

the GATHERING

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The Gathering serves individuals, families and foundations in expanding their vision and effectiveness in giving to Christian ministries.



by Gordon Robertson



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President of CBN WorldReach. He is the executive producer and co-host of the 700 Club. The son of Pat and Dede Robertson, he is a graduate of Yale University and has a Juris Doctor degree from Washington and Lee University. He and his wife, Katharyn, and their three children live in Norfolk, Virginia.

FAMILY ISSUE

7 Principles of a Life God Blesses

I had the good fortune of being raised by Christian parents, with Christian grandparents, and Christian great-grandparents – all of whom instilled into me the concept that the key to LIFE was to be BLESSABLE. Life does not consist of the amount of possessions you have – it does consist of how much you trust Jesus with everything. Here are just a few of the lessons that my parents taught me and that I am trying to teach my children.

1. Transfer Ownership of All You are and Own to God

The very first key to LIFE is to believe and declare this truth: I don't own anything. Our properties, possessions, money, even our bodies and our time are all on loan. They are ours temporarily as a stewardship, for which we are to give an account at the end of our lives. It all belongs to God. The Bible says: "The earth is the Lord's and all it contains, the world and those who dwell in it." (Psalm 24:1) I didn't really learn this lesson until I was 35 years old, and every once in a while, I still have to remind myself of this essential truth. If you are serving "me, myself and I" – then you are serving the wrong trinity.

2. Live Righteously – Obey God's Commands

You can give to the Church, care for the poor, tithe to the Lord, but if you're cheating on your spouse, stealing, being dishonest, living im-

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The Six Marks of an Effective Giver



Whether you are convening a new family giving meeting for the first time or your family has been meeting and talking through giving issues for many years, we thought this article from a previous newsletter would be useful to you. The principles are worth discussing as a family – especially if you have formed a family foundation.

Last year, The Gathering convened a group of funders and ministry heads from around the country to talk about how to define effective giving. What made the conversation unique was the candid insights from the various ministry heads about their experiences with effective and ineffective funders. At the end, we condensed the conversation into six basic principles.

FIRST PRINCIPLE: *One who takes a long-term perspective and is willing to make the commitment to learn about issues and organizations through study and personal interaction.* Great funders know the importance of time and experience. Ministries are more than willing to be a part of your “learning curve” if you let them know that you are not looking for easy answers or quick solutions. Once you have the respect such competence brings a whole new level of opportunities opens up to you. Peter and Gail Ochs and Rob Martin at FirstFruit have developed such a reputation for long term commitment and innovative partnerships with ministries.

SECOND PRINCIPLE: *One who has developed a particular passion that is personal and a style of giving that suits them uniquely.* One of the great temptations of inexperienced funders is simply to copy the practices and procedures of veteran funders. While there are things to be learned from them, the best funders develop their own unique style of funding and become comfortable with it. As well, instead of being all over the map or responding to every request, the best funders come to an understanding about the areas of their particular passion and work to make a difference there. They are able to say “no” by learning how to say “yes” to the right things. Dennis and Eileen Bakke at the Mustard Seed- Foundations have a style and passion that have been refined over the years and from the very start been more entrepreneurial than many foundations- and it works.

THIRD PRINCIPLE: *One who builds genuine relationships with organizations even though it is difficult.* There are enormous pressures on funders and organizations to play games, manipulate, and create barriers. The most effective funders are those who have learned how to pursue and cultivate genuine relationships in spite of the pressures and difficulties that are always there. It is hard work and requires honest communication and trust, but makes for productive grants long term. Marty Moore at the Moore Foundation in Indianapolis has worked with numerous organizations in this way.

FOURTH PRINCIPLE: *One who prizes accountability for both the giver and the grantee by being clear about expectations up front and having regular reviews.* We’ve all heard about one way accountability where the ministry is accountable to the funder but there is an increasing number

“The most effective funders are those who have learned how to pursue and cultivate genuine relationships in spite of the pressures and difficulties that are always there.”



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DAVID ROBINSON

2003 NBA MVP, FORMER CENTER
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 FOUNDER OF THE DAVID ROBINSON
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of funders who believe two way accountability is even healthier. The question "Did we do what we said we were going to do?" is appropriate for everyone and keeps funders from making different rules for themselves than they do for the ministries. Nothing is more valuable than consistent communication and reporting between funders and ministries. Ron Williams at Cornerstone Trust is a great example of staying in touch and being clear about expectations.

