

AGRM

ECFA Standards of Responsible Stewardship for Members

Standard #1—Doctrinal Statement

Every member organization shall subscribe to a written statement of faith clearly affirming its commitment to the evangelical Christian faith and shall conduct its financial operations in a manner which reflects those generally accepted Biblical truths and practices.

Standard #2—Board of Directors and Audit Review Committee

Every member organization shall be governed by a responsible board of not less than five individuals, a majority of whom shall be other than employees/staff and/or those related by blood or marriage, which shall meet at least semi-annually to establish policy and review its accomplishments. The board shall appoint a functioning audit review committee, a majority of whom shall be other than employees/staff and/or those related by blood or marriage, for the purpose of reviewing the annual audit and reporting its findings to the board.

Standard #3—Audited Financial Statements

Every member organization shall obtain an annual audit performed by an independent public accounting firm in accordance with generally accepted auditing standards (GAAS) with financial statements prepared in accordance with generally accepted accounting principles (GAAP).

Standard #4—Controls for Transferring Contributions

Every member organization shall exercise management and financial controls necessary to provide reasonable assurance that all resources are used (nationally and internationally) to accomplish the exempt purposes for which they are intended.

Standard #5—Financial Disclosure

Every member organization shall provide a copy of its current audited financial statements upon written request.

Standard #6—Conflicts of Interest

Every member organization shall avoid conflicts of interest. Transactions with related parties may be undertaken only if all of the following are observed; 1) a material transaction is fully disclosed in the audited financial statements of the organization; 2) the related party is excluded from the discussion and approval of such transaction; 3) a competitive bid or comparable valuation exists; 4) the organization's board has acted upon and demonstrated that the transaction is in the best interest of the member organization.

Standard #7—Fundraising

Every member organization shall comply with each of the ECFA Standards for Fund Raising:

7.1 Truthfulness in communication: All representations of fact, description of financial condition of the organization, or narrative about events must be current, complete and accurate. There may be no material omissions or exaggerations of fact or use of misleading photographs or any other communication which would tend to create a false impression or misunderstanding.

7.2 Communication and Donor Expectations: Fundraising appeals must not create unrealistic donor expectations of what a donor's gift will actually accomplish within the limits of the organization's ministry.

7.3 Communication and Donor Intent: All statements made by an organization in its fundraising appeals about the use of the gift must be honored by the organization. The donor's intent is related to both what was communicated in the appeal and to any donor instructions accompanying the gift. Organizations should be aware that communications made in fundraising appeals may create a legally binding restriction.

7.4 Projects Unrelated to a Ministry's Primary Purpose: When an organization raises or receives funds for programs that are not part of its present or prospective ministry, it should either treat them as restricted funds and channel them through an organization that can carry out the donor's intent or return the funds to the donor.

7.5 Incentives and Premiums: When appeals for funds offer premiums or incentives, the value of which is significant in relation to the amount of the donation, the donor should be advised of any non-deductible value of the premium or incentive for tax purposes.

7.6 Reporting: If requested, an organization must provide a report on the project for which it is soliciting gifts.

7.7 Risk Capital and Fundraising: Use of risk capital to finance a fundraising project is specifically prohibited where return or compensation is tied directly or indirectly to the amount of income derived from tax deductible gifts to the project.

7.8 Percentage Compensation for Fundraisers: Compensation of anyone involved in the fundraising process may not be based directly or indirectly on a percentage of what is raised or any other contingency agreement.

7.9 Tax Deductible Gifts for a Named Recipient's Personal Benefit: Tax deductible gifts may not be used to pass money or benefits to any named individual for personal use, or to pay tuition or other expenses which should be a personal expense (i.e. expenses not included in the authorized salary or budgeted account of the applicable ministry or project).

7.10 Conflict of Interest on Royalties: Avoid conflicts of interest by non paying royalties for a copyrighted product to office, director, or other principal of the organization in instances where that product is used for fundraising and/or promotional purposes by the nonprofit organization.

7.11 Acknowledgment of Gifts in Kind: When property or gifts in kind are received by an organization, the acknowledgement should describe the property or gift accurately without a statement of the gift's market value. It is the responsibility of the donor to determine the fair market value of the property for tax purposes.

7.12 Percentage of Overall Fundraising Costs in Comparing Christian Organizations: Percentage guidelines for fundraising costs cannot be used as standards to compare one organization to another because costs must be evaluated separately for each organization according to the following variants:

- Length of donor cultivation.
- Cost of name or donor acquisition.
- Different allocation methods for determining program, management and fundraising costs.
- Existence of low-cost fundraising activities by some organizations.

7.13 Acting in the Interest of the Donor: In dealing with prospective deferred gift donors, every effort must be made to avoid accepting a gift or entering into a contract which would knowingly place a hardship on the donor, or place the donor's future well-being in jeopardy.

7.14 Financial Advice: When dealing with persons regarding commitments on major estate assets, the representative of the organization must seek to guide and advise donors so they have adequately considered the broad interests of the family and the various ministries they are currently supporting before they make a final decision. Donors should be encouraged to use the services of their attorneys or accountants. If any of these standards are not in keeping with legal or accounting requirements in countries other than the United States, it is understood that the governmental and accounting requirements in these countries take precedent.

I certify that Union Gospel Mission of Salem, OR complies with the above checked standards of the ECFA.



President/CEO

Date: 04-01-2010