continued on page 2 ➤

FEATURE FEATURE FEATURE FEATURE

## Quality Financial Reporting

### What is the board's responsibility?

by Dan Busby, Vice President for Member & Donor Services

Boards of nonprofits are legally responsible for overseeing the organization's financial management. Since nonprofits receive tax-exempt status by state and federal agencies to fulfill public needs, the board's obligations go well beyond its organization's members, constituents, beneficiaries or clients.

An important part of serving the public trust is fulfilling the important stewardship roles of protecting financial and nonfinancial assets, and managing current income properly to fulfill exempt purposes.

Although a ministry's management has the primary responsibility for the organization's financial management and reporting, the board of directors is ultimately responsible for the process. Outside auditors also play an important role as well.

ECFA believes that board oversight can be carried out by the full board or a committee consisting of a majority of independent members (Standard 2). The committee could be delegated the responsibility to engage the auditors, although the board generally reserves this authority for itself.

So how can a board be sure it is exercising adequate due diligence with respect to its financial responsibilities? Consider the following steps:

- **Review your conflict of interest policy.** A conflict of interest policy (and related questionnaire completed by the board and key staff members) helps ensure that a ministry fulfills its charitable purposes. According to the IRS, a solid conflict of interest policy should include the following provisions: disclosure of financial interests, procedures for determining whether the financial interest may result in a conflict of interest, procedures for addressing a conflict of interest, and procedures for communicating the policy to appropriate parties.

> "The outside auditor needs to have an open, candid dialogue with the audit review committee."

Although some "conflict of interest" arrangements with board members or senior management and their related parties can seem to be in the best interest of the organization, the best policy is to avoid conflicts of interest altogether. When a board member or senior management is on more than one side of a transaction, regardless of their integrity and motives, they may not be able to fulfill their governance or management

continued on page 2 ➤

## Inside This Issue

**After Enron**

– from page 1 ➤

political pressure. Currently, there is a long list of reactive proposals that are now being advanced to regulate the accounting profession or impose more controls on corporations through the SEC. Legislators are itching to pass new laws. Even trade groups such as Financial Executives International have proposed new restrictions, probably hoping to head off legislation.

The need for strong, effective board governance was recently a front-page story in *USA Today*. That has been ECFA's issue for years. Strong governance is a key to avoiding embarrassing and disastrous failures. Greater attention to ethics and integrity in running corporations, government agencies, and charities is a good thing. However, on the negative side, a loss of public confidence in the reliability of a certified audit is not healthy. The foundation of ECFA's accreditation process is a certified audit from a state licensed practitioner. New rules could make audits longer to complete and therefore more expensive.

> **"Strong board governance is a key to avoiding disastrous failures."**

In a tragedy like Enron, innocent people standing on the sidelines are tarnished by a broad brush applied to everyone in sight. Arthur Andersen and Enron employees who had nothing to do with the current mess are, all of sudden, personally and tangibly impacted. The ethics of accounting practitioners, many of whom have built strong reputations over a long career, are now questioned. That happened to ministries during the PTL debacle of the mid-80s, when all ministries were cast in a negative light.

No Scripture says that life is fair. The wide path of damage caused by any scandal inevitably touches innocent people. The blame-game, now under way in full force in the Enron case, will likely tarnish others, some of whom may not be deserving of the charges levied against them.

Ministry leaders should watch closely and learn. By doing so, some will avoid their own crisis. Others won't, and their chances of becoming the next example will increase. I regularly pray that God will grant ECFA member organizations the wisdom to make changes ahead of the next crisis—because those same changes will certainly be made afterward.

**Board's responsibility. . .**

– from page 1

roles as fully and effectively as they would without such a conflict.