FIFTH PRINCIPLE: *One who is focused and works to get good at a few things. The best and most respected funders develop a particular competency for which they are known.* They do not try to be competent in everything. They develop a reputation for being a great resource for other foundations as well. If you want to know about public policy funding you talk with Steve Ferguson at Fieldstead. If you want to know about ministries in the Northwest, you touch base with Cary Paine at Stewardship.

SIXTH PRINCIPLE: *One who has integrity by telling the truth and honoring commitments.* It's easy to lead a ministry along and then pull the rug out when things do not go exactly your way. It's easy to make a multi-year commitment and then lose interest in the project and create an excuse for withdrawing support. Typically, ministries are intimidated by the power of foundations and will feel powerless to say anything. The funders most respected by ministries and their own peers are those whose word is their bond and who do not need a contract to enforce their commitments. The MacLellan Foundation's reputation for honesty, forthrightness and long term commitments during hard times is a great example for any funder to study. **TC**

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Site Visits with the Stepelton's at the Festus and Helen Stacy Foundation

A site visit is much, much more than an intellectual tool for grant making and without it our foundation would sorely miss out as we strive to excel in giving.

How do you approach site visits as a family?

Our "family" for site visits includes Doug and Virlee Stepelton, our sons and Program Directors, Sean and Brett Stepelton, and our Stacy Foundation Grant Manager, Sharon Bizzell.

We do approach site visits as a very serious matter as we work with ministries. We know that our due diligence in the office: personal meetings with

ministry leaders, phone calls, strategy sessions, emails and faxes is key, but there is nothing like a site visit to make the picture clear and complete. As trustees we have a fiduciary responsibility and must be accountable for our giving to God, ourselves, and to the government. Site visits complete this responsibility. Sometimes they are the icing on the cake and sometimes the visit is even the whole cake as we pray to determine where God wants us to give His money and help to bless His work.

First we argue a little over who gets to go! Then usually two of us will attend a local visit. This way it is more streamlined and not overwhelming to the ministry, yet it affords the Board a clear view from two vantage points. Locally we often do a site visit before asking for a complete proposal. If the ministry is out of state the Program Director for that ministry does the site visit before funding. Nationally, we approach the visit by determining the availability and desire of the entire Board of Directors, which is our family.

Preparation for a site visit is important. Know exactly what your giving background is with that specific ministry partner and where you think you want to go. The visiting experience may change your direction but at least you will go in with a clear view of your current status.

Does each person approach site visits differently?

Oh yes! A family such as ours and probably yours is very much a testimony to the way God arranges us all to do His balanced best. (1 Corinthians 12:12, 20) Often we see the exact way God uses our different spiritual gifts, personalities and passions to form our unified decisions that truly are better than a single decision on any of our parts. Praise the mighty name of Jesus!

Vee always wants to see and know "how are you reaching them with the gospel, are you reaching the unreached?" Doug always wants to see the impact and know percentages reached and helped (before I get to heaven).

Sean always wants to know how much bang we get for our buck and if our grant went to where they said it was going.

Brett always wants to know how strategic it is and who their funding partners in ministry are.

We all want to see the ministry come alive and leave with a renewed confidence that God has a strong work there and plans for future growth.

What all is involved in a site visit? How much time do you usually spend, etc.?

Site visits have ranged from our walking down the hall to the four ministries housed in our office buildings to taking 19 flights and 37 days around the world during February before the Iraq war. On that trip we flew to London, Kenya, Uganda, Egypt, Saudi Arabia, Bombay-Delhi-Calcutta in India, Bangladesh, Hawaii and back to America to visit our international ministries. I'm sure some thought we were crazy and it is true we didn't see other Americans during that pre-wartime but it was truly God's time and trip for us. It was one that we shall always remember for seeing the world through the eyes of our precious Lord and Savior.

A local site visit takes approximately 2 hours but an international visit might take 1-2 days or more. The time taken is always dependent on the importance of the grant possibility. Also, some grants are simple in comparison to those which may take many different turns, alternatives, etc. We basically go to soak up information, which cannot be received through a written report. This might include evaluating the facilities, the enthusiasm and professionalism of the staff, their heart for God and so forth. When you go to the site you are also able to interview various staff at will and learn from their different perspectives. Also, on site everyone's defenses seem to be laid aside to a larger degree and comments flow in a truthful, more unstructured fashion. This allows for some revelations that you would never be able to get otherwise.

