the GATHERING

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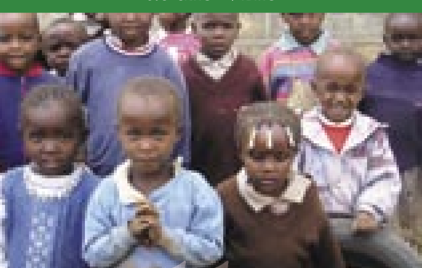

page 11 What No One Else Can Do About AIDS

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

Steven Curtis Chapman with three of his six children, Shaohannah, Stevey Joy and Maria. Steven will lead Thursday night special worship and give his testimony Friday morning at The Gathering's 2005 Annual Conference.

"And whoever welcomes a little child like this in my name welcomes me."

Matthew 18:5

Hope

DOES NOT DISAPPOINT

Emily Chapman is a determined young woman. On a mission trip to Haiti, she felt God's nudging that her family should consider adoption. For almost two years, Emily campaigned for her mom and dad to adopt a baby. At first, they resisted the idea and even laughed at it, but after spending a lot of time contemplating the idea, as crazy as they thought it was, Steven Curtis Chapman and his wife, Mary Beth, were inspired to extend their family through the miracle of adoption. This is a miracle they have now personally experienced three times, and through their foundation, Shaohannah's Hope, the Chapmans are assisting countless families across the nation in bringing home one of God's children as their own.

Throughout the adoption process, the Chapmans realized that many qualified families are eager to adopt but cannot simply due to the lack of upfront finances required. Mary Beth saw this urgent need and worked to find ways to provide the much-needed funds to assist families in their adoptions. As word spread, the need outgrew personal efforts, and Shaohannah's Hope was born. Named for the Chapman's first adopted daughter, Shaohannah's Hope began by giving direct grants to families, averaging anywhere from $2500 to $5000. However, as foundation director Scott Hasenbalg says, "We're just getting started. Our aim now is to engage the local church in helping with the adoption process.

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WHAT I'VE BEEN THINKING...

By Fred Smith

"It was 20 years ago today…" If you watched any of the Live 8 concerts you'll recognize that line from the opening performance with Paul McCartney and Bono in Hyde Park. Well… sort of… it was 20 years ago today that five men met at The Cedars in Arlington, Virginia, to begin a conversation that has been ongoing until now. None of us thought it would be anything more than that – just an annual conversation between friends about giving. However, it wasn't long before friends invited friends and we had to find a bigger room. In our fifth year we had to discuss letting wives join us – a big decision. Up to that time there was an assumption that this philanthropy business was strictly a men's game. Well, they could always shop while we met. Five years later there were as many women as men at the conversation that had grown into a conference. We were soon offering classes for women givers and the differences between husbands and wives in giving. Along the way, someone asked if he could bring his son or daughter. More decisions and discussions. None of us had any idea what that would do to the dynamics of the conference. After all, we had it just about where we wanted it. We would have to change the music and the speakers and even – ouch! – the format of the conference. Did that mean more "interaction" and less lectures? It did. It really did! I just looked at the list of participants coming to San Antonio and 25 percent of the conference is now adult children of couples. We even have grandchildren coming this year. I think this is going to mean even more discussions and decisions. Along the way, we've changed from a conversation to a conference to a community of families and friends. None of us could have planned it. It just happened, and we cannot wait to see what the next step will be in God's plan for The Gathering.

Blessings,
Fred

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Statistically, of the 81.5-plus million people who consider building their family through adoption, 48 percent of those people have turned to their 'house of worship' for information and support. We want to see churches start their own adoption ministry and realize their full potential in responding to the Biblical mandate of adoption."

"Adoption is the perfect picture of what God has done for each of us in making us His children through Christ. If God can adopt us into His family and call us His own, it is our hope that others consider following His example by adopting a 'fatherless' child into their families."

Shaohannah's Hope enables children living without the love and hope of an earthly family to be adopted into "covenant homes." The Chapmans believe that these families can provide not only the love and support needed for this life, but also provide a child with the knowledge of God's plan for his or her eternal life with a forever family called The Body of Christ.

"Recognizing that adoption is a perfect picture of what God has done for each of us in making us His children through Christ, Shaohannah's Hope has been established to care for orphans by engaging the church and helping Christian families reduce the financial barriers to adoption," said the Chapmans on their website. "Psalm 68:5-6 tells us that as the Father to the fatherless, God delights in setting the lonely in families. It has been our experience that the scriptural mandate of caring for orphans, such as the one found in James 1:27, is really a wonderful invitation to experience God in a profound way by being a part of His sovereign plan for His precious children."

Steven Curtis Chapman's tremendous success as a singer and songwriter in the Christian music industry has become the natural platform by which the Chapmans can reach thousands of people with their message of rescuing orphans all over the world. Chapman's most recent "All Things New" tour reached more than 350,000 fans in 72 cities. Shaohannah's Hope was the sponsor of the entire tour, raising over two million dollars. All donations went toward Shaohannah's Hope and The Stevey Joy Club, a monthly giving program within the foundation named for the Chapman's second adopted daughter.

Chapman was amazed at the reaction towards Shaohannah's Hope during the tour. "We are overwhelmed and grateful for the incredible response," he commented. "We could not have imagined this level of partnership and generosity, and we're incredibly excited about how the lives of so many orphans will be changed."