- **Establish an audit review committee.** Although ECFA Standards permit the audit review function to be handled by the full board, an audit review committee is highly recommended for most mid-size to large ministries. Committee roles should include:
  - –Understanding financial and operating risks of the organization.
  - –Understanding internal controls designed to mitigate those risks.
  - –Recommending to the board the selection of the independent audit firm.
  - –Evaluating the performance of the independent auditors.
  - –Evaluating the performance of management in fulfilling financial management and reporting responsibilities.

The committee, not ministry management, should take the lead in determining the selection, compensation terms and, if necessary, replacement of the outside auditor—generally subject to board approval.

The outside auditor is ultimately accountable to the board of directors and the audit review committee of the organization.

- **Establish a charter for the committee.** It is essential that the audit review committee have a written charter to define the boundaries of the committee. The charter should state the committee's responsibilities, composition, roles, purpose, and agenda.

- **Select qualified individuals for the audit review committee.** Unless the audit review function is handled by the full board, ECFA Standard 2 requires the committee to consist of a majority of independent members. Ideally, there should be at least three members, all of whom are independent. In addition to being independent, committee members should be selected on the basis of availability, prior experience, objectivity, and aptitude for reading and understanding financial management issues and reporting.

> **"The audit review committee is the fulcrum of the financial reporting function."**

Members of the audit review committee are generally considered independent if they have no relationship to the organization that may interfere with the exercise of their independence from staff and the organization. Examples of relationships that would often impair independence include:

- –A director being employed or who has a close family member employed by the ministry (or any of its affiliates) for the current year or in recent years.
- –A director (or their business or related party) accepting any compensation from the ministry or any of its affiliates.

- **Select the "right" audit firm.** Obtaining the services of the "right" audit firm is a prerequisite to quality

continued on page 3 ➤

FOCUS ON ACCOUNTABILITY

Published quarterly by the Evangelical Council for Financial Accountability (ECFA)
Paul D. Nelson, President
Dan Busby, Managing Editor
440 West Jubal Early Drive, Suite 130, Winchester, VA 22601
Telephone: 540/535-0103 • 800/323-9473
Fax: 540/535-0533 • Email: info@ECFA.org
www.ECFA.org

**Board's responsibility...**

*– from page 2* ➤

financial reporting. Which auditor is the "right" one for your ministry? Only your board can determine this. But it should be a firm that is knowledgeable about your ministry's specific type and field of operations. Its principals and others who will serve your ministry should have all the necessary credentials and related experience.

While management can make auditor recommendations, the board should make the decision to select or retain the audit firm. The primary responsibility of the auditor is to the board. Management should not select auditors to audit the work of management.

- **Review the independence and objectivity of your auditor.** The board should be certain that the auditors are independent and objective in performing their duties. It should identify any threats to their objectivity and analyze the significance of such threats. Objectivity does not require the auditor to be completely free of all the factors that might affect the ability to make unbiased audit decisions, but only free from those that rise to the level of compromising that ability.

Factors that may pose threats to objectivity include: self-interest (auditor acts in his or her own emotional, financial, or other personal self-interest), self-review (auditor audits his or her own work or the work of a colleague), familiarity (auditor is influenced by a close relationship with an audit client), and intimidation (auditor is being, or believes that he or she is being, coerced by an audit client or by another interested party).

- **Analyze the financial statements.** Because the financial statements are the primary and, often, only means of communication about a ministry's financial performance, it is critical for the audit review committee to

*continued on page 4* ➤

## Sample Documents

To request a sample conflict of interest policy or audit review committee charter, send an email to info@ecfa.org.

# My Term Is Up!
## Term Limits for Boards

by Joyce Godwin

Three years. That's how long I've had the privilege of serving as Chairman of ECFA's Board. Serving as a board member the previous three years means that I've reached the end of the road—on term limits for board members and term limits for the role of Chairman!

It's been a wonderful time of learning and, I trust, contributing. A time of broadening my understanding of the myriad of ministries within ECFA's 1,041 members and enhancing my working knowledge of the best practices of board governance. A time of seeing how effectively and redemptively ECFA works behind the scenes to collaboratively solve problems and resolve issues. A time of actively participating in how ECFA works to strengthen ministries—sharing people, seminars, publications, its Web site and other tools . . . facilitating those who display the ECFA seal in becoming stronger internally so they can be stronger externally—for the people they serve.