What are you looking for when you're visiting a ministry?

We are looking for testimonies and actual impact. We want to see how the ministry is reaching out to the people they are helping with the gospel. Is it working and how do they know it is working? We like to see it

working and if it isn't working we are glad to know that also and understand the problems. We like to view interaction; for instance, in foster care we like to visit the homes, meet the kids and house parents. With the homeless we want to visit the shelter/apartments and interact with the families. With prison ministry we are in the prisons. We like to see where the leaders work and get a sense as to whether or not their environment speaks of Christ and is getting things accomplished for His Kingdom.

One can tell a lot about a friend by spending some time in their home. It is the same with a ministry, for as you look on the walls within or view staff interaction or hear an impromptu story or analysis, etc. you gain a deeper understanding of the true heart and life of that ministry. Likewise, if things seem to be out of order during a site visit it most often becomes readily apparent and is not as easily masked as it might be in a written report. One time the wife of a team coming to us for a substantial grant exploded at the very mention of considering more church involvement. Their application was full of summaries of their Christian background and such but after one visit there was no doubt that their goals weren't those of our foundation. People can be amazingly transparent in their own setting. The time taken for visits to their home grounds is well worth it.

A site visit helps to break down the barriers associated with the grantor/grantee relationship. It can elevate the ministry as the funding person walks hand in hand with the ministry on their territory. This is a valuable tool as we always strive to learn the truth and do the best in unity.

Nothing compares to seeing God's work being done in the field by the Christian Soldiers whose courage and passion to spread the love of Jesus far surpass ours. Even though we think our passion is great, theirs is the greater sacrifice and our job is really to not only dissect their work in the field and determine whether or not it is worthy of our grants but even more to encourage and honor the field workers as we visit their work. During our many visits we can always see that the ministry leaders are encouraged

as we extend a caring word or hand. This encouragement comes as they know we are considering financial support for their work; however, it also takes on the presence of a more tremendous bond of caring and unity as we work side by side for the same purpose in Christ.

What is the value of a site visit for your family?

We are at the ministry site to learn from the Master for through each site visit God speaks to us. He fills us with His wisdom and educates us in powerful ways. A site visit is much, much more than an intellectual tool for grant making and without it our foundation would sorely miss out as we strive to excel in giving. Occasionally we struggle with getting out of our office to make time for a visit but always, upon our return, it is clear that our trip into the “real world of ministry” was essential. That old struggle to stay within our comfort zone and be surrounded in the business of those emails, reports, and such do really impede our work; we must always pray about that and “get out of the boat... if we want to walk on water!”

The value of a site visit for our family is really immeasurable. It is often a pat on the back for the right direction we are taking. It is often a motivation that compels us to seek further information or another direction. It always brings to life the picture of what we are really doing. It unites us often with a passion that allows us to increase our love for our work. As in Calcutta, for instance, it affords us the opportunity to say thank you to people who we otherwise wouldn't be able to meet. For them to know we, as their major donor, traveled around the world to see them spoke volumes. It gives us a time to say, “Great job, well done, you are important in God's Kingdom”. On the other hand the excitement we personally have experienced in seeing the face of Jesus in a Christian worker, a foster child, an evangelist, a church planter, third world Pastors, a praying poverty stricken mother in Haiti, tells us that we are in the right business. The time spent in the field pushes us to improve what we do as we hear God's voice and see His face.

The Good Lord gives us His plan to prosper us and to give us hope and a future (Jeremiah 29:11). When we can see this happening right in front of our eyes there is very little that can compare. Jesus is at work and going strong in our site visits and our family is blessed to see it happening out there! We highly recommend site visits and thank God for the opportunity to make them. ■

We all like lists, so here is one Ron Williams of Cornerstone Trust sent along from John Edie, former Senior Vice-President and General Counsel for the Council on Foundations. If you want to know more you may contact John at john.edie@us.pwc.com.

1. Paying travel expenses for family members for non-foundation business.
2. Accepting free tickets to a fund-raising event or purchasing tickets with foundation money.
3. Hiring family members.
4. Conflicts of interest and self-dealing.
5. Grants to non-charities.
6. Use of fiscal agents.