With the motto "Building A Bridge," over 1,700 families attending the shows expressed interest in adopting and learning more about Shaohannah's Hope, while more than 4,000 concertgoers signed up to join the Stevey Joy Club. During the tour, Hasenbalg was able to personally meet the numerous families expressing an interest in adopting. He commented, "We will look back on this tour and reference it as one of the most significant activities this ministry has ever done. By God's grace, it has propelled us to significance as an organization."

To date, Shaohannah's Hope has assisted hundreds of families in adopting children from China, Russia, Romania, Guatemala, India, Korea and the United States. The foundation has several pilot programs in the works at churches across the nation, and over 1100 communities of faith are waiting in line for guidance from the foundation. To handle the ever-growing volume of requests, Shaohannah's Hope is preparing to launch its newest website, howtoadopt.org. According to Hasenbalg, this website will help families and churches walk step-by-step through the complex adoption process, inspiring churches to minister to their congregations at the local level where support is greatly needed.

Calling adoption the "visible gospel," a term he borrows from Christian author John Piper, Chapman said, "Adoption is the perfect picture of what God has done for each of us in making us His children through Christ. If God can adopt us into His family and call us His own, it is our hope that others consider following His example by adopting a 'fatherless' child into their families." TG

THE UNIQUENESS PRINCIPLE

by Dave Polstra

"That's not fair, Dad!" "You loaned HIM some money for the addition on his house and he's never paid you back. I sure hope you're going to deduct that from his inheritance."

"Hey, Mom, what about that trip to Europe you paid for HER when she graduated from Harvard? I went to Georgia State and lived at home, saving you all kinds of money yet you didn't send ME on a fancy trip like that! I sure hope you'll even this up someday, 'cause if not, I'll feel like you took money away from my share of the inheritance!"

> "Love your children equally and as such, treat them uniquely."

After being in the wealth counsel business for over 20 years, I've pretty much heard it all. And what I've observed is that money tends to reveal underlying family dynamics, including problems and symptoms in families that oftentimes have been buried for years. Many people think that money is a magical cure for life's problems, but what I've found is this: money may solve some problems, but it can also create a whole new set of other problems. Take my friend who married a woman whose first husband had died. She had a five-year-old daughter and a three-year-old son from her first marriage that my friend adopted and raised in a loving manner. Their biological father was very successful but didn't do a good job of planning—when his children turned 18, they each received a lump sum of $400,000. My friend tried to have the money put into a trust for their protection, but he was told that nothing could be done.

His daughter traveled to Europe, rented a top-floor penthouse apartment in downtown Chicago, bought new furniture and purchased three new convertibles. And she was constantly buying dinner for 20 of her closest friends. As my friend witnessed the dwindling and mismanagement of her inheritance, he pleaded with his adopted daughter, "Please let me have $75,000 to set aside for your future." Her response: "No thanks, Dad, I'll be fine. I can handle it by myself."

In three short years, the money was gone, and the lessons she learned were painful, as well as painful for my friend to watch. When she ran out of money, she also ran out of friends. And for the past 15 years, she's had to live in a small apartment, struggling to make it financially and having to live with the pain of loss, foolishness and regret. Fortunately, her brother had two years to witness his sister's poor stewardship of these funds. When he turned 18 and received his $400,000, he at least had the foresight to save some of it. While he squandered a lot of his money too, he did set aside enough to pay cash for a modest home.

There's a principle that's been coined by author Ron Blue in his book, *Preparing Heirs*, called "The Uniqueness Principle." This principle reads as follows: "Love your children equally and as such, treat them uniquely."[1] At first glance, this may sound like a very unfair statement. Let's dig a little deeper and unpack this principle in more detail.

Believe it or not, the fact that you have children should not automatically entitle them to an equal distribution of your estate. For instance, if a parent has a spendthrift adult child, it's probably no different than giving those resources to a spendthrift stranger. Furthermore, if we leave money to someone that has not been trained to handle money, it can become a devastating situation. While nothing could be done for my friend's daughter (due to lack of proper planning on her biological father's part), a lot can be done to ensure that disasters like the one described above don't occur. A simple example of this would be leaving money outright to your daughter who's good with handling money while leaving money in a trust for your son who doesn't have the financial wisdom to properly steward a large inheritance.

One of the most staggering statistics I've seen recently is that 70 percent of wealth transfer plans fail![2] ("Failure" simply means that the wealth that is transferred from one generation to the next does not remain in family control. Examples would include foolish expenditures, bad investments, mismanagement, family feuding, excessive taxes and litigation expenses.) When I first saw this statistic, I said to myself, "Wow, people sure are getting a lot of lousy advice out there." But you know what? As I studied the reasons for failure, I saw that less than 3 percent of the failures were due to poor advice from professional advisors. Instead, 25 percent of wealth transfer failures were attributed to unprepared heirs—the adult children were not properly trained to handle an inheritance. Sixty percent of the wealth transfer failures was due to the lack of trust and communication among family members. Furthermore, the research indicated that family leaders who unilaterally decide that their spouse or children are "not ready" for certain information are undermining trust within the family. The result of no trust almost always results in very little communication.