I'm grateful for term limits! Without term limits, I probably would not have had the opportunity of being part of the ECFA governing body these last six years. Without term limits, I may not have been involved with any of the ministries with which I've been privileged to serve in the last 12 years.

Organizational continuity and a sense of the history of a ministry and its vision, mission, and values, its dark periods and its time of joy and celebration—these are extremely important. But so too is the opportunity of bringing new people and their ideas, challenging questions, and new insights into the governing process.

Increasing the size of the board is not the answer for bringing in new blood. Governance committees that prayerfully and deliberatively work on a qualified-oriented process to develop and maintain a rolling three-year plan for charting anticipated vacancies and upcoming openings due to term limits, identifying future board and leadership needs, identifying potential candidates and interviewing same—this is the better way!

Do you think there are board members that you just can't live without? Think again! There are creative

> ***"Term limits bring new people and new ideas to boards."***

ways that you can continue to have a relationship and take advantage of the unique gifts of some of your board member "graduates."

When there's an extraordinary reason for a former board member to return to a board because his or her unique background is so important to a ministry at a particular time in its history—that is doable. Even a year's "sabbatical" can bring some fresh thinking to the board table.

Your board members are not "disposable." Using them until the expiration date and tossing them aside . . . you may be littering the road with treasures that not only can be "recycled" but can contribute in a far more productive and meaningful way. Your exceptional board members should be treated as the trea-

*continued on page 4* ➤

**My Term Is Up...**

*– from page 3*

sures they have been—and can continue to be for your ministry.

In reflecting on the new members who have joined 14 of the boards in which I've been heavily involved, a smile comes to my face. Were it not for board and term limits, I would never have had the privilege of meeting or knowing each individual. I reflect on the new insights they brought to the boardroom and all the "stupid questions" they said they were asking that were big breakthroughs to the entrenched thinking of those of us who had been around for a while. They were "new blood," bringing nourishment and oxygen to the governing process.

The dictionary says "term" means a limited or definite extent of time duration. Should I be wondering, "Is this the extent ECFA can endure me?" Intended humorously, I must add that it is good to have a term or "endurance policy," so a ministry doesn't take on the persona of its more active governance body members. This can be quite limiting to a ministry. The gifts a ministry needs from its board members and officers differ over time. Awareness of this, as well as new gifts and experience needed for the next season, are some of the positive fallouts of term limits.

> **"Former board members should be treated as the treasures they have been for your ministry."**

I leave the chairmanship of ECFA committed to continuing to promote best practices in ministry governance. I hope you will join me in this commitment to your own ministries and others in which you have influence.

Am I really at the end of the road? Not really. I'm at a fork in a road. It's now time to spend a bit of time at the roadside rest stop. Time to sit with the Lord. Engage in a conversation: "Now what? Are You going to have me take one of the forks people are actively encouraging me to take? Do You want me to just spend time with You at the rest stop, being with You and in Your Word? Do You want me to take the fork of writing about best practices in ministry governance?"

Boards flourish with new members and officers chosen in a prayerful, deliberative process.

Think about the disciples. Would they have blossomed if Jesus had stayed with them?

Three years.

Three years that changed the world.

*Joyce Godwin has recently completed her second three-year term on the ECFA Board of Directors, the maximum consecutive years permitted by the ECFA bylaws. The last three years she has served as Board Chair, the first woman to hold that position at ECFA.*

*Thank you, Joyce, for the significant impact you have made!*

# Year 2002

## Inflation Adjustments

Insubstantial benefits received by a contributor are disregarded, making a contribution fully deductible. Insubstantial benefits, beginning in 2002, are present when:

1. The fair market value of all the benefits received is not more than 2 percent of the contribution or $79, whichever is less;
2. The contribution is $39.50 or more, and the only benefits received during the calendar year have a cost, in the aggregate, of not more than $7.90; or
3. In connection with a request for a charitable contribution, the charity mails or otherwise contributes free, unordered items to patrons, and the cost of such items distributed to any single patron in a calendar year is not more than $7.90.