Since the Internal Revenue Code 501(c)(3) prohibits private inurement in the form of unreasonable compensation, how can a foundation, or charity, reduce the risks that what is being paid to an employee, or an outside contractor will not be deemed by the IRS to be unreasonably high, and thus constitute private inurement?

presumption that the compensation it pays is not an excess benefit. The regulation does not serve as a complete safe harbor, but does shift the burden to the IRS to disprove the presumed compliance.

Three steps must be followed to establish the presumption:

ASK TERRY

By: Terry Parker, Retired Attorney At Law



Over the years a body of law has developed regarding private inurement, the edges of which unfortunately, are not abundantly sharp. The basic standard for compensation or a transfer of property is that it must be reasonable, which the IRS and the courts have in general defined to mean comparable to the compensation of similarly situated individuals in similar organizations under similar circumstances.

This is a difficult standard to assure that one has met; moreover, prior to 1996, the IRS rarely found that the standard had been breached because its only option in that event was to completely remove the offending organization's tax exempt status—the “death penalty”. In response to the problem Congress passed Code Section 4958 in 1996, and the IRS promulgated regulations under that Section in 2002. Section 4958 creates a series of fines, or “intermediate sanctions” for what that Section calls “excess benefit transactions”. Thus the IRS now has a tool that is “intermediate” between doing nothing and administering the “death penalty”.

The regulations define excess benefit transactions more clearly than private inurement has been defined and they contain “safe harbors” which, if followed, should protect an organization from intermediate sanctions. In essence, an excess benefit transaction is one in which an economic benefit flows from the exempt organization, directly or indirectly, to a disqualified person; and the value received exceeds the value of the services or property provided in return. “Disqualified persons” include anyone with the ability to exercise substantial influence over the organization, as well as those persons' family members.

Section 53.4958-6 of the Regulations lay out a procedure whereby an organization can create a rebuttal

(1) an authorized body of the organization, which cannot include anyone with a conflict of interest, such as a business associate or member of the family of the disqualified person, must approve the transaction in advance;

(2) The body must rely on appropriate comparability data prior to making the determination; and

(3) That body must adequately document the basis for its determination concurrently with making it.

The regulations go on to detail how these three steps must be followed. Relevant comparability information includes compensation levels paid by similarly situated taxable and tax exempt organizations for functionally similar services, availability of similar services in the geographic area, current compensation surveys compiled by independent firms, and actual written offers from competing institutions.

Adequate documentation will include the terms of the approved contract, the date it was approved, the members of the deciding body who were present for that approval and who voted on it, the comparability data obtained and relied upon by that body and how the data was obtained, any actions taken on the matter by anyone who had a conflict of interest and the basis for any variance from the comparability data.

Accordingly, it is generally recommended that your Board:

(1) Gather comparability data;

Retired Attorney and Senior Partner at Womble, Carlyle, Sandridge and Rice.

Terry Parker is also the founder of the National Christian Charitable Foundation in

Atlanta, Georgia.

(2) Draft minutes for the Board of Directors approving the engagement that recite the general terms of the engagement, the date of approval, the names of the directors present and who voted, the results of the survey and that no director who voted was under a conflict of interest;

“...a body of law has developed regarding private inurement, the edges of which... are not abundantly sharp.”

(3) Draft minutes authorizing the officers to sign any documents necessary to carry out the transaction or employment; and

(4) Be sure that the minutes describe sufficiently the action being taken; the employment terms; and any other details relative to the transaction which would tend to further establish this relationship.

Many of The Gathering participants serve on the boards of not-for-profit organizations who regularly engage in contractual relationships with outside contractors; and which employ fairly high paid internal executives. It would be advisable that you, as a Board member, encourage the foundations and charities where you are involved to always seek to come under the safe harbor rules. It might seem a little time consuming during the process, and perhaps might even involve some additional expense, but the headaches it can prevent down the road are well worth the effort. Also, for Private Foundations, following these guidelines will generally protect you from the self-dealing rules of the code when it comes to compensating family members for services as employees of your Private Foundation (except, of course, since usually all of the Board members are related, that part of the guidelines on voting probably can't be followed). TG

From Father to Son

Too many times the first meeting of a new family foundation starts with the question of what to do with the money. I recently read the

“...there is no doubt in my mind that the foremost focus for his life was God, and that Dad was attempting to create a legacy for our family to give back our abundant blessings to others.”

remarks of a son who has assumed the responsibilities of leadership in a family foundation that was funded upon the death of his father. I've excerpted several of his remarks because they are wise and instructive for those Gathering participants in similar circumstances.