What's a great way to teach your heirs about money and prepare them for a future inheritance? You may have already guessed—it's through philanthropy. Philanthropic decision-making involvement begins to teach heirs early lessons about decisions, money and accountability. In their book, *Preparing Heirs*, authors Roy Williams and Vic Preisser found that children's attitudes toward money are shaped greatly by their involvement with their family's philanthropy. Family members who were not involved in philanthropy had the following attitude about the wealth they had inherited: "We've got to be very careful as to how we manage our family inheritance because if we lose this money, it's gone for good." On the other hand, those who were involved with the family's philanthropy had a totally different attitude about their inherited wealth. Their feelings about money were, "If for some reason we lose our family's wealth, we can earn it back." What an amazing difference!

Preparing Heirs cites five reasons for this surprising difference in attitudes:

1. As family values are transferred to heirs, the heir starts to identify how a family foundation supports those values. (This seemed to set the stage for, "I listen and respect your values, so I expect you to listen and respect my values.")
2. The heir grasps the concept of accountability for decisions that are made concerning money. ("What do you expect your donation to accomplish, and how will you follow up to see that it happens?")
3. The heir applies the concept of remedial action when results varied from expectations. ("If your donation didn't work out, what other charity might be able to use your donation more effectively? If your donation did work out, should a larger donation be made next year?")
4. The heir develops an understanding of the importance of due diligence in his philanthropic activities, which prepared him for working and living.
5. The heir gains an appreciation of the importance of good communication to let recipients of money know what is expected. ("If you cannot meet my expectations for this contribution, how will you inform me?") [3]

Speaking of good communication, if you're considering treating your children differently from an inheritance standpoint, it's almost always better to discuss unequal distributions with them while you are alive, rather than running the risk of creating bitterness toward you or toward each other after you are dead. After all, who can better discuss your hopes, desires and blessings with your family—you or your lawyer reading your will?

I use a tool called the Family Conference to discuss estate plans with heirs. This conference is used to communicate estate plans to heirs so that expectations can be aligned with plans. This allows all of the heirs to be on the same page with no surprises and avoids creating a "coping gap" for your heirs. A coping gap is simply the difference between expectations at one level and reality at a whole different level. The following example describes the coping gap:

Let's say you have an adult son who is expecting a $2,000,000 inheritance. You are very involved in a medical mission in Guatemala and decide to leave a substantial portion of your estate to support the mission. Your son actually inherits only $100,000. The $1,900,000 difference represents the coping gap. And as Ron Blue says, "An heir may have difficulty coping with a gift that is significantly different from his or her expectations." This is why it is so important to have a family conference while you are alive. But please understand that a family conference is not necessarily a "one-time" event. Instead, it may be a process over many years, including some "one-on-one" meetings first, as well as some family meetings. It may not happen in a "one-time" large family meeting – some issues are best discussed first with individual family members. I have had the privilege to lead numerous clients through this exercise with their heirs.

While sometimes discussions have been difficult (especially in situations where the children are not being treated equally), the process of open communication has fostered better relationships and understanding, leading to higher respect for the parties involved. In some instances, the family conference has resulted in positive change for certain "spendthrift" heirs, resulting in them becoming more responsible with money and more accountable for their actions.

You may be thinking, "Well, the family conference sounds good on paper, but it just won't make sense for my family." Guess what? You will have a family conference to discuss your estate—you just might not be alive to attend!

The Uniqueness Principle—Love your children equally, and as such, treat them uniquely—can at first be a difficult concept to grasp. However, with proper communication and open discussions, this principle can be explained to heirs, resulting in honest feedback about feelings regarding the amounts that are being inherited and why. Many people today believe that just because they have five children, their estate should be divided equally between them. But as Ron Blue says, "The scriptural precedent is that the money should be left to those who have demonstrated sound stewardship. If we leave money to someone with whom we have not left wisdom, it can be a devastating situation. Therefore, in many cases discussing wealth transfer can be a catalyst to help children get 'on board' financially and become fiscally responsible." TG

[1]Splitting Heirs, By Ron Blue, with Jeremy White, Northfield Publishing, Chicago, IL, 2004.

[2]Preparing Heirs, by Roy Williams and Vic Preisser, Robert D. Reed Publishers, San Francisco, CA, 2003.

[3]Ibid.

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To learn more about the Uniqueness Principle and the importance of a family conference, contact Dave at Polstra & Dardaman, LLC, at 770-368-1700.

Relational Greenhouse

CULTIVATES CHANGE AT THE VINE

BY MARY ANN LACKLAND

The Vine is many things. But ordinary is not one of them. It's not another Christian conference. It's not a business-card trading event. It's not anything one can put his or her finger on having attended before.

Participants at the Vine enjoy a mountain hike in Vail, Colorado.

Its Formula is Simple:

Foster an environment of diverse individuals who might otherwise never meet.

Fertilize their conversation through intriguing panels, afternoon hikes, lively plenary sessions and roundtable meals.

Leave the results to God. And He doesn't disappoint. The Vine is attracting a generation of leaders with a rich variety of interests, expertise and questions, and God's Spirit is steadily cultivating relationships and networks among them, each containing seeds of untold potential.

A Safe Place to Disagree

Imagine what would happen if a generation of believers gathered together across deep differences for one simple purpose—to build relationships now that will transform the future of the church and culture? From the beginning, the Vine's greatest strength has been attributed to the rich sod of diversity from which its events grow. At its National Gathering, an annual event drawing anywhere from 75 to a few hundred participants, beliefs and traditions within the Christian spectrum are strategically and intentionally variegated. Yet, as Jesus prayerfully predicted in John 17, they are finding unity in the things that matter most.

