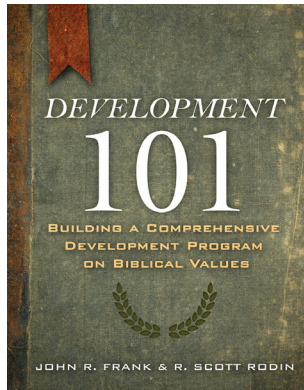


## TOOL #8: The Board's Annual Fundraising Audit

Use this TRUE OR FALSE annual audit as a first step in assessing if the ministry is communicating giving opportunities with integrity and accuracy—and whether or not the board understands and affirms the ministry's current fundraising practices.



From Chapter 3:  
“The Role of the Board  
in Development”

The authors recommend that boards develop reporting, measurement, and accountability tools regarding expectations between the CEO, the board chair, and the Chief Development Officer—and set policy and budgets according to those expectations.

“By having solid reporting tools tied to your key performance metrics, you will be able to spot trouble early and respond.”<sup>1</sup>

## Excellence, Authenticity, and Great Care

### A Theology of Development

Does your ministry conduct God's work with a spiritual intentionality? Here is an excerpt from a “Theology of Development” statement, by John Frank and R. Scott Rodin, which many Christ-centered boards have affirmed. The full document gives guidance to the CEO, the Chief Development Officer, and the board to ensure that all fundraising practices are in alignment with the ministry's mission, vision, values, and theology.

Because we know the Owner

and are called to serve the Owner,  
our desire is to be a blessing to our ministry partners  
and to carry out our work with the highest level  
of skill and excellence of which we are capable.

For us this means that fundraising  
God's way  
should be conducted with  
excellence, authenticity, and great care and concern  
for those we serve.<sup>2</sup>

<sup>1</sup> John R. Frank and R. Scott Rodin, *Development 101: Building a Comprehensive Development Program on Biblical Values* (Colbert, WA: Kingdom Life, 2015), 34.

<sup>2</sup> *Ibid.*, 143–48.

## The Board's Annual Fundraising Audit



### 10 Statements the Board Must Address Annually

Your board should expect clarity and honesty from the CEO, the Chief Development Officer (CDO), the CFO, staff, and all of the board's committees. To provide clarity—so board members understand basic fundraising issues and fundraising trends—the information should be presented with a variety of approaches (for the diverse learning styles of your board members) and can include verbal and written reports, dashboards, and graphs. But there's another important step—an annual checklist.

**TRUE OR FALSE?** Here are 10 statements that can be adapted for your ministry. Ask your CFO and CDO to provide the answers for the question, "How does the board know?" Ultimately, of course, for the board to have faith and trust in the accuracy and veracity of the answers to these statements—the board will be dependent on the honesty and integrity of the CEO and the staff.

Adapt these statements for your ministry—and review the answers at least annually.

See pages 76–77 for a sample completed fundraising audit.

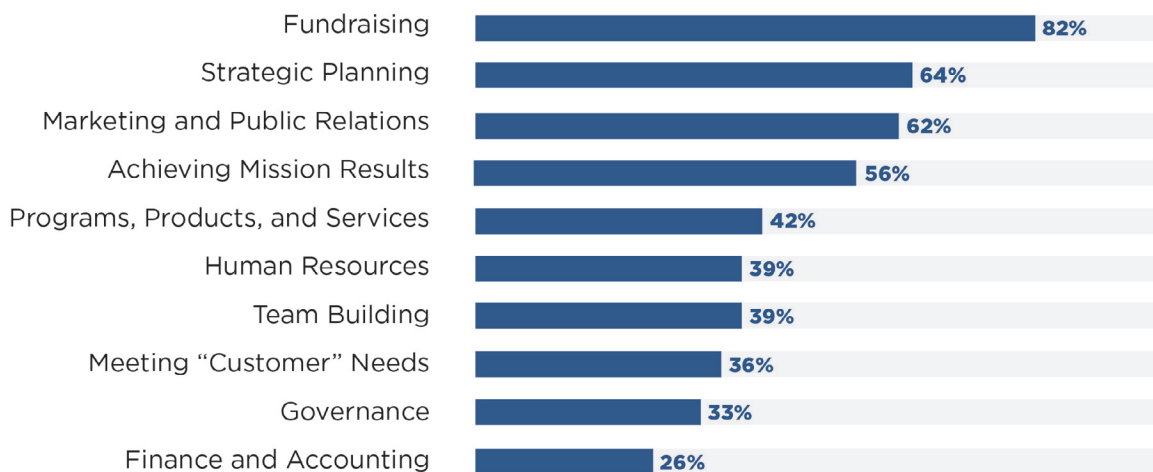
| The Board's Annual Fundraising Audit                                                                                                                                                                         | True/<br>False | How does the board know? |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------|
| 1. The board knows if in securing charitable gifts, all representations of fact, descriptions of the financial condition of the organization, or narratives about events are current, complete and accurate. |                |                          |
| 2. The board understands the ministry's fundraising program relating to raising restricted donations.                                                                                                        |                |                          |
| 3. The board knows if statements made about the use of gifts by the ministry in its charitable gift appeals are always honored.                                                                              |                |                          |
| 4. The board is aware of communication being shared with givers concerning the potential of over-funding or under-funding of projects for which funds are being raised.                                      |                |                          |
| 5. If the ministry is raising funds using a matching gift approach, the board knows if the initial matching funds were "at risk."                                                                            |                |                          |

