

CMC Toolkit



Best Practices for **Compassionate Ministry Centers**

a publication of
Mission Strategy
USA/Canada Mission/Evangelism
Church of the Nazarene

edited by **Fletcher Tink, Ph.D.** and **Mindy Bowne Hancock**

CMC Toolkit: Best Practices for Compassionate Ministry Centers

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Chapter 1

How to Help Your Board Govern Effectively

by David M. Best
Executive Director, [Towel and Basin, Inc.](#)

Personal Introduction

David Best is an ordained elder in the Church of the Nazarene, having served in a wide span of roles, both locally and denominationally. A graduate of Point Loma Nazarene University in San Diego, he joined a musical traveling group known as Mountain Glory, pastored in California, at the Lambs Club in Times Square in New York City, fulfilled denominational assignments at Nazarene headquarters in Kansas City through Nazarene Youth International, and through his nonprofit organization, Towel and Basin, Inc. has taken on a variety of service ministries both in the area of disaster relief and international support services. He has written extensively on a variety of ministry themes and organizational issues. He currently serves as chairperson for the board of Bresee Institute for Metro Ministries, in Kansas City.

Introduction

Corporation law requires incorporated nonprofit organizations to have governing boards. However, no law of any state can ensure that boards govern effectively. Truthfully, many boards of nonprofit organizations — both large and small, well known and little-known — do not consistently “govern effectively.” Peter Drucker declares “There is one thing all boards have in common . . . They do not function.” (*Management: Tasks, Responsibilities, Practices*: 628)

Most board members mean well and are often extremely committed — dedicating significant portions of time, prayer, and financial resources. The problem they face in attempting to govern effectively is not lack of motivation, but methodology. They have never been trained in governance. If a board is going to govern — and ultimately govern effectively — it must first know what governing is and is not.

Nonprofit organizations or their visionary founder/leaders are often so passionate about the mission and so desperate for someone to serve on their boards, that they rejoice when anyone agrees to serve, regardless of how much experience or knowledge in nonprofit governance the person possesses. Sadder still, the executive or board members often don’t even consider it of value or concern to learn such skills.

In this chapter we will introduce governance briefly, due to space limitations. Then we will move on to consider practical ways to help your board govern effectively by looking at Board Roles and Responsibilities, Recruiting, Orienting, and Evaluating Policy Handbook, Committees, and Meetings.

Members of nonprofit boards are called directors or trustees, and we will use both terms interchangeably. Often the choice is determined by the corporation laws of the state in which the organization incorporates. In some instances, one term is more common to specific kinds of nonprofit institutions. For example, an educational institution usually has a board of trustees.

“Director” is the term common to the social services field, but it is instructive to remember the language of “trustee.” Board members hold “in trust” the organization’s good for the sake of its owners. In the language familiar to faith communities, board members are stewards of an organization owned by someone else. These stewards are totally accountable morally, ethically and legally.

Speaking of laws, please keep in mind that what follows is not legal advice. I am not a lawyer and therefore unqualified to offer legal counsel. This chapter will give you information that is current at this time. It reflects my study of governance and personal experience over more than three decades of leading and serving on numerous boards of voluntary/nonprofit organizations.

This chapter and the sources listed under “Further Resources” can give you a significant start in helping your board govern effectively. But remember, you must know and govern your nonprofit compassionate ministry center by the current Federal laws and statutes of the state or province where your nonprofit compassionate ministry center operates. Please consult an attorney who is knowledgeable in nonprofit law, as well as your local ordinances and regional requirements for charitable or religious corporations.

A final thought before we plunge into some specifics. Peter Drucker says “Managing is doing things right. Leadership is doing the right thing.” One might also say efficiency is doing things right, and effectiveness is doing the right thing.

We are considering what it means to “govern effectively.” What “right thing” must a board do to be effective? In a word, “govern.” There is a difference between governing and managing, although they are in relationship. Similarly, efficiency and effectiveness, while distinct, are in relationship, and when properly understood, strengthen one another.

But to quote Drucker again, “there is nothing so useless as doing efficiently that which should not be done at all.” A Board can be very efficient in doing things right, but still not be effective if it is not doing the “right thing” — governing. Certainly the “means” by which an organization reaches its “ends” are important, especially for faith-based organizations. But the “means” is the management work of the staff. The Board must focus on the “ends.”

One expert declares this to be the “pivotal duty of governance,” stating “an issue is an ends issue if and only if it directly describes what good, for whom, or at what cost. If not, it is not an ends issue, no matter how important, no matter who decides it, no matter how closely it is to goals, strategies, mission or perceived board work.” (CarverGuide 1:14)

Trustees are governing when they deal with an organization’s “ends.” But “doing right things” (effectiveness) without “doing things right” (efficiency) can bring the doing of right things to an early end! A board governs effectively when it is establishing policies that define ends, determine values, and delegate power to the CEO/staff for efficiently managing the organization to its right (and for compassionate ministry centers, “just,” “right-eous”) ends. Only then can effectiveness and efficiency, governance and management, exist in synergistic relationships.

In light of this, let’s begin to consider what it means for a board to focus on the “ends” issues, to do the “right thing” — in other words, to “govern effectively.”

The responsibilities of a board are commonly misunderstood. We can move to a more accurate understanding by recognizing:

- There is a difference between managing and governing.
- There is a difference between day-to-day operations and setting policies for those day to day operations. In an admittedly overly simplified way, one might say: Staffs manage; boards govern.

John Carver has developed a comprehensive explanation and model for governance. Called Policy Governance®, he defines it as “a specific set of concepts and principles and their applications to the servant-leadership of boards and the board-management partnership.” You can read a summary of Policy Governance® at www.carvergovernance.com. His book, *Boards That Make A Difference: A New Design for Leadership in Nonprofit and Public Organizations*, is the definitive examination of this model applied to nonprofits.

The ten basic principles upon which Carver has constructed his model of Policy Governance® are:

Principle 1: The trust in trusteeship

Principle 2: The board speaks with one voice or not at all

Principle 3: Board decisions should predominately be policy decisions

Principle 4: Boards should formulate policy by determining the broadest values before progressing to more narrow ones

Principle 5: A board should define and delegate rather than react and ratify

Principle 6: Ends determination is the pivotal duty of governance.

Principle 7: The board’s best control over staff means is to limit, not prescribe

Principle 8: A board must explicitly design its own products and process.

Principle 9: A board must forge a linkage with management that is both empowering and safe.