Each member's particular perspective and life experience contributes to the fullness of the Vine. An Episcopal priest and a Catholic New York accountant; a law student turned Franciscan monk and a Dutch cardiologist; an eBay marketing executive and a documentary filmmaker. These are the faces of the post-college, under-40 believers grafted into the Vine, who preferably distinguish themselves as Christian professionals, not professional Christians. As one participant phrased it, "It's a safe place to disagree."

Life in the City of God

The Vine is modeled in its philosophy after the Renaissance Weekends—intellectual family retreats for leaders in diverse fields introduced in the early eighties —and mirrors its "leaders learning from leaders" style and format. Each Vine participant is a member of at least one panel discussion at the annual gathering. Panelists are assigned topics based on their areas of study and expertise. Participant-led worship and planned morning and evening prayers throughout the weekend unite the community of believers in common experiences. The Sunday morning corporate celebration of the Resurrection is a highlight of the weekend and draws from the diversity of traditions and styles within the Church.

Each National Gathering and smaller regional gatherings throughout the year focuses on a theme—the most recent in May being *Life in the City of God: Answering the Call to Community*. The national event in Vail, Colorado, focused on the believer's dual citizenship in the City of God and the city of one's choice.

Would this kingdom, this City of God, be more visible in the world today if we worked together more consistently, created together more imaginatively, and prayed together more passionately?

Plenary sessions challenged participants to discern the City of God through future trends in American politics, the visible Church, the global economy and technology. For example, Vine participants from Seattle to Denver to Chicago and Dallas asked, "What makes a healthy culture?" and "What makes a good city?" Granted, one may initially wonder what relevance sidewalks and public transportation have with theological concerns. Yet because they are everyday facets of our existence, they indeed play a central, though often ignored, role for believers who wish to enact a living, breathing faith. As Henry Drummond wrote in *The City without a Church*, "Earth is the rehearsal of heaven. The eternal beyond is the eternal here. The street-life, the home-life, the business-life, the city-life in all the varied range of its activity, are an apprenticeship for the city of God."

In that sense, a believer fostering suburban spirituality takes notice of how the way that a city is planned can reveal its citizens' priorities. They pay attention when typical Americans (believers and non-believers) say that they want and value community but unconsciously do everything to impede it. People made in the image of God wanting community, but not knowing how to get it—that says something about us. It says something about the state of our culture today. The Vine participants wrap their perspectives around these contemporary issues.

Because the Vine upholds personal relationships as the strongest vehicle for social and spiritual change, it is not a ministry in the traditional sense of the word. It is more recognizable as a relational greenhouse of sorts—an incubator for relationships among diverse young leaders who are now shaping and will continue to shape the culture and the church over the next several decades. As such, the Vine's only purpose is to stimulate unity, increase dialogue and cross-pollinate resources in a given setting.

The Vine's coordinators note,"Younger Christians identify with and work through networks where information and ideas flow freely. A network has no head or tail and no need for hierarchical organization. It exists for the benefit of its members. Everyone leads and participates. The Vine recognizes this important distinction of our generation and has acted decisively to strengthen and increase this network of emerging leaders, using it as a catalyst for social and spiritual change."

Practical partnerships between a relief director in El Salvador and a residential builder, an investor and a struggling New Orleans youth center are a few examples of dozens of tangible results branching off from the Vine these days. However, these partnerships, a mix of spiritually serendipitous and providential, are not necessarily part of The Vine's agenda. Equally valuable in the Vine leadership's perspective are the more intangible benefits—the sense of renewed faith, dispelling of myths and professional encouragement. For a generation who thirsts for authentic, deep-rooted relationships (and avoids overt agendas) the Vine is a satisfying experience.

As one participant has said, "At each Vine, I find that there are usually one or two people whom I never would have met but needed to meet and listen to. Their comments, insights and worship practices show me something about my relationship to God that I truly needed to find." Former generations throughout Church history can readily point to oaks of stalwart individuals who advanced the Kingdom. However, the Vine, by its very namesake, vividly portrays a generation convinced that success requires everyone working together to accomplish what individuals could not do alone. TG

Hear Jennifer Jukanovich, founder of the Vine, as a class speaker at The Gathering 2005 Annual Conference in September.

Mentoring the Next Generation


Abi and Ada Frederick in Newport Beach

The Gathering's Young Givers recently got together in Newport Beach, California, with several veteran givers for a weekend of fellowship and discussion on mentoring relationships. Twenty-five people gathered seaside to foster their relationships and learn more about the benefits of mentoring in one's life. Time was also well spent enjoying excellent dining and a day at sea on an amazing yacht.

"The mentoring discussions were excellent and challenging," says Jeff Johns, one of the Young Givers in attendance. "Everyone added to the discussion in their own unique way. No matter our age and stage of life, we were all challenged to find both people to act as our mentors and those who could benefit from our wisdom and experience."

"We learned a number of things," says Ryan Frederick, who attended with his wife, Abi Ochs Frederick, and daughter, Ada. "Besides some suggestions on how to handle the nuts and bolts of a mentoring relationship, I was interested to hear about how people have pursued meaningful mentoring relationships with international people. Several people within the group were clearly stretched by incredible people who have lived a very different life and can offer uniquely different perspectives."