**Board's responsibility...**

*– from page 3*

understand their content. Management may wish to provide the committee with a written analysis of the financial statements, including computation of key financial indicators and comments on noteworthy trends and patterns.

- **Understand the management letter.** The management letter issued by the auditors is a confidential document intended to serve the board and management. It should contain information about any reportable conditions and material weaknesses identified during the audit. These are conditions that are of significant concern because the internal controls or financial reporting processes may not protect the interests of the organization or assure proper financial reporting.

In addition, a management letter should contain findings and recommendations about other issues, such as less significant internal controls, financial and tax matters, and any other issues that may improve the operations.

- **Meet with the auditors.** The audit review committee should meet with management (including the internal auditors, if any) and the independent auditors at least once a year. And the auditors should feel free to call the audit review committee chair if material issues arise between scheduled meetings.

It is also important for the committee and the auditors to meet privately and directly. Auditors and audit review committees need to have a frank dialogue about the ministry's financial reporting operations. One way auditors and audit review committees can ensure a candid and open discussion is to meet without any ministry management or staff present—perhaps at the end of regularly scheduled committee meetings or on a separate occasion.

At a time when boards are increasingly being reminded of their fiduciary responsibility, it is important for boards to adopt comprehensive practices to ensure the quality of the ministry's financial reporting.

## Minister's Housing Allowance Update

The Ninth Circuit Court of Appeals is delving into the very constitutionality of the housing allowance provided to ministers living in their own homes.

On March 5, the Court issued an order appointing Professor Erwin Chemerisky of the University of Southern California Law School to serve as *amicus curiae*. He and both parties to the case must submit supplemental briefs on the issue of whether Section 107(2) is constitutional under the establishment clause.

The ECFA Board voted unanimously to sign on to an *amicus* brief that will be filed in support of the constitutionality of the housing allowance.

The "Clergy Housing Allowance Clarification Act of 2002," H.R. 4156, was introduced on April 10 by Congressman Ramstad (R-Minn). This bill would make the fair rental value test part of the Internal Revenue Code. If enacted, proponents of the bill believe it would nullify the possibility of the housing allowance being ruled unconstitutional by the Ninth Circuit Court of Appeals.

## Board Members Elected

Elected to a three-year term on the Board of Directors:

- Christopher J. Doyle, president and CEO of American Leprosy Missions, Greenville, SC.
- Carolyn J. Sparks, retired pediatrician and medical missionary, San Leandro, CA.

Reelected to the board were:

- Robert W. Dingman, retired executive search professional.
- Ken Larson, president and CEO of Slumberland Furniture, Minneapolis, MN. (Mr. Larson previously served on the board from 1995-2000.)

Completing their terms of service were Joyce Godwin and Richard Hammar.

Thomas Addington was elected as board chair.

# The Importance of Transparency

## *A review of the public disclosure rules*

by Lloyd Mayer

The Enron scandal has drawn renewed attention to ensuring that the financial statements of for-profit companies accurately reflect financial reality. It should also serve as a wake-up call to nonprofit organizations, which can be just as vulnerable to financial smoke and mirrors.

The Baptist Foundation of Arizona, an agency of the Arizona Southern Baptist Convention, collapsed in 1999 after the discovery by state investigators of numerous fraudulent transactions. The Arizona Attorney General has estimated that its collapse has cost persons who invested in the Foundation upwards of $500 million.

The former head of the Hale House for children was forced to resign last year amid allegations of financial improprieties. She and her husband now face criminal charges for allegedly stealing over a million dollars from the charity, including funneling money through a fictional "Hale House Foundation."