Principle 10: Performance of the CEO must be monitored rigorously, but only against policy criteria

(*CarverGuide, 10 Basic Principles of Policy Governance*. Jossey-Bass. 1996)

Carver’s model proposes much more than new definitions of old, familiar terms. It is nothing less than a new paradigm. It deserves serious study and consideration by any CEO and board interested in governing effectively as servant leaders in a needy world.

A helpful introduction to the basic responsibilities of nonprofit boards is offered by Richard T. Ingram. The 2003 updated edition of his best-selling booklet from [BoardSource’s](http://BoardSource.org) (formerly National Center for Nonprofit Boards) *Governance Series* entitled “Ten Basic Responsibilities of Nonprofit Boards” summarizes them as:

1. Determine the organization’s mission and purpose
2. Select the chief executive
3. Provide proper financial oversight
4. Ensure adequate resources
5. Ensure legal and ethical integrity and maintain accountability
6. Ensure effective organizational planning
7. Recruit and orient new board members and assess board performance

8. Enhance the organization's public standing
9. Determine, monitor and strengthen the organization's programs and services
10. Support the chief executive and assess his or her performance

In a booklet written specifically for people starting compassionate ministry centers (CMCs) in the Church of the Nazarene, Oliver R. Phillips lists nine responsibilities for the board of a Nazarene-affiliated CMC:

1. Govern through policy
2. Select quality board members
3. Ensure vision and clarity of mission
4. Provide spiritual leadership and prayer support
5. Organize the board for effectiveness
6. Appoint, empower, support and evaluate the executive director
7. Facilitate a strategic plan
8. Manage financial resources
9. Represent the CMC to the public

Although it has a different order and some variation of terms, there is a clear pattern here. Boards are to govern through establishing and enforcing policies. Boards are not to engage in managing projects, programs or personnel (other than the CEO). The linkage of governance and management happens at the Board-CEO connection, and most intensely, the Board Chair-CEO relationship.

One simple way to test your board's governing effectiveness is to review its work in four to six previous meetings. What portion of those board meetings dealt with the "ends" responsibilities listed above? How much of the board's time was spent on "means" issues (program, staffing, or operational/physical plant problems)? The answers will give you an idea of how well your board is, or is not, governing

Responsibilities of Board Members as Individuals

Along with, but distinct from, the role and responsibilities of a Board as a whole, each member should have a clear understanding of the personal responsibilities involved.

It is extremely valuable to have these individual expectations in writing and signed as a covenant agreement by the board member. Bobb Beihl's *The Effective Board Member* has a sample "Leadership Commitment" pledge you could adapt. For a more expansive statement you might include the following categories with specific content in each one that is customized for your organization: General Expectations, Meetings, Relationship with Staff, Avoiding Conflicts, Fiduciary Responsibilities, Fund Raising (Ingram:15-17. 1992). See also the seven responsibilities of individual board members in *The 12 Step Program: Steps to Starting a Compassionate Ministry Center* (Phillips).

For a board to govern effectively, it must determine and put in writing what the organization expects from every individual board member — those duties and activities clearly stated and agreed to by each member.

Finally, unlike their counterparts in for-profit corporations, directors or

trustees on nonprofit boards serve without remuneration. Some organizations decide to reimburse directors for travel expense related to meetings, but many nonprofits consider these costs to be part of the directors' contribution to the organization.

Composition of the Board

Should your board of directors be local, national or combination of both?

It depends. Is your organization national or international in its scope and programs? Or is your organization's purpose and "owners" focused on a particular region, city or neighborhood?

The board should reflect the organization's owners, its geographic and demographic mission.

Recruiting Board Members

I once heard a consultant suggest that the best time to deal with "problem" employees is in the interview process, before hiring them!

"Problem" board members (inactive, argumentative or antagonistic toward organization mission, lack of participation in fund raising, meddling in the staff's day-to-day management) could be avoided or greatly reduced by having an intentional process for recruiting, orienting and evaluating potential and current board members.

Develop a list of potential board candidates. Identify the skills of each one. Using a grid, check candidates' skills and backgrounds against your board's needs. (See a sample grid at www.managementhelp.org)

Create a simple application or questionnaire for candidates that requests biographical information, why they are interested in serving on the board, how they believe they can contribute, and how they would hope to benefit personally from serving.

Give prospective candidates information on the organization, copies of board responsibilities and the expectations for each individual member. Boards will often appoint a committee to handle much of the initial recruiting and screening process (usually called the "Nominating Committee," but today, the term "Governance Committee" is frequently being used). This committee would continually monitor board composition and assess skills or characteristics deficient within the board. It could be charged with designing a recruitment plan and ongoing cultivation of new prospects, orienting new board members, continued development of current members and establishing a means for the board's regular self-assessment.

You can find additional ideas and tools for effective recruiting in a publication entitled *The Effective Board Member* or through the online [Free Management Library\(sm\)](#).

Orienting Board Members

This is an essential task for boards that wish to govern effectively. A

time could be set solely for new members, but it can be extremely valuable to have the orientation include the entire board. The orientation serves as a “refresher course” for the veterans, and when incorporated into a board retreat or prior to/part of a regular board meeting, can be a powerful team building event on the organization’s annual calendar.

The Board would determine the orientation’s content, with the Chair or someone he/she designates as facilitator. This would be the time to go over material in the board handbook, review board responsibilities and individual member agreements, and assign new members to committees. You would want to plan for a “Question and Answer” time. Some boards designate a current member as a mentor to each newly elected board member.

Evaluating Board Members

Evaluate each board member annually, even if serving a multi-year term. This evaluation can be formal or more informal, depending on the organization’s size and capacity. Minimally, the executive director and chair (or appropriate committee) should look at the member’s record of attendance and giving.

If a director is found to be underperforming, he or she can be invited to meet personally with the chair and executive. Many times, the director may have forgotten a pledge or failed to inform the secretary of compelling circumstances such as illness or travel that forced missing meetings.

Central to evaluation is the concept of accountability, of board members accountable to the organization and each other. For organizations rooted in Christian tradition, mutual accountability and care should be familiar concepts, even if they are not always normative. Honest, fair evaluations, however, depend upon mutually acceptable benchmarks, standards of behavior, and goals, not the unspoken expectations of a chair or CEO.

It cannot be overemphasized! The only way evaluations will be truly helpful for both organization and board member is, if there are clear, written agreements specifying director commitments.

Having clear expectations and criteria in writing (e.g., attendance requirements and number of excused absences allowed) will greatly assist board leadership should a board member need to be removed. Term limits and leaves-of-absence are other ways through which ineffective members can be removed.

Chairperson of the Board

One of the most important factors for effective and efficient board meetings is the chairperson. Preferably, you want someone who has experience in leading meetings, or is willing to learn by reading books, listening to audio programs, attending seminars and exposure to other organizations’ board meetings conducted by experienced chairs.