Several key points were discussed throughout the weekend, including taking the initiative to find a mentor, recognizing good chemistry as essential to the success of the relationship, and committing to the time necessary for the relationship to grow. Mentoring can include discipleship, accountability and coaching. Most people recommended starting slowly with a friendship, although "cold calling" a mentor can be successful as well.

Highlights of the weekend include hearing successful and not-so-successful mentoring anecdotes, chasing a "phantom" mother whale and her calf (only Sue Wills was good enough to spot them!), watching the sea lions play, and sharing great food and even better fellowship. Many attendees are already pursuing new mentoring as a result of this time spent together.

Young Giver Kate Eiting came away from the experience re-energized and with new purpose. "Though foundation work can sometime feel isolating and distant, I know I am not alone in my mission," says Kate. "The older contingency of the weekend, especially Craig Hammon, took time to listen to my giving experiences, find out where my interests lie, and answer many questions I have about giving. The time Craig gave offered me new direction for my life I was really needing."

Suggested books on the topic of mentoring include *Dear Zoe* by Max Dupree and *The Secret* by Mark Miller and Ken Blanchard. TG

ASK TERRY

By: Terry Parker, Retired Attorney At Law

Is it true that irrespective of whatever Congress does, some of the states are contemplating imposing accountability requirements on the nonprofit world?

Terry Parker, 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.

The answer to this question is not only are many states contemplating such legislation, but California has actually adopted such legislation, the "California Non-Profit Integrity Act." This act took effect January 1, 2005, and it is patterned after the infamous Sarbanes-Oxley Act (Sarbox) that was put into law by Congress following the debacles of the corporate world, beginning with the Enron scandal. If you are involved in a Christian public or private foundation or charity that is either domiciled in California, or "doing business" in California, you need to be alerted to the provisions of this Act. For the rest of the country, the time will probably come in the near future when you will also have the privilege of complying with requirements similar to those in California. My comments are primarily drawn from a recent article in the May/June issue of *Taxation of Exempts*. The article was written by Pamela S. Kaufmann, a respected partner in a large San Francisco law firm. The article is detailed and well written, and I recommend it in its entirety for those who would like to delve deeper into the subject matter.

The basic thrust of the Act is to require covered charities to register, file and report—all of which are time consuming and expensive. In addition, the power and authority given to the Attorney General (AG) to monitor the covered charities and impose fines and penalties in areas where the Act is not in full compliance will create some degree of anxiety with charities that must comply with the Act.

The California Act has two main components—an accountability component that deals with charitable governance and an anti-fraud component designed to protect charities and donors from unscrupulous fundraising practices. I will address only the former portion of the Act.

The fundraising, registration and executive compensation review requirements of the Act apply to all legal entities that hold property in California for charitable purposes. The AG's office has determined that there is a de minimis threshold for the receipt of property. For example, a $20.00 deposit in a checking account is sufficient to trigger the registration requirements. The AG's office has also opined that all charities soliciting donations in California—no matter where the charity is domiciled—are subject to the registration and filing portions of the Act and are potentially subject to the audit requirements of the Act (depending upon their gross revenues).

When dealing with the filing and related requirements for corporations that "do business" in California for charitable purposes, as well as those that "hold property" in California, the AG has stated that "doing business" in California will include:

- Soliciting donations by mail, advertisement, publications or any other means from California residents
- Holding meetings of the Board or corporate members in California
- Maintaining an office in California
- Having officers or employees who perform work in California
- Conducting charitable programs in California
- Maintaining financial accounts or investments at an office of a financial institution that is located within California

One of the exceptions from the Act's coverage that seemingly would give comfort to Christian public charities and private foundations is an exemption for "religious organizations." However, a detailed reading of the Act defines those exempted charities as being ones who "hold property for religious purposes." To fall under this exemption, the organization will be deemed holding property for religious purposes only if there are specific religious activities that take place on a piece of real estate. Thus, a private foundation or public charity that holds property for investment purposes would seemingly not be exempted.

Under the Act, a covered organization must register with the AG's office on an annual basis. One of the concerns of the AG is excess executive compensation; they will want to know how much the CEO and

CFO are paid. The Act provides that such compensation must be "just and reasonable." This provision applies to all charities even if they are not required to register with the AG. This is not necessarily a new matter facing the charity, as the IRS Code already prohibits excess compensation to officers and directors. However, heretofore it has not been necessary to work with the State on these issues—just the IRS.

When it comes to executive compensation, the Act requires that the Board or a Board committee of a charity (or the Trustee of a charitable trust) must review and approve the compensation of the president or CEO, as well as the treasurer or CFO. For the purposes of the definition of compensation, it includes all benefits paid to any such individuals. Presumably the fact that a Board member must "sign off" on the "just and reasonable" compensation is going to expose such Board member to some sort of liability or penalty if the AG determines that the compensation is not "just and reasonable." The review that must occur has to be done initially, whenever the term of employment is renewed or extended, and whenever the compensation is modified. This will be a time-consuming process in and of itself.

A second requirement is that all organizations that must file reports with the AG, regardless of size, must make their audited financial statements (if any) available for inspection. Two key provisions of the Act—one requiring audited financial statements and the other requiring an audit committee—apply only to charitable organizations that must file reports with the AG's office and that have more than a specified amount of revenues ($2,000,000 or more). Gross revenues seem to include all forms of income and contributions to the foundation.