“In order to establish a common starting point, I thought it would be appropriate to share with you the insight I gained in working with Dad on the Foundation over the last four years, These are only my perceptions and thoughts and I, in no way, intend to “shape” the Foundation without your shared vision. In reflecting back on Dad's life, I truly believe his ambition was to please God by living a selfless life – thinking of others' needs before his own. When he established the Foundation, there is no doubt in my mind that

the foremost focus for his life was God, and that Dad was attempting to create a legacy for our family to give back our abundant blessings to others. As each of us join together to perpetuate this legacy, we should each ask ourselves these three questions:

1. Who is the source of all my blessings?
2. Who do I see as the protector of all my blessings?
3. Can I share my blessings with others?

As a Board we need to determine who we are as a foundation and then use the money to express that vision.

We need to identify the core family values which will serve as the guiding principles in extending grants. This means the values of the family are at the heart of the foundation. These values will define our donor intent instead of specific causes. Values should never change, while specific causes will always change.

As a family foundation, we will need to develop a mutual understanding and respect for how the family works together. We will need to find a way to incorporate the variety of gifts, interests and passions of each board member.

Does “foundation” mean we see ourselves as addressing needs and opportunities in an organized way with genuine thought and some strategy or does it mean a charitable checkbook for requests from family and friends?

Developing our identity as a family foundation will be challenging work which will ultimately lead to a clear purpose and vision for future generations of our family. It is indeed an honor and a privilege for me to work with each of you in shaping a family foundation that will perpetuate the legacy of giving that Dad so desired. TG

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morally, then you cannot have God's blessing and you will not have LIFE. Jesus Christ promised us everything if we live righteous lives: "Seek first His Kingdom and righteousness and all these things will be given to you as well." (Matthew 6:31-33)

3. Pray

When I was growing up, every morning I would come down the stairs to find my father praying. He started every day with prayer and reading the Bible. "My sheep hear My voice, and I know them, and they follow Me." (John 10:27-28) So often, we don't spend enough time listening to God and our prayers are all about our plans, our complaints or our needs. One of the great prayers that my father taught me is: "God, I want to be a part of your plan." If you really mean that prayer, get ready for an adventure.

4. Learn

The Bible commands us to get wisdom: "Get wisdom! Get understanding! Do not forget, nor turn away from the words of my mouth. Do not forsake her, and she will preserve you; Love her, and she will keep you. Wisdom is the principal thing; Therefore get wisdom. And in all your getting, get understanding. Exalt her, and she will promote you; She will bring you honor, when you embrace her. She will place on your head an ornament of grace; A crown of glory she will deliver to you."

(Proverbs 4:5-9)

Keep in mind that wisdom doesn't necessarily come in a classroom – getting a college degree is worthwhile – but getting wisdom and true understanding is even better. As Mark Twain said, "I never let my schooling get in the way of my education."

5. Work Hard

God created us to be conscientious workers. In the Book of Genesis, He commanded Adam to work the earth and "subdue it." He told the Israelites to work six days a week and rest on the seventh day. The apostle Paul, writer of the Epistles, was a highly educated religious leader and cross cultural missionary, but he was also a hardworking tentmaker. Paul tells us "whatever you do, do it heartily, as to the Lord and not to men, knowing that from the Lord you will receive the reward of the inheritance; for you serve the Lord Christ." (Colossians 3:23-24)

6. Give

God promises to bless us when we give. The Gospel of Luke tells us "Give and it will be given back to you. A good measure, pressed down, shaken together and running

over, will be poured into your lap." (Luke 6:38) God wants to use our wealth to further His Kingdom on earth, and when we cooperate with Him, He promises to entrust even more to us. Let the tithe of 10 percent be just the beginning – once you start the adventure of giving, you will find a whole universe of possibilities.

7. Keep the Sabbath

The Sabbath was made for you. You need a day every week to rest and to reflect – it is also wonderful to spend time in a community of believers. Whenever I feel that I'm stressed – which is all too common for many of us today – it is usually because I did not truly rest on the Sabbath. Take a day off every week – you have earned it and God has commanded it. **TC**

*And God is able
to make all grace
abound to you, so
that always having
all sufficiency in
everything, you
may have an
abundance for
every good deed.*

2 CORINTHIANS 9:8

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PARTING SHOT by Joseph A. Brown



"They are asking how much the foundation staff gives personally!"