Ineffective or inefficient board meetings will quickly dampen the enthusiasm and participation of directors. Some of the most experienced and gifted people with potential for greatest contribution of their time and

Board Member Handbook

Provide each board member an updated handbook or manual. The handbook is a key ingredient for helping the board govern effectively since it assists in orienting and training new trustees. For the veteran board member, the handbook is a working tool, helping him or her participate intelligently and discharge the stewardship diligently.

Create the handbook with a ring binder that includes divider tabs and a table of contents. Board members can easily add or remove items, keeping the handbook a current resource for them. It is a good idea to date each item

The handbook should contain copies of an organizational history or a one-page fact sheet, legal documents (including corporate charter, by-laws, IRS determination letter), the organization's strategic planning document, marketing plan, fundraising plan, policies and procedures for the board (including conflict of interest disclosure statement form, individual member guidelines and expectations), employee handbook and policies, staff organizational chart, position focus sheets (job descriptions), and any other policies implemented by the board.

You can also include a directory of board members with contact information and brief biographies, sections for minutes of previous meetings, annual planning/events calendar, financial statements, annual budgets (operational, capital), the most current annual report, copies of brochures, and recent news or media coverage.

Committees

Does your board need committees? Many boards establish committees because they think that they are required to do so, or believe it will help them govern rather than manage. But, too often, board committees simply end up doing the work of staff. When this happens, the board again has confused governance with management despite good intentions. If you have committees, be certain they are doing board work, not work that should be done by staff.

Effective and Efficient Meetings

Announce meetings in advance.

An organization's by-laws often prescribe how much notice must be given, and if this notification must and/or can be in written, electronic or telephone message format.

Have a purpose and printed agenda for each meeting.

It will help your board be more effective if you send them an agenda before the meeting and include materials such as financial, standing

committee, and executive director's reports, and proposed resolutions.

Start meetings on time.

Waiting for one or two persons to arrive wastes the time of everyone who was prompt. Although this practice is done to be thoughtful to those who are late, it disrespects every person who arrived on time. Consider this: If you wait 15 minutes to start a meeting, and 10 people are already there, you've wasted the equivalent of two and a half hours. Obviously, if you do not have an a quorum to conduct business at the announced start time, you will have to wait, or decide to reschedule the meeting.

Set an adjournment time

The old saying is true: meetings expand to whatever time is available. If you do not set a time for adjournment, meetings tend to go on until people finally begin excusing themselves! The board can always adjust an adjournment time when the agenda is presented or later, in the meeting, if needed.

Some seasoned leaders suggest meetings be no longer than two hours. If you must meet longer, schedule breaks or design the meeting as a series of one hour sessions.

One expert's favorite tip on meetings is three words: Make them short. One way to make this happen is by removing the chairs from the room.

The "stand-up" meeting works well when the meeting purpose involves giving updates, instructions or just transmitting information among staff members. It probably doesn't work as well for board meetings, but the underlying point is worth pondering when planning meetings. And remember this: Researchers at the University of Missouri found that "stand-up" meetings were as productive as "sit-down" meetings. The only difference was that "sit-down" meetings took 34% more time. (*The Tennessean* 19 August 2002 2E)

Along with setting a time of adjournment, it is helpful to assign a time limit for each item on the agenda. Some organizations print these times directly on agenda. Others put this timeline just in the hands of the Chair, who then can monitor discussions and keep the agenda on track. You may also choose to have a place for "other business," "announcements," or "open discussion" at the end of the agenda. This too, should have a time limit established.

Procedures for Meetings

You don't necessarily need to run meetings strictly by *Robert's Rules of Order*, but board members should be aware of the basic rules of motions, agenda, etc. For training and reference, it would be helpful for an organization to have a copy of a recent, reputable edition of *Robert's Rules of Order*. (See "Further Resources" for information on the latest, complete edition or visit www.robertsrules.com.)

You can also access the aid of a certified professional parliamentarian by going online to www.jimslaughter.com. Mr. Slaughter has articles and guidance available for a variety of meeting scenarios.

Whatever the degree of procedural formality chosen, the chairperson

will direct or conduct the meeting. The chair will help ensure directors are recognized and participating, summarize decisions, and keep the agenda on schedule.

Here are some additional basic suggestions for effective meetings. These are rudimentary ideas, but, unfortunately, either unknown, little practiced or overlooked by many board members, chairpersons or executives.

Good, Effective Meetings Require Advance Planning

It is easy to get into a mode of thinking a meeting will run by itself, particularly for those organizations with regular or frequent meetings.

Determine the Meeting's Purpose

Every meeting should have a clearly defined purpose. Some have suggested (to great applause by those of us who seem to spend much of our lives in meetings) that, if you can achieve that purpose some other way, then don't have the meeting!

The purpose needs to be more than "It's the time we always have our regular meeting." People need to understand why they are assembled. Some common reasons for having meetings are:

- To get information to people. Could the nature of the information you need to communicate be done as effectively by mail, email, telephone calls or a conference call?
- To obtain board approval required for a decision outside the executive's already delegated authority.
- To address a significant crisis that could, if ignored, negatively affect the organization's owners, stakeholders and mission effectiveness.
- To assign tasks to individuals or committees. Can this be done as effectively another way?
- To exercise the board's trustee and governance responsibilities for the organization (see "[Responsibilities of the Board](#)").

Before the Meeting

To repeat! Send notices. Send notices as reminders, even if your organization sets the meeting calendar in advance for the whole year (e.g., second Tuesday of each month). These reminders can be sent by email, fax or postal card. A phone call is also useful because it may allow you to discover any concerns a director may have on his or her mind apart from the formal agenda.

Seek commitments on attendance before the meeting date. Set a deadline for taking a final count. This way you can detect a lack of an *a quorum* that may indicate a cancellation or rescheduling of the meeting and avoid inconveniencing those directors who were planning to attend.

Be certain all responsibilities for the actual meeting are delegated and accepted such as, "What individuals or committees are reporting?", and "Are

they prepared and comfortable making the report/presentation/proposal?” Or “Who is in charge of refreshments, if offered?” “Who will take board minutes?” If the chair is absent, “Who will lead the meeting?”

Ending the Meeting

At the conclusion of the meeting, directors should sense that the intended purpose of the meeting was reached. Some experts like the idea of making certain each person attending leaves with an assignment, knowing what the next appropriate step is both personally and for the organization. Express appreciation to the chair and those who assisted in various aspects of the meeting’s planning and implementation.