In both the Baptist Foundation and Hale House cases, the suspect transactions had been going on for many years before they became known to most board members and to outside investigators.

What can nonprofit officers and board members do to prevent such scandals? One important step is to ensure that their organization is "transparent"—that its finances and activities are readily visible to the organization's board, its donors, and the public. There are several steps they can take to ensure such transparency:

**1. Ask the right question.** The most common approach to transparency is to ask, "What do we have to disclose?" The problem with this question is it assumes that the default position is secrecy—that unless there is a clear requirement that certain information be disclosed, that information should be kept secret.

A better question is, "What, if anything, do we need to keep confidential?" This question assumes that the default position is disclosure.

This default position flows directly from biblical principles. "This is the verdict: Light has come into the world, but men loved darkness instead of light because their deeds were evil. Everyone who does evil hates the light, and will not come into the light for fear that his deeds will be exposed" (John 3:19-20 NIV). The more of its activities and finances that an organization keeps secret by reserving knowledge about those activities or finances to a limited group of people, the greater the opportunity for misdeeds. Disclosure, in contrast, helps create accountability, both within the organization and to donors and the public.

> "Transparency is an important step to prevent scandals."

**2. Obey the law.** Most nonprofit organizations, with churches being the major exception, are required to file an annual information return (Form 990 or 990-EZ)

continued on page 6 ➤

**The Importance of Transparency**

*– from page 5*

with the Internal Revenue Service. This return asks for detailed financial information, including the compensation paid to officers, directors, key employees, and highly-compensated staff. As with all tax returns, nonprofit organizations are required by law to provide complete and accurate information on this return.

The IRS makes this return available (for a modest fee) to anyone who requests a copy. The IRS has also made all returns for charities available to Philanthropic Research, Inc., which posts them at www.guidestar.org. The increased visibility of these returns has led to more than one organization having to face uncomfortable questions from the media or critics because the information they provided on their return does not appear to match their actual activities or finances.

Nonprofit organizations are also required to provide copies of their three most recent returns to any person who asks for them. The copies must be provided on the same day in response to in-person requests and within 30 days in response to written requests. As an alternative to providing copies, the organization may make those returns available on its Web site and refer requesters to that site. These same rules also apply when someone requests a copy of an organization's IRS exemption application.

Most nonprofit organizations also make various state and local filings. These filings are generally a matter of public record. State and local governments are also beginning to post such filings on the Internet, making them more accessible.

**3. Follow ECFA's requirements.** ECFA members are required to provide their most recent audited financial reports to anyone who requests a copy. ECFA members are also required to be truthful in all fund-raising communications, including information related to their financial status.

## *Benefits of Transparency*

Being transparent serves to deter improper diversions of funds and other misdeeds. It also provides a defense to critics and a witness to both believers and non-believers.

When Jesus was arrested, he said to the crowd, "Am I leading a rebellion, that you have come out with swords and clubs to capture me? Every day I sat in the temple courts teaching, and you did not arrest me" (Matthew 26:55 NIV). By doing so, he contrasted the openness of his public actions with the secrecy of his middle-of-the-night arrest.

Paul cites the fact that his deeds were done openly as one basis for his authority over the Thessalonians. "You are witnesses, and so is God, of how holy, righteous and blameless we were among you who believed" (1 Thessalonians 2:10 NIV). Having nothing to hide provides credibility and authority.

> ***"Transparency is a witness to both believers and nonbelievers."***

It is also foolish to believe that because an activity is done secretly, it will remain secret. "Nothing in all creation is hidden from God's sight. Everything is uncovered and laid bare before the eyes of him to whom we must give account" (Hebrews 4:13 NIV). As the Enron, Baptist Foundation, and Hale House situations show, accountability may also come in the more earthly form of government investigations and criminal indictments.

## *What Should Not Be Disclosed*

Should everything a nonprofit organization does be disclosed? Not necessarily. There are privacy and legal concerns that may require an organization to keep certain information confidential.