Audited financial statements required by the Act must be made available for inspection by the AG and the general public no more than nine months after the close of the fiscal year to which they relate. In fact, regardless of revenues, any charity that prepares audited financial statements (and must file reports with the AG) must also comply with this inspection requirement. For reasons of convenience and costs, many charities post their Form 990 on their websites or make them available through Guide Star (www.guidestar.org). They may wish to adopt the same strategy with respect to their audited financial statements.

Several AGs have attempted to introduce these "mini-Sarbox" laws, but none but California has yet succeeded. New York has tried, but it has not passed. Other states, including Ohio, Hawaii and Minnesota, have explored this type of legislation, and it is expected that their efforts will be intensified as a result of California's success. Maine has adopted a statute giving its AG very broad oversight and investigatory powers over nonprofits and has imposed some additional requirements on nonprofits not heretofore required.

Like any legislation of this magnitude, the Act generated a great deal of controversy in California. There were eight months of strenuous debate and nine amendments to the Bill before it was enacted and after it hit the governor's desk. Before it was signed, the California Association of Nonprofits issued a statement that basically stated that it was in opposition to the Bill. The association feels that the Bill would do little to stop charitable abuse, and it would cost the government and nonprofits thousands of additional dollars that should be spent in charitable activity. Also, the association stated that the ultimate price would be paid by the donors and nonprofits in increased operating costs and decreased funds available for direct services. Governor Schwarzenegger signed the Bill, but he gave only qualified approval by ending his letter to the State Senate regarding the Bill with the words "if this Bill results in unnecessary expense to the nonprofit community, I encourage the legislature to revisit the issue."

The California AG's office has sought to clarify the statute on its website by publishing both a summary of the Act and a "frequently asked questions" column regarding the Act. However, there are some unanswered questions, mostly having to do with the definitions of "holding property" or "doing business" in California for charitable purposes.

Ms. Kaufmann makes the following comment near the close of her article:

"Compliance with the Act is likely to be most trying on two classes of charity: organizations that are just large enough to be subject to the audit and audit committee requirements and family foundations."

As Christians we should not object to legislation that is generally consistent with accepted best practices in the operation of our foundations and which ultimately works to the benefit of charitable organizations by improving their operations and their reputations. On the other hand, if the government is going to try to encourage nonprofits for the good that they do for society, it is imperative that the government refrains from creating an atmosphere of near impossible regulations and burdensome oversight, or it might as well abandon the idea of tax-exempt organizations altogether. This Act, or one like it, is likely to come to your neighborhood in the near future.

Q&A

David Kuo Responds

Earlier this year, David Kuo, former deputy director of the White House Office of Faith-Based and Community Initiatives, alleged that Bush has gained politically from his vow to let religious-affiliated organizations use federal money to help the needy, but that his administration lacks a commitment to the initiative. David received tremendous attention, both good and not so good, since the publication of his article in his column "Shooting from the Heart" on Beliefnet.com. We talked with David recently to give him a chance to respond.

David Kuo, former deputy director of the White House Office of Faith-Based and Community Initiatives

You have stated that you are a "compassionate conservative." Tell us what this means to you.

It means that America has a strategic interest in caring for the poor and hurting that requires our government, our social institutions like churches and charities, and ourselves to do all we can for them. I do not want the Department of Health and Human Services running drug treatment programs from Washington. However, our government is good at raising and distributing money and monitoring compliance and rules, so let it distribute funds to groups that deliver services really well—faith-based and community organizations that are close to the people that they serve. I actually hope that the vast majority will rely on churches, synagogues, foundations, corporations, and individuals to fund them. I fantasize about a day when we are all so involved in caring for the poor that some leader stands up and says, "Wow, we don't need to do that anymore." I don't think it is going to happen this month, however.

In your article you specifically praise President Bush, saying "I have deep respect, appreciation, and affection for the president. No one who knows him even a tiny bit doubts the sincerity and compassion of his heart." You also recently stated, "The blame lies in the White House for not making these promises a priority, and in Congress, where Democrats and Republicans preferred political posturing to helping the most powerless among us." Isn't all this simply just politics as usual? Can true change really happen in our political climate?

Change isn't an option; it is a mandate. Much good had been done to empower faith-based groups, but the most important parts of the President's agenda haven't been fulfilled because the White House failed to act and because of knee-jerk Democratic opposition to matters of faith. Also, Republicans have displayed amazing indifference on these matters. It wasn't just a White House failure it was a Washington failure. A lot has been accomplished in this political climate pertaining to education, tax cuts, and prescription drugs because these are high priorities. Caring for the poor deserves just as much effort. Yes, politics is ugly right now, but it is at moments like these that great leaders are born. This is the moment for someone in Congress or the White House to stand up and say, "Enough. Enough of the hate coming from the far right and the far left, enough of the corruption in lobbying, enough of special interest group politics."

White House Press Secretary Scott McClellan responded to your assertions that the White House conferences highlighting this initiative across the United States are truly making inroads to reach out to the armies of compassion that exist all across America to enlist their help in our efforts to help people in need. What's happening to utilize this momentum after the conferences are over?