Evaluation

The chairperson and chief executive, or maybe the entire executive committee, will want to evaluate the meeting either immediately following adjournment or sometime within 48 hours. Discuss what went well, and what could be improved next time. Remind the Board secretary or paid staff responsible for writing, printing and distributing the minutes to promptly prepare the minutes from the notes taken at the meeting. A good goal is to have minutes distributed to board members within one week of the meeting.

Minutes of Meetings

Many nonprofit organizations make the mistake of including too much detail in the minutes of their meetings. Minutes should reflect actions and decisions made, not necessarily every detail of discussions concerning those decisions. Minutes should, however, include enough detail to show due diligence for the recorded action taken. Minutes should never include thoughtless, casual or potentially harmful remarks a board member makes.

If your organization is incorporated, the minutes are official records of the corporation’s actions. They should be considered public records and can be subpoenaed in the case of legal action initiated against the organization, and thus reflect on each trustee.

Word processing programs allow you to create templates. You could make one to be your standardized format for minutes. You might also create a “fill-in-the-blanks” form that the secretary could use during the meeting to record notes by hand and then later type official minutes from this “note taking outline.”

Minutes should always state the organization’s name, the date and time of the meeting, the nature of the meeting (regular, special, annual), and, who called it to order. Include names of each board member attending, those members absent, and any guests; a declaration of *a quorum*; results of votes on action items and names of any persons abstaining or dissenting. Most minutes include the names of those making motions. It is not necessary, however, to record those who “second” a motion. It is also

unnecessary to make and pass motions to “receive” each report if it appears on the agenda. When the board approves the agenda, it agrees to receive the report at that particular time in the order of business. After the board hears such reports, the chair may note that “the report is filed.”

Should a report require some board action it is appropriate to make a motion to “adopt” or “accept” the report. If this motion passes, it means the organization has taken action on every part of the report since the Board adopted the entire report. Frequently, the real intent is to adopt some particular portion of the report that proposes Board action. If so, the motion should be restricted to that part of the report for which action is proposed.

If the Board decides to operate by general or unanimous consent, the minutes should state this on any actions so taken. Minutes can also include reports or portions of them. If the Board wishes these to be part of its records of official action, it would order them “entered into the minutes.” (Standing committee reports are placed on file by the secretary.) Finally, the minutes should note the time the meeting ends and be signed by the secretary. However, the traditional phrase “respectfully submitted” is not necessary.

Standard resolutions for actions common to all corporations (e.g., opening a bank account, leasing a car, renting facilities) are in many of the “how to” books available. You can find samples of appropriately written minutes in most editions of *Robert’s Rules of Order*, and in some of the “how to” books and online sources listed under [“Further Resources.”](#)

Corporate Record Book

The board should have access to an official binder that includes incorporation papers, charter, by-laws, minutes, and resolutions of all official meetings.

Office supply stores and companies who specialize in helping people form corporations sell formal, sometimes leather bound, corporate record books. These are fine, but you usually do not need to go to the expense for this type of record book. You can use any binder and make your own divider tabs.

This book is usually kept at the principal office of the corporation.

Conclusion

The Board’s ability to govern effectively requires an understanding of the differences and relationships between management and governance. The Board, through policies established, demonstrates its effectiveness and determines the organization’s direction. Carver states that “policies...generated by the board, not parroted or approved by it, get at the very soul of governance. If the board’s wisdom is not reflected in these policies, a central feature of real board leadership has been missed.” (CarverGuide 1:7) And the opportunity for truly governing effectively toward a desired direction is jeopardized. Likewise, a board can fool itself into believing it is governing because it has policies and procedures in place that help things run efficiently. But it may

be doing efficiently what doesn't really need to be done at all, confusing "means" for "ends."

The disciplined work of a governing board is neither easy nor unimportant. The labor is worth the effort in helping an organization effectively reach its intended end. And in this process, Jesus' prayer that the Father's "will be done on earth, even as it is in heaven," can be significantly enhanced by a board process that effectively serves the mission for which God has called it.

Further Resources

Incorporating

The 12 Steps Program: Steps to Starting a Compassionate Ministry Center. Oliver R. Phillips. www.nazarenecompassion.org

The Corporate Minutes Book: A Legal Guide to Taking Care of Corporate Business, 2nd Edition. Anthony Mancuso. (Berkeley: Nolo. 2002)

How to Form a Nonprofit Corporation, 5th Edition. Anthony Mancuso. (Berkeley: Nolo. 2002). www.nolo.com

Board & Organizational Development

"Free Management Library (sm)". www.managementhelp.org

Masterplanning Group International
PO Box 952499
Lake Mary, FL
Tel: 407.330.2028
www.MasterplanningGroup.com

Towel & Basin Ministries
PO Box 101393
Nashville, TN 37225
Tel: 615.226.7668
www.TowelandBasin.org

Executive Search Process & Executive Coaching

KindomCareers.com
Brentwood, TN 37027
Tel: 888.207.2306
www.KingdomCareers.com

Masterplanning Group International
PO Box 952499
Lake Mary, FL
Tel: 407.330.2028
www.MasterplanningGroup.com

Pacific Grove Group.
 144 Second Ave. North, Suite 200
 Nashville, TN 37201
 Tel: 615.248.2483
www.pacificgrovegroup.com

Fund Raising

The Board Member's Guide to Fund Raising: What Every Trustee Needs to Know About Raising Money. Fisher Howe. (Jossey-Bass)

For other books and publications on boards and fund raising, see BoardSource under “Governance & Management”

Berkey Brendel Sheline
 60 Shiawassee Ave. Suite G
 Akron, OH 44333
 Tel: 330.867.5224
www.servantheart.com

Monarch Stewardship Group
 144 Second Ave. North, Suite 200
 Nashville, TN 37201
 Tel: 615.248.9998
www.monarchstewardshipgroup.com

For links to other companies that specialize in various aspects of fund raising see Christian Management Association under “Governance & Management”

Governance & Management

Boards That Make A Difference: A New Design for Leadership in Nonprofit and Public Organizations. John Carver. (Jossey-Bass, 2nd Edition. 1997)

BoardSource (formerly National Center for Nonprofit Boards)
 200 L St., NW, Suite 510
 Washington, DC 20036
 Tel: 202.452.6262
www.boardsource.org

Carver Governance Design, Inc.
 PO Box 13007
 Atlanta, GA 30324
 Tel: 404.728.9444
www.carvergovernance.com

CarverGuide Series on Effective Board Governance

1. Basic Principles of Policy Governance
2. Your Roles and Responsibilities as a Board Member

3. Three Steps to Fiduciary Responsibility
4. The Chairperson's Role as Servant-Leader to the Board
5. Planning Better Board Meetings
6. Creating a Mission that Makes a Difference
7. Board Assessment of the CEO
8. Board Self-Assessment
9. Making Diversity Meaningful in the Boardroom
10. Strategies for Board Leadership
11. Board Members as Fund-Raisers, Advisers, and Lobbyists
12. The CEO Role Under Policy Governance