One example involves the names of donors to the organization. Congress has recognized the importance of donor privacy by requiring the IRS to redact the names and addresses of contributors before releasing the Forms 990/990-EZ of nonprofit organizations. Nonprofit organizations should similarly redact this information before providing copies of these forms to the public. They also should generally redact this information before providing copies of these forms to state or local authorities, as most states and local governments do not have procedures in place to prevent the public release of this information. Disclosure of donor names with the permission of the donors is, of course, permitted.

Another example is the identity of recipients of certain grants or other aid. If an organization makes grants to low-income persons who are HIV positive, it should keep confidential the names of the specific recipients (and may be required to do so by law). Similar concerns exist with respect to medical patients generally and also, in some circumstances, to individual recipients of scholarships and other financial aid. Similar reasons for confidentiality will often exist for deliberations about strategic or legal decisions, and for data about employees.

Information that should be disclosed, however, is the compensation paid to directors, officers, and other senior staff of a nonprofit organization. In fact, nonprofit organizations are required to disclose this information on their IRS Forms 990/990-EZ. Failure to do so completely and accurately can lead to significant penalties.

Will being transparent prevent all scandals? No. But it will provide a strong deterrent to any potential wrongdoers, while at the same time helping your organization maintain its witness and its credibility with the public.

*Lloyd Mayer is a member of Caplin & Drysdale Chartered, Washington, DC, and practices in that firm's Exempt Organizations group. He can be reached at lhm@capdale.com.*

# ECFA is ON THE ROAD

**ECFA will be represented at the following events and meetings:**

| | |
|---|---|
| April 17 | Planned Giving Seminar<br>Tennessee Baptist Foundation<br>Nashville, TN<br>Dan Busby, Workshop Leader |
| May 6-7 | International Committee of Fund-raising Organizations (ICFO)<br>Washington, DC<br>Paul Nelson |
| May 8-9 | Church Tax & Finance Seminar<br>Elim Fellowship<br>Lima, NY<br>Dan Busby, Workshop Leader |
| May 9 | The Urban Institute<br>Washington, DC<br>Paul Nelson |
| June 1-4 | Association of Gospel Rescue Missions<br>Minneapolis, MN<br>David Brugger |
| June 14-15 | ECFA Standards Committee Meeting<br>Dallas, TX |
| July 11 | Church Tax & Finance Seminar<br>Church of God (Cleveland)<br>Louisville, KY<br>Dan Busby, Workshop Leader |

# ECFA Offers New Web Site Features

As we go to press, ECFA's Web site (www.ECFA.org) offers a vastly expanded and fresh look. Designed for the donor public and prospective ECFA members, the site includes the latest news on charitable giving issues, factors to consider when a donor chooses a charity, and a CPA directory where prospective members can find a CPA in their area who also serves ECFA members and much more.

By early summer, a second Web site will be announced for ECFA members. This site will provide articles from the *FOCUS on Accountability* archives and in-depth research on various topics of interest to our members.

# New Accounting Guide Provides Needed Clarification

by Gregory B. Capin, CPA

Gregory B. Capin, CPA, partner in charge of the Atlanta office of Capin Crouse, LLP, serves as chair of the Evangelical Joint Accounting Committee. A revised and expanded edition of the *Accounting and Financial Reporting Guide for Christian Ministries* was recently published by the Committee. *FOCUS* asked Mr. Capin for comments on the importance of the new Guide (see the ad for the Guide on the next page of this issue).

**FOCUS: What is the most significant change from the 1997 edition of the Guide?**

**Capin:** There are hundreds of changes, including information about new accounting pronouncements as well as further clarification and helpful amplification of many issues of concern to ministries. One of the revisions many users will find helpful is the expanded information on faith promises and helpful examples to determine whether a communication to or from a donor is an expression of an intention to give, a conditional promise, or an unconditional promise. This clarification is critical to determine when communications must be recorded as contributions/pledges receivable and income, or not recorded until they are received.