The answer is that there isn't any concerted follow-up. Partially that is by design. The conferences were intended to educate people about how to apply for government grants, what they could and couldn't do if they received funds, and what kind of funds are available. They received educational booklets and a great website to visit for updates. But another part of the reason for the lack of follow-up is that there just isn't a lot to say. The White House continues to launch very, very small programs with a lot of hoopla but without any kind of significant funding. One unfortunate example is the "new" program to help prevent teens from entering gangs. President Bush announced it in his State of the Union and has spent a lot of time talking about it. The problem is that this "new" $50 million program is taken out of the already under funded "new" Compassion Capital Fund. That program was promised $200 million a year and has only received a little more than $100 million over the last four years. These are important programs, and every penny helps. Unfortunately, less money is now being spent on them than on homeland security protection in rural Kansas (where I was born and raised) – not an epicenter of terrorist threat activity.

There is still plenty of time for this Initiative to be successful. What do you think should be the next step for getting the Faith-Based Initiative back on track?

The White House is going around now and asking people that question: "What can we do next?" There are suggestions for small programs here and there, but it seems to me that the answer is the White House must simply do what was already promised. There is a huge gap between the $8 billion a year in tax incentives and new funds for faith-based and community groups and the few hundred million that have been delivered in the first four years. I support President Bush, and I believe in his heart for the poor. If he and the West Wing staff spend a bit of behind-the-scenes political capital on this effort, that first promise will be fulfilled. The question is "Will they?" Not too long ago a senior staffer on the Senate Finance Committee called in exasperation, "What can we do to get the White House involved in tax incentives for charitable giving? We've called and waited and waited and called, but we've gotten no response." I choose to believe that they will call, and this promise will be fulfilled because I truly believe that is President Bush's desire.

So where do you go from here?

2004 was a retreat year for me. Having faced a brain tumor the previous year and needing some distance from nearly 20 years in the political arena, I decided to take a deep breath, care for my family, do some fishing, and listen to God. My hope is that I "go" closer to Him, closer to His heart, and nearer to His face. That may sound clichéd, but that is the desire of my own heart. Everything else is kind of secondary. TG

WHAT NO ONE ELSE CAN DO ABOUT AIDS

by Steve Beck
Executive Vice President
Geneva Global Inc.

EVERY TEN SECONDS SOMEONE DIES OF AIDS… AND TWO MORE ARE INFECTED. HOW CAN THIS TIDE OF DEATH & DISEASE BE STEMMED?

Africa remains at the epicenter of the HIV/AIDS pandemic. Sub-Saharan Africa is home to nearly two-thirds of the world's 42 million people suffering with HIV/AIDS and continues to lose ground to a preventable disease that is fueled by poverty, ignorance, stigma, promiscuity, ingrained attitudes and cultural norms. Consider just a few devastating facts from Africa in 2004:

- 3.1 million became HIV-infected
- 2.3 million people died of AIDS
- Life expectancy has dropped to just 33 years in some regions
- Infection rates approach 4 people in 10 in some countries
- Nearly 16 million children are AIDS orphans

Our reactions range from righteous anger to frustration and from apathy to despair. Good intentions abound, but action on the ground is insufficient. Hope is in short supply. God's people cannot stand idly by in the face of such suffering.

Local churches are the best hope, and you can help them address the crisis in two ways: advocating for approaches to HIV/AIDS that work and supporting effective local church-based initiatives in prevention and care.

AS EASY AS ABC?

Uganda achieved unparalleled decline in HIV prevalence – from 21 to 6 percent – by virtue of a simple, low-cost program based on the promotion of abstinence and fidelity. Condoms were quietly promoted only to high-risk groups, such as those involved in prostitution and those already infected. This home-grown strategy is called "ABC" (Abstain, Be faithful/reduce partners, use Condoms).

Harvard public health expert Edward C. Green noted in his 2003 book, *Rethinking AIDS Prevention*, that the single most important behavioral change was fidelity (B). Secondly, the proportion of youth engaging in sex substantially decreased between 1989 and the mid-1990s (A).

The prevention component of President Bush's $15 billion, five-year Emergency Plan for AIDS Relief, or PEPFAR, is based on Uganda's ABC model, with condoms as the third and last line of defense.

Despite the evidence for the success of ABC and the President's endorsement of this approach, very little international funding is available for the ABC model. Instead, international funding agencies like the Global Fund and USAID have promoted the AIDS prevention formula the "experts" have preferred for more than 20 years: condoms, drugs, and testing. According to Green, "Foreign donors, including from the United States, have been systematically undermining Uganda's uniquely successful AIDS prevention model."

Because most of the big international money is funding condoms, the effective prevention efforts of local church groups go largely unfunded.

UNLEASHING THE POWER OF LOCAL CHURCHES

"If the church of Jesus Christ rises to the challenge of HIV/AIDS it will be the greatest apologetic the world has ever seen." - Ravi Zaccharias

The lion's share of private and government funding goes to large contractors and international NGOs. While their programs may be effective, they cannot match the power of the local church in Africa. Churches are in a unique position to do what no one else can about AIDS. They have:

PRESENCE. Local churches are everywhere, focal points for community life all across Africa. Only the Church is as widespread as the disease. Medical clinics may be in short supply, but churches are active in nearly every province in sub-Saharan Africa.

PROPHETIC CALLING. The church confronts promiscuity, ignorance, poverty and perverse customs that fuel the pandemic. The church's expertise in fostering behavioral change uniquely qualifies it to deal with AIDS.