All by Jossey-Bass

www.josseybass.com

Christian Management Association

PO Box 4090

San Clemente, CA 92674

Tel: 949.487.0900

www.CMAonline.org

CompassPoint for Nonprofit Services

706 Mission St., 5th Floor

San Francisco, CA 94103

Tel: 415.541.9000

www.compasspoint.org

Publishes a free monthly e-newsletter for board members called Board Café. To subscribe, send a blank email to boardcafe-on@lists.compasspoint.org

The Complete Guide to Nonprofit Management, Second Edition. Smith, Bucklin & Associates. (John Wiley & Sons, Inc. 2000)

The Effective Board Member. Bobb Biehl & Ted Engstrom.

www.MasterplanningGroup.com

Free Management Library (SM)

www.managementhelp.org

Governance Series from BoardSource (updated 2003)

- Ten Basic Responsibilities of Nonprofit Boards
- Financial Responsibilities of Nonprofit Boards
- Structures and Practices of Nonprofit Boards
- Fundraising Responsibilities of Nonprofit Boards
- Legal Responsibilities of Nonprofit Boards
- The Nonprofit Board's Role in Setting and Advancing the Mission
- The Nonprofit Board's Role in Planning and Evaluation
- How to Help Your Board Govern More and Manage Less
- Leadership Roles in Nonprofit Governance

(BoardSource 2003. See contact information above.)

Management: Tasks, Responsibilities, Practices. Peter F. Drucker.
(Harperbusiness 1993)

Managing the Non-Profit Organization: Principles and Practices. Peter F.
Drucker. (Harperbusiness 1992)

Managing a Nonprofit Organization in the Twenty-First Century. Thomas Wolf
(revised edition, Fireside 1999)

Robert's Rules of Order Newly Revised, 10th Edition. General Henry M.
Robert. (Perseus Publishing: 2000)

www.robertsrules.com

Jim Slaughter, Certified Professional Parliamentarian and Professional
Registered Parliamentarian

www.jimslaughter.com.

Ten Basic Responsibilities of Nonprofit Boards. Richard T. Ingram (National
Center for Nonprofit Boards: 1988, 1992)

Retreats – Board and/ or Staff

Towel & Basin Ministries

PO Box 101393

Nashville, TN 37225

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Chapter 2

Providing Homeless Services the Right Way

by Kelly Sweeney McShane
Executive Director, [Community of Hope](#)

Personal Introduction

Kelly Sweeney McShane has served as Executive Director of Community of Hope since January, 2001. Community of Hope provides housing for homeless families, a family-practice health clinic, and an after-school program in the

District of Columbia. Ms. McShane previously served as Executive Director of Hannah House, a transitional program for homeless women in the District of Columbia, and was a Peace Corps Volunteer in Sierra Leone, West Africa.

She has a Masters in Business Administration from Georgetown University and a BA from Harvard College. Ms. McShane has done consulting on issues such as financial management, fundraising, board development, and strategic planning for non-profits in the DC area and the Czech Republic. She is the co-author of the recently published book *Winning Ways: Great Nonprofit Management Ideas*.

Introduction

Unfortunately, homelessness appears to be a societal problem that is here to stay. The general public sometimes seems to be tired of talking about the homeless. Each Thanksgiving, stories abound about feeding the homeless. Every Christmas there is an outpouring of toys for children who are homeless. But what about the rest of the year?

Homelessness has become somewhat of an overused word to describe people who are broken, in need of a hand, tossed around by fate or poor choice, and yet often searching to bring stability to their lives.

Fortunately, there are also many people called to minister throughout the year to people who are homeless. The outpouring of compassion, clothes, toys, volunteer time, food, and financial contributions continues to be inspiring, from people who simply want to reach out and help their neighbors. Many people have taken to heart the fact that “there, but for the grace of God, go I.”

Providing services to people who are homeless, however, can be hard and tedious work. Community of Hope (COH), a Nazarene Compassionate Ministry in Washington, DC, has been doing just that for over twenty years. COH’s mission is to:

Provide the tools and resources to help low-income, homeless, and underserved families and individuals in the District of Columbia move towards self-sufficiency. With the help of our supporters and strategic partners, we accomplish this goal by providing housing with supportive services, health care, educational opportunities, and spiritual support.

This chapter focuses on the lessons learned at COH in providing housing with supportive services to families who have been homeless. We also provide an after-school program for children as well as a family practice

health clinic that serves a broader population of low-income people. The goal is that all of these program areas, along with spiritual ministry, provide assistance in the areas that have caused families to become homeless, and all work cooperatively to help transitional families out of homelessness. The housing component at COH focuses solely on homeless families and will, therefore, be the focus of this chapter.

The main lessons COH has learned can be arranged into five areas:

- Be clear about whom you want to serve
- Design a facility around their needs
- Decide how you want to meet the needs. Evaluate and adjust as you go.
- Identify funding and build a funding mix
- Nurture staff and volunteers

In each of these areas, specific examples will be used from the experience of COH in order to provide clarification.

Lesson Number One: Be Clear About Whom You Want To Serve

The first and most important lesson is to be clear about whom you want to serve. At all times, the needs, interests, and feedback from residents should guide your thinking and analysis.

This is easier said than done. Sometimes needs change. Sometimes one person perceives a need which others do not, for example, the population of homeless families. Under that broad group, there are families headed by women, by two adults, or by single fathers. Some families are headed by adults with substance abuse or mental health histories or have children with physical disabilities or learning needs. Often families come from different ethnic or language backgrounds. You need to tailor your ministries to the needs without being so confined that there is no one to serve.

So, how do you go about doing this? There are several steps that you can take on an ongoing basis.

- *Talk to people who are homeless, who you want to serve.* Talk to as many as possible. What are their hopes and fears and dreams? What has caused them to become homeless? What will help them move out of homelessness?
- *Talk to people who serve the homeless in your community.* What services do they provide? Where are the gaps? Should you start your own ministry, or use your time and talent to assist an existing ministry? There are often coalitions of people doing similar things, for example providing food or serving homeless families.
- *Do research on what is happening in the country and in your community.* What are the best practices within a group? Who else can you talk to for ideas? There is no need to reinvent the wheel.
- *Make sure you have someone who is homeless or formerly homeless on your board and/or on staff.* They bring an important perspective. Because everyone's story and life is unique, it is good to have the practical voice of someone who has "been there, done that."
- *Regularly survey or have focus groups with clients.* See if needs are changing. Analyze the demographics to see if there are, for example, more families with two parents now than in the past. What might the

significance of this be?

