

WHAT IS ECFA?

Founded in 1979, ECFA is comprised of over 1,700 evangelical Christian organizations, which qualify for tax-exempt, nonprofit status and receive tax-deductible contributions to support their work. ECFA's steadfast purpose is to articulate, maintain, manifest, and enforce a code of financial accountability, ethics, and reporting which is consistent with enlightened and responsible Christian faith and practice.



Enhancing Trust

Earning approval by ECFA entitles an organization to display the ECFA seal in promotional materials and appeals. The ECFA seal is tangible evidence to donors that a ministry is complying with the highest standards of Christian ethics in its governance, fundraising, and financial management.

*We are so glad that we can say with utter honesty that in all our dealings we have been pure and sincere, quietly depending upon the Lord for His help, and not on our own skills.
2 Corinthians 1:12 TLB*

DONOR'S BILL OF RIGHTS

When you give, be sure your selected charity employs standards and policies that assure you of a “bill of rights” as a donor.

You have the right to:

- Know how the funds of an organization are being spent.
- Know what the programs you support are accomplishing.
- Know that the organization complies with federal, state, and municipal laws.
- Restrict or designate your gifts to a particular project within the organization's mission objectives.
- A timely and courteous response to your inquiries about finances and programs.
- Give cheerfully without being pressured by the organization.
- Obtain a copy of the organization's most recent annual financial statements prepared by an independent certified public accountant.
- Know that there is a responsible governing board providing oversight to the organization's mission.
- Know that all appeals for funds are truthful and accurate.

ECFA'S SEVEN STANDARDS OF RESPONSIBLE STEWARDSHIP™

STANDARD 1

Doctrinal Issues – Every organization shall subscribe to a written statement of faith clearly affirming a commitment to the evangelical Christian faith or shall otherwise demonstrate such commitment and shall operate in accordance with biblical truths and practices.

STANDARD 2

Governance – Every organization shall be governed by a responsible board of not less than five individuals, a majority of whom shall be independent, who shall meet at least semiannually to establish policy and review its accomplishments.

STANDARD 3

Financial Oversight – Each organization shall prepare complete and accurate financial statements. The board or a committee consisting of a majority of independent members shall approve the engagement of an independent certified public accountant, review the annual financial statements and maintain appropriate communication with the independent certified public accountant.

The board shall be apprised of any material weaknesses in internal control or other significant risks.

STANDARD 4 _____

Use of Resources and Compliance with Laws –

Every organization shall exercise the appropriate management and controls necessary to provide reasonable assurance that all of the organization's operations are carried out and resources are used in a responsible manner and in conformity with applicable laws and regulations, such conformity taking into account biblical mandates.

STANDARD 5 _____

Transparency – Every organization shall provide a copy of its current financial statements upon written request and shall provide other disclosures as the law may require. The financial statements required to comply with Standard 3 must be disclosed under this standard.

An organization must provide a report, upon written request, including financial information on any specific project for which it has sought or is seeking gifts.

STANDARD 6

Compensation and Related-party

Transactions – Every 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 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; and 4) the organization's board has acted upon and demonstrated that the transaction is in the best interest of the organization.

STANDARD 7

Stewardship of Charitable Gifts

7.1 Truthfulness in Communications –

In securing charitable gifts, all representations of fact, descriptions of the financial condition of the organization, or narratives about events must be current, complete, and accurate. References to past activities or events must be appropriately dated. There must be no material omissions or exaggerations of fact, use of misleading photographs or any other communication which would tend to create a false impression or misunderstanding.

7.2 Giver Expectations and Intent –

Statements made about the use of gifts by an organization in its charitable gift appeals must be honored. A giver's intent relates both to what was communicated in the appeal and to any instructions accompanying the gift, if accepted by the organization. Appeals for charitable gifts must not create unrealistic expectations of what a gift will actually accomplish.

7.3 Charitable Gift Communication –

Every organization shall provide givers appropriate and timely gift acknowledgments.

7.4 Acting in the Best Interest of Givers –

When dealing with persons regarding commitments on major gifts, an organization's representatives must seek to guide and advise givers to adequately consider their broad interests.

An organization must make every effort to avoid knowingly accepting a gift from or entering into a contract with a giver that would place a hardship on the giver or place the giver's future well-being in jeopardy.

7.5 Percentage Compensation for Securing Charitable Gifts –

An organization may not base compensation of outside stewardship resource consultants or its own employees directly or indirectly on a percentage of charitable contributions raised.

GOOD CHARITIES WILLINGLY ANSWER TOUGH QUESTIONS

Worthy nonprofit organizations recognize they are recipients of the public trust, and are willing and prepared to supply the answers. Before you give to any charity, ask these questions.

- Does the organization have a clear and strong commitment to its mission objective?
- Is there an independent board that oversees the organization's operations and accepts responsibility for the activities of the organization?
- Are the organization's financial records audited, reviewed, or compiled annually by independent certified public accountants?
- Can anyone receive a copy of the organization's most recent annual financial statements upon written request?
- Can donors obtain financial and other information about any program they have supported?
- Does the organization avoid conflicts of interest?
- Is there a review procedure to assure compliance with fundraising standards and guidelines?