| The Board's Annual Fundraising Audit                                                                                                                                                 | True/<br>False | How does the board know? |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------|
| 6. The board knows if staff or external fundraisers are being compensated on the basis of a percentage of funds raised.                                                              |                |                          |
| 7. The board knows if the ministry always provides gives appropriate and timely charitable gift acknowledgments.                                                                     |                |                          |
| 8. The board knows if the ministry is providing a report, upon written request, including financial information on any specific project for which it has sought or is seeking gifts. |                |                          |
| 9. The board is compiling, analyzing, and leveraging giving data to serve and support its giving base.                                                                               |                |                          |
| 10. The board is aware if the ministry provides a copy of the most recent year-end financial statements to anyone upon request.                                                      |                |                          |

**Boards Rank Fundraising as Their Greatest Need**

**Which areas, from these 10 choices, need the greatest improvement in your ministry? (5 choices allowed per survey participant)**

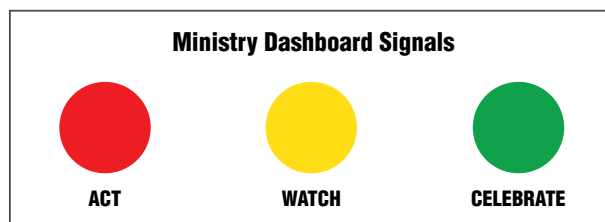
ECFA Research Says...



**Sample completed Board's Annual Fundraising Audit<sup>3</sup>**

| The Board's Annual Fundraising Audit                                                                                                                                                                         | True/<br>False | How does the board know?                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. The board knows if in securing charitable gifts, all representations of fact, descriptions of the financial condition of the organization, or narratives about events are current, complete and accurate. | T              | The Chief Development Officer verified this is true in his report to the board dated September 30.                                                             |
| 2. The board understands the ministry's fundraising program relating to raising restricted donations.                                                                                                        | T              | In the 4th quarter board meeting each year, the Chief Development Officer provides an update of the projects for which the ministry solicits restricted gifts. |
| 3. The board knows if statements made about the use of gifts by the ministry in its charitable gift appeals are always honored.                                                                              | T              | The Chief Development Officer verified this is true in his report to the board dated September 30.                                                             |
| 4. The board is aware of communication being shared with givers concerning the potential of over-funding or under-funding of projects for which funds are being raised.                                      | F              | Staff has not confirmed this information to the board.                                                                                                         |
| 5. If the ministry is raising funds using a matching gift approach, the board knows if the initial matching funds were "at risk."                                                                            | T              | The Chief Development Officer verified this is true in his report to the board dated September 30.                                                             |

| The Board's Annual Fundraising Audit                                                                                                                                                 | True/<br>False | How does the board know?                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------------------------------------------------------------------------------------------|
| 6. The board knows that staff and external fundraisers are not being compensated on the basis of a percentage of funds raised.                                                       | T              | The Chief Development Officer verified this is true in his report to the board dated September 30. |
| 7. The board knows if the ministry always provides gives appropriate and timely charitable gift acknowledgments.                                                                     | T              | The Chief Development Officer verified this is true in his report to the board dated September 30. |
| 8. The board knows if the ministry is providing a report, upon written request, including financial information on any specific project for which it has sought or is seeking gifts. | T              | The Chief Development Officer verified this is true in his report to the board dated September 30. |
| 9. The board is compiling, analyzing, and leveraging giving data to serve and support its giving base.                                                                               | F              | Only giving totals are provided to the board with no breakdown of gifts by gift size.              |
| 10. The board is aware if the ministry provides a copy of the most recent year-end financial statements to anyone upon request.                                                      | T              | The Chief Development Officer verified this is true in his report to the board dated September 30. |



<sup>3</sup> Read more on dashboards in Lesson 5 – “Dashboards Are Not a Secret Sauce for Sound Governance” from *More Lessons From the Nonprofit Boardroom: Effectiveness, Excellence, Elephants!* by Dan Busby and John Pearson (Winchester, VA: ECFAPress, 2019), 28–34.