Staying focused on whom you serve and their need will help you as you design a facility, a program, and raise funds. A clear statement of need will be compelling to people who want to donate their funds and volunteer their time to help those in need.

Community of Hope Sample Client Profile

Community of Hope serves families who are homeless. They are deemed eligible by a Central Intake Office for the District of Columbia. Community of Hope does not screen families who come into the existing program, but serves anyone who comes to us through the Intake Office. The number of eligible families seeking shelter in DC increased by 82% from 2000 to 2001 and by another 31% from 2001 to 2002. At the end of November 2002, 331 families were on the city's wait list for emergency shelter.

Demographics of families served in 2002 include:

- 76% of the families had a single woman as head of household, 20% were couples and 4% had a single male as head of household.
- 98% of the families were African-American.
- Each family of the 75 families served in 2002 had an average of three children per family.
- Approximately 50% of the adults in families have a substance abuse issue, much of which is not acknowledged or diagnosed.
- About 25% of the adults and 25% of the children have a mental health issue and are in need of mental health support. Primary issues are depression and post-traumatic stress disorder.

Lesson Number Two: Design a Facility Around The Needs

The gaping void for people who are homeless is, obviously, a home. Even if you do not offer housing, there are needs for drop-in centers, food pantries, clothing, support services, and day care. To provide any of these services, you need a space. It can be a church, a whole building, or a basement. It can be rented, owned, or borrowed. COH renovated an abandoned building in the early 1990s with government and private funds and has a long-term, below-market-rent lease with the District government. We are also in the process of developing a second facility in another part of town to serve more homeless families. Throughout these projects and daily operations, we have learned the following:

- *Strategize for the long-term.* Don't save a penny now when you will end up paying a pound in the future. For example, a certain air conditioning system may be cheap now, but you may have future utility and maintenance costs from a poor system in the future. Furthermore, to

replace the whole system involves significant capital costs. This lesson applies both to the initial building costs and to renovations.

Maintenance issues are great. Children color on walls, an angry parent kicks a hole in the drywall, a stopped toilet overflows and leaks through two floors below, precipitating expensive repairs. Though money may be tight, if repairs aren't made on a regular and timely basis, the reality is that it will cost you more in the long-term. You also do not want to be in a situation where, though doing the best you can, you are providing substandard housing. The homeless still deserve a livable place to reside.

- *Think about the long-term in terms of financing a property.* The obvious goal is to own a debt-free property requiring considerable fundraising. One temptation is to take out an excessive loan to purchase a building. You have to be sure that your organization can pay the mortgage every month. The same applies with rent. You may have a great space, but if the rent is oppressively high, which leaves little left for services, you will not be able to achieve your mission.
- *Location, location, location.* Despite great needs in Washington, DC, there are many neighborhoods that are experiencing gentrification. COH started its ministry in what was historically an underserved neighborhood. Twenty years later, there is a subway, a fancy coffee store, and several major grocery stores, only minutes from downtown. Land is becoming prohibitively expensive so that the poor can no longer afford to live in the neighborhood. COH, therefore, is locating its new project in a more depressed section of town. However, even there in southeast DC, there are signs of gentrification and people do not want the poor as neighbors. The NIMBY (Not-In-My-Backyard) syndrome is most apparent. We have learned to be aware of zoning regulations so that we do not get into unwinnable arguments with neighbors after investing lots of money into a planned facility. It is important to build community support on honesty without violating the privacy of future residents by exposing too much information about their problems and needs.
- *Plan space to meet the needs of the people you want to serve.* Options for housing include apartments that are completely private, private rooms with shared kitchens, Single Room Occupancies (SROs) for singles, dormitory-style for singles, etc. If you are serving families, it is important to consider the needs and numbers of children. Where will they play? Will it be inside or outside? Safe? Accessible? Common space where clients and residents can meet and bond is particularly important. In hindsight, one mistake we made was to build apartments without closets, thinking that families would be with us short-term and should not feel too comfortable. The reality, however, is that a family with three children needs somewhere to store shoes and clothes. Without closets, we have had to arrange wardrobe space and additional dressers, making it more difficult to keep apartments clean and neat.
- *Think about staff needs.* How many offices do you need? Which ones need to be private with a locked door, and which ones can be shared? Will staffing be required around the clock, and if so, will staff need a place to sleep or will they remain on duty all night? We have discovered that you cannot overestimate the need for staff offices, meeting rooms,

and storage. Though you may think you have space for everyone now, what about in three years when you want to add a food pantry, or a computer lab for children? Storage has its particular challenge. On one hand, with so much potential for in-kind donations for beds, linens, food, clothes, etc, there is a great need for storage. On the other hand, too much storage space might mean you have discard items and unattended clutter filling up rooms.

Community of Hope Sample Facility Design

Because the population Community of Hope serves is families, the facility is set up as private apartments to create as much a sense of normalcy as possible for both parents and children. Most apartments have two bedrooms, though there are a few three-bedroom units, which are in great demand because of the number of large families. Families all cook for themselves and maintain their own apartments. Apartments do not have their own telephones, but there is a public pay phone and an office phone to use for business calls.

For the children, there is a large basement space for child care and the after-school program, as well as a computer lab for adults and children. There is a park nearby for playing.

There are private staff offices for the case managers, Program Director, and Children's Activities Coordinators. Storage is always in high demand, to keep donated beds, linens, silverware, etc.

There is 24 hour security, so there are security cameras and a monitor in place, as well as a desk for the 24 hour staff who work eight hour shifts.

Lesson Number Three: Decide How You Want To Meet The Needs. Evaluate and Adjust as you Go.

Along with the concern over space, you will need to develop an outline of what programs and services to be provided and, as will be discussed below, how you are going to pay for those ministries. In this section, I will discuss programs (i.e. case management), house rules (i.e. curfew), and evaluative measures.

In order to know what kind of facility you want and what kind of funding you need, you must have a broad sense of what types of services you are going to offer. Will they be intensive? Will you use staff or volunteers? What services will you provide in-house or where will you refer clients? Answers to these questions impact how you design space and raise funds.

Not only will you have to come up with an outline of program services, you also need to set up what we call "House Rules." What time is curfew? Can visitors spend the night? How many clothes can a family take from the

clothes closet at one time? Framing the rules before problems occur can create a more positive environment.

COH has learned the following lessons both as to the program structure and the nitty-gritty specifics of practical regulations.