PASTORAL HEART. Millions of believers extend compassionate care and spiritual ministry to the vulnerable and dying. They take in orphans, bathe and feed the sick, and pray with those who are suffering. As Bishop Zac Niringiye of Kampala has said, "Christians care about the quality of death in addition to the quality of life."

PRECEDENT. HIV/AIDS is the modern-day equivalent of leprosy, producing vast numbers of widows and orphans. This is an historic moment. The Church has a lead role to play in prevention, healing, redemption and care.

PEOPLE FOCUS. The Church focuses on people, not just the disease. It transforms lives and communities in ways far beyond merely treating a medical problem.

EVIDENCE FOR HOPE

Many local churches in Africa have all the expertise and volunteer labor they require, but they lack resources to expand their work. In August 2003, Geneva Global Inc.—together with a number of Christian foundations, individuals and churches—established The Fund for Local Christian Action on AIDS in Africa to find and resource the programs of these local churches.

Since then the Fund has supported 93 local church-based HIV/AIDS programs worth $3.3 million. These local initiatives are achieving astounding results:

- Mobilizing 2,055 local church congregations
- Providing HIV/AIDS awareness and education for 579,840 people
- Testing 112,400 for HIV and providing counseling
- Offering hospice care for 80,780 AIDS-sufferers
- Caring for 19,590 orphans and vulnerable children

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It is not surprising that as the Church extends compassionate love and care in the midst of suffering, almost 40,000 people have responded to the Gospel. What is surprising is how far the grant money goes. One grant of $35,127 enabled 20 local churches in a rural community in Uganda to provide care and hope to more than 1,200 orphans in child-headed households. The church-led program provided orphan families with goats, drought-resistant agricultural seed, school supplies, basic healthcare and loving, trained adult supervision.

Another grant of $38,542 in Nigeria provided voluntary counseling and testing for 1,800 people while training 60 pastors in HIV/AIDS education and counseling methods for youth. This project also enrolled 3,600 students and teachers in school-based life-skills clubs that teach HIV/AIDS prevention and emphasize healthy lifestyles.

The next wave of HIV/AIDS is spreading rapidly in India, China and Russia. Although the dynamics of the disease are different in each country, the response of local churches in Africa can serve as a powerful model and example for others to follow.

JOIN WITH AFRICAN CHURCHES

"The church will be remembered in history for how it responds to this devastating epidemic." – Bono

What no one else can do about AIDS the church in Africa can do… with your support. There are two ways you can help. First, you can advocate for the funding of the ABC prevention model, and second, you can support the heroic efforts of the local African faith community in prevention and care.

Private Christian foundations, individuals and American churches are already giving through Geneva's Africa AIDS Fund, expanding high-impact local projects each month. You can add your support for effective local church-based action on AIDS.

For more information contact Steve Beck at sbeck@genevaglobal.com. TG

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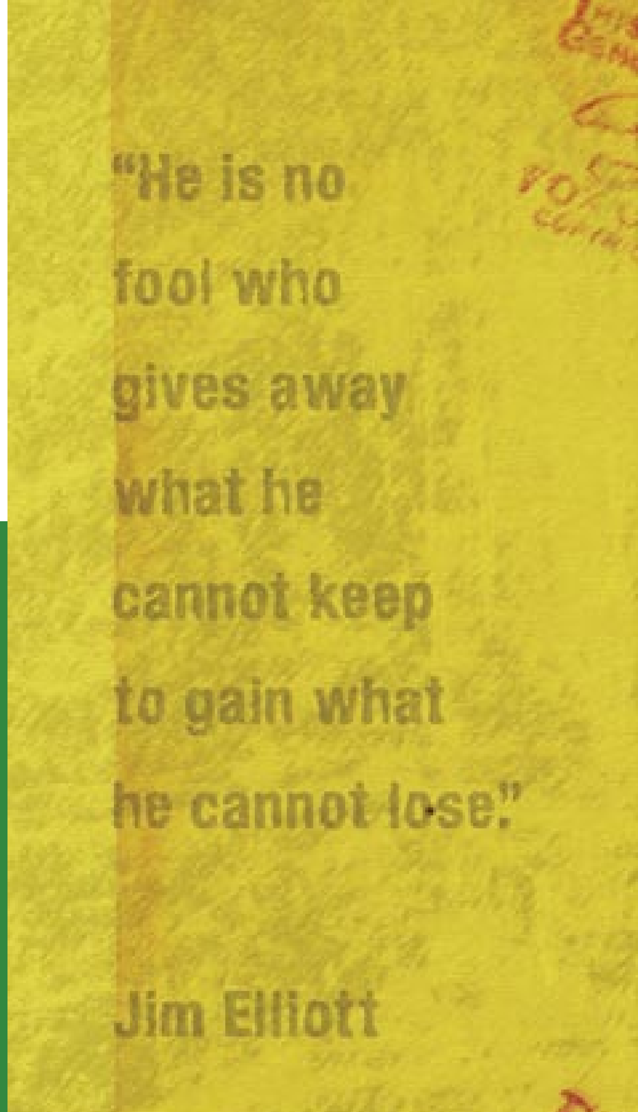

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Email us at editor@thegathering.com.

We'd love to hear from you.

PARTING SHOT

by Ed Koehler

"First time in Texas?"

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