**FOCUS: Is other new guidance provided on the recording of a ministry's revenue?**

**Capin:** There is significant new material in the Guide about reporting revenue such as special events, contributed services, contributions of inventory and other gifts-in-kind, and the contribution of facilities through long-term leases.

**FOCUS: Is there new help for ministries on the topic of functional expense allocations?**

**Capin:** The Guide further clarifies generally accepted accounting principles (GAAP) for allocating expenses on a functional basis, including additional guidance on the reporting of program and fund-raising expenses, and the costs of joint activities.

**FOCUS: Is there new guidance for the recording of investments and property equipment?**

**Capin:** The Guide clarifies GAAP for reporting investments of other than those with readily determinable fair values and debt securities. It also clarifies the recording of plant and equipment when there is an absence of historical cost records.

**FOCUS: Is there new material on related organizations?**

**Capin:** There is significant new material in this Guide on disclosures pertaining to related parties. The provisions of AICPA Statements of Positions (SOP) 94-3 and Financial Accounting Standards Board (FASB) Statements relating to affiliated ministries, including developing organizations and related party disclosures have been clarified.

**FOCUS: What else will users of the new Guide find beneficial?**

**Capin:** A first-time chapter on Canadian accounting and tax principles that compares and contrasts those principles with U.S. standards will be very helpful to many ministries. In addition, the appendices and exhibits have been updated and expanded to include helpful financial statement examples with footnotes. Additionally, the new user-friendly size and extensive index make this Guide easier to use than any earlier edition.

With all these changes, this Guide should be on the shelf of every ministry financial executive and ministry auditor.

# MEMBER NEWS

## Changes to ECFA's Membership

### New Members:

1. **ChinaSource,** Fullerton, CA
2. **Christian Counseling Center,** Grand Rapids, MI
3. **Conejo Valley Women's Resource Center,** Thousand Oaks, CA
4. **Dad the Family Shepherd,** Little Rock, AR
5. **Evangelical Christian School of Memphis,** Cordova, TN
6. **Evangelical Church Alliance,** Bradley, IL
7. **Globeworks International Ministries,** Birmingham, AL
8. **God's Great Outdoors,** West Milton, OH
9. **Grace Mission,** Royal Palm Beach, FL
10. **Inner City Youth,** Houston, TX
11. **Jewish Believers in Jesus,** Snellville, GA
12. **Leadership Catalyst,** Phoenix, AZ
13. **MentorLink.org,** Raleigh, NC
14. **MPrint,** Nolensville, TN
15. **National Christian Foundation,** Atlanta, GA
16. **NorthRidge Church,** Plymouth, MI
17. **Pregnancy Life Care Center,** Raleigh, NC
18. **Russian-American Christian University/US,** Wheaton, MD
19. **San Diego ROCK Church,** San Diego, CA
20. **Sons of Thunder,** Clarksburg, MD
21. **Texans for Life Coalition,** Irving, TX

### Name Changes:

1. **The Bible League,** Chicago, IL is now Bible League
2. **Bill Glass Ministries,** Dallas, TX is now Champions for Life
3. **Christian Service Brigade,** Wheaton, IL is now CSB Ministries
4. **EAPE/Kingdomworks,** St. Davids, PA is now EAPE (The Evangelical Association for the Promotion of Education)
5. **World Evangelical Fellowship,** Wheaton, IL is now World Evangelical Alliance

### Voluntary Resignations:

1. **Bachman Learning Center,** McDonald, TN
2. **Food for the Poor,** Deerfield Beach, FL — Statement of Faith
3. **Houston Graduate School of Theology,** Houston, TX — Statement of Faith
4. **Lincoln Christian College & Seminary,** Lincoln, IL
5. **Mainstay Ministries,** Wheaton, IL
6. **Portland Christian Schools,** Portland, OR