- *Again, listen to your clients.* Your idea of what's right for them may not concur with theirs. Unilateral decisions can lead to problems and resistance. You do not have to conform to everything they suggest, but it is essential to consider their perspective in a way that will encourage responsibility for their own space and program. One recent success evidenced at COH was in addressing the problem of residents loitering on the front sidewalk. Neighbors were complaining, there was lots of trash, and children were playing in the streets. The Housing Director asked for ideas from the residents. Their idea was to have extra visiting hours during the week so that, rather than chatting on the front stoop, visitors could come into apartments during the week. This new procedure was started on an experimental basis, and has worked out well. Loitering has decreased, visitors have avoided problems, and residents have been empowered by being heard.
- *Do your research on what other ministries are offering.* You should set up meetings with other similar programs. Find out what works for them. Find out ways to collaborate. Ask them how they deal with some of the problematic questions such as: What is the staff-to-client ratio? What time is curfew? How do you deal with child care? Different programs have different approaches, and you can see which ones work for you.
- *Don't try to do everything yourself.* Prioritize what services will have greatest impact with your clients. Even with generous resources, it is neither possible nor beneficial, for one organization to do everything for a client. You do not have to provide childcare if there are already several accredited day care centers in the area with which you can collaborate. COH, for example, had been providing GED classes. We found, however, that residents in the housing program were not yet in a stable enough living situation to focus on long-term literacy and GED. Because they were not participating and financial support was eroding, the presence of other excellent adult education and GED programs in the area became a preferable option. Despite the temptation to add services, COH believes in helping families create other connections in the community so that after they move out, they do not revert to where they were before (i.e. with no day care, no outside support, no mentor, etc).
- *Think carefully about your staff and volunteer structure and their support.* Case management is the key to COH's programs, and case managers have to be very dedicated, capable, and caring people. Our ratio is intense, one case manager for ten families, compared to one to 50 patients in the health clinic. Case managers meet regularly with families and help them identify the resources they need in the community. Some families need to be pushed, others pulled. Case Managers need to be very detail-oriented. Volunteers can be used for some positions, but for continuity, paid staff is invaluable.
- *Phase in new ministries.* It can be very tempting to have an idea and then

either do it prematurely, or delay until every piece is in place. COH has found it very useful to phase in programs. For example, we just added a spiritual director to the staff on a part-time basis who is assigned to do a needs-assessment and to build up activities, transitioning into full-time as needed. We also started with a weekly meeting for teens, which is now becoming an add-on to the after-school program for teens. By phasing in, you can gain experience, adjust mistakes, and stay fiscally sound.

- *There needs to be a clear, consistent system of rewards and consequences.* It is only fair to clients that they know what is expected and what consequences will be triggered if rules are not followed. It is also important, however, to use positive reinforcement and rewards to help motivate people. COH has developed a detailed code of house rules, some of which are identified below. If an adult violates a rule, he or she is assigned demerit “points”. The more serious the violation, the more points. At 100 points, a family may be asked to leave the housing program. Families also can earn rewards, such as a night out if they pay into escrow or gift certificates for “Residents of the Month.” A clear code ensures that the staff acts consistently, that families are encouraged to make good choices, and that other clients in the program are protected if someone continually causes problems.

- *Set some specific measures up front to evaluate your services.* Pick a few key “outcomes”, and then measure them on a consistent basis. It certainly

helps to have appropriately tailored software, but such information can be tracked either manually or on a simple Access or Excel software program. COH uses a web-based evaluation system required by the District government that records demographics, income and housing upon entry and exit of the program, as well as children’s needs, educational levels, and current issues. Monthly reports are sent to the funding source, and outcomes are reviewed quarterly. A sample of outcome measures is provided below.

Current reality dictates that, if you cannot prove that you are achieving positive outcomes, it will be difficult to receive continued funding.

Community of Hope Sample Program Outline

Community of Hope’s programs revolve around a strong case management system. Parents meet regularly with a case manager to identify needs and to set up a plan. Referrals are then made for job training, permanent housing, day care, mental health support, substance abuse treatment, after-school activities, health care, etc. The case manager follows up regularly on progress.

Along with case management, parents attend mandatory weekly life-skills classes. Classes are on topics such as budgeting, housing rights, parenting, substance abuse, self-esteem, spiritual development, health issues, etc.

During life-skills classes, volunteers provide childcare for the children. School-aged children are enrolled in the after-school program, where they work on spiritual development, academic enrichment, a computer lab, and weekly tutoring.

A newly-hired Spiritual Director provides chaplaincy services, pastoral counseling, and will be coordinating activities focusing on spiritual development.

Community of Hope Sample House Rules

In order to clearly and consistently enforce the rules, COH uses a point system. Every new resident family begins with a total of 0 points. The list below outlines the consequence for various rule violations. A higher number of points reflects a more severe rule violation. Points will be deducted from the total only if a resident family goes two weeks without receiving any points. 10 points will then be deducted for every two-week period that no points are received. At 50 points, a resident family will receive their first warning letter. At 100 points, a resident family will receive their second warning letter and an expulsion letter. As outlined in DC regulations and the resident agreement, residents may decide to appeal an expulsion through an Administrative Review or a Fair Hearing.

<i>Rule Violation</i>	<i>Points</i>
Possession of weapon on the premises .....	.100
Possession, sale, or distribution of illegal drugs	
On the premises .....	.100
Assaults or batters any person on the premises .....	.100
Positive drug test for illegal drugs .....	.25
Missing a drug screening or follow-up treatment .....	.50
Leaving children in apartment alone .....	.50
Curfew violations (9:30 during week, 12:00 on weekend)	
Up to 1 hour late .....	.10
1- 3 hours late .....	.20
3-6 hours late .....	.40
More than 6 hours late = unauthorized absence .....	.50
Missing case management meetings .....	.25
Apartment units in unsatisfactory condition	Up to 25
Disrespectful behavior	Up to 25

Community of Hope Sample Outcome Measures

Goal 1 – Housing

- A. 60% of all families will move into permanent or transitional housing that is adequate and stable.
- B. 50% of the participants who successfully completed the program will have supportive case management services after leaving the COH shelter. This will include all participants who move into transitional housing and permanent supportive housing programs.
- C. 60% of the participants who successfully completed the program and moved into transitional/permanent housing will maintain stable housing for a period of, at least, one year.

Goal 2 – Employment and Training

- A. 50% of adult participants will be currently enrolled in job training, attending school, and/or working part/full time. Exemptions are made for those who are physically unable to do these tasks; or are in drug treatment or mental health programs.

Goal 3 – Life-Skills Empowerment and Recreation

- A. 80% of the families will participate in educational classes, childcare, and recreational activities available at, or organized by, the Community of Hope.
- B. 60% of all school-age children will participate regularly in an after-school program, either at the Community of Hope or in the community, with the goal of working on academic, social, and recreational needs.

Lesson Number Four: Identify Funding and Build A Funding Mix

It may be a bit counterintuitive to look for funding *after* you find a facility and outline the program, but the reality is that funders generally want to know that you have thought things through before they contribute money. As such, it becomes a catch-22. You do not know what services you can offer because you don't have funding, but you can't get funding unless you know what you want to do. You also may need to adjust your program outline based on the funding source. A lot of faith, prayer, and hard work are required to crack out of the double-bind. Success breeds success, however, so if you can acquire funds from one donor, others may follow.

The optimal funding base is to have a mix, so that you are not totally reliant on any one source of income.

- *Begin developing a budget as soon as you can.* Be sure to include estimates for salaries (ask similar organizations what their salaries are to give you an idea what costs will be). Be sure to include some extra money should costs supercede your expectations, i.e. utilities surcharges, a leak that needs to be fixed, beds that need to be purchased. Having

some idea of how much money you need will help you figure out where you need to target fundraising. Adjust the budget as you go along as you get a better sense of real costs. It is better to overestimate costs in the beginning and raise too much money, than to underestimate costs thus threatening the survival of the ministry.

- *Don't forget overhead and administrative costs.* Though not the most exciting budget item, you do have to pay for rent, postage stamps, copying and payroll services. Remember that ministries cannot function without the administrative support. COH earlier did not account for this adequately but has since adjusted by ensuring that all government grants and proposals include a 10% administrative cover fee.
- *Be realistic about what volunteers can do, what you can get in "in-kind" donations, and what you will have to pay for.* Many organizations rely heavily and successfully on donations of clothes, food, beds, etc. Many organizations also depend greatly on volunteers. Volunteer and donations themselves consume a great deal of management time. COH receives donated apartment furniture; however, we often have to rent a truck and utilize staff as drivers to pick up donations within their confined schedules. In some cases, we reject donations because the cost is prohibitive for the value of what is donated. Remember, "You usually get what you pay for."
- *Be cautious about government funding.* Government funding obviously has many pros and cons. It can access large sums of reliable money. However, it also imposes conditions. It is easier these days for faith-based organizations to access government dollars. But there continues to be challenges. COH receives DC government funding to cover approximately 90% of the cost of the housing program. The government reimburses only for costs actually expended and, only after they have been billed. Community of Hope in essence "fronts" about \$50,000 per month, which is then reimbursed. Recently, reimbursements arrive with regularity, but in the past the government was often delinquent in its payments. The funding contract also imposes restrictions on who we can accept in our program and on the appeals-process for residents; therefore we do not have complete control on enforcing consequences for residents, a dilemma which has caused problems in the past. For example, if other residents see that one is not asked to leave if they have a weapon, it creates an environment where others feel they can violate house rules. On the other hand, the funding allows COH to provide twenty units of housing with extensive services. Without such support, we would not be able to provide more than a few units of housing with limited services.
- *Giving from individuals is optimal.* Such giving is usually unrestricted, which means you can use it as needed. It is usually fairly stable over the long-term. However, it consumes considerable effort to identify \$500,000 worth of funds from individuals in cultivation, regular communication and constant attention. COH has had a part-time staff member whose sole responsibility is to cultivate individual donors.
- *Giving from churches is often not usually as generous as from the government.* In the D.C. area, churches give lesser amounts of money that fluctuates greatly according to the economy. On the other hand, churches are a

great source of prayer and volunteer support.

- *COH has received substantial support from area foundations over the years, including checks of \$5,000, \$25,000 or \$50,000.* Foundations generally choose, however, to support specific efforts or novel ministries. To maintain continued support can be challenging. Individuals, churches, and foundations need regular communication and intense research to ensure that their interests match your needs and that attention is given to detail in submitting proposals and meeting deadlines. To do this, another part-time staff member at Community of Hope exclusively focuses on raising funds from institutions such as foundations and the government.

Community of Hope Sample 2002 Budget		
Includes Housing, Health Care, and Education Programs		
<i>Revenues</i>		<i>% of total</i>
Government	\$ 1,112,824	.58%
Foundations	\$ 436,000	.23%
Individuals	\$ 95,000	.5%
Churches	\$ 20,000	.1%
Patient fees and income	\$ 180,600	.9%
Other	\$ 62,800	.3%
Total	\$ 1,907,224	
<i>Expenses</i>		<i>% of total</i>
Salaries (32 FTE Staff)	\$ 1,000,564	.55%
Taxes and Benefits	\$ 235,950	.13%
Occupancy	\$ 268,400	.15%
Client Services	\$ 136,500	.8%
Administrative costs	\$ 126,034	.7%
Miscellaneous	\$ 50,000	.3%
Total	\$ 1,817,448	

Lesson Number Five: Nurture Staff and Volunteers

Last, but not least, COH has learned the importance of developing a strong cadre of caring, qualified, and dedicated people to minister to people in need. Your ministry is only as good as the people involved. Whether they are paid or volunteer, you need to take time to set up systems to recruit capable people, hold them accountable, and thank them regularly.

- *Be thoughtful and deliberate in your recruiting and hiring process.* For staff and volunteers, Community of Hope asks everyone to fill out an application, go through at least one interview, and sign forms about confidentiality. References are checked on all volunteers and staff. We have set up an orientation system for staff to ensure they get off to a good start. Volunteers are assigned staff “supervisors” to train them, regularly

thank them, and ask for their opinions. COH also, has developed a “Statement of Faith,” to ensure that all are philosophically comfortable working or volunteering at Community of Hope. Though we do not discriminate on the basis of religion, ethnicity, or gender, we do try to hire people who have “been there” and can share their experiences. However, they must also be able to meet expectations of professionalism, commitment and quality of work. For those who volunteer, we sometimes reject their services, especially if a group is too large or too young. We remember that our primary concern is to minister to people in need. If a staff or a volunteer is not respectful or is not doing the job, it is our responsibility to clients to address the problem.

- *Develop clear job descriptions for staff and volunteers.* All staff and now all volunteers have job descriptions. These job descriptions outline key responsibilities, and help ensure that everyone is informed about what part they play in the organization as a whole. It is particularly important that a person know who his or her supervisor is so they can go to him or her for help.
- *Hold people accountable.* COH has put into place a performance evaluation system that includes feedback from clients, supervisors, supervisees, and other related individuals along with a self-evaluation. Evaluations are done quarterly and annually. The evaluations are used to praise someone and provide insight on how to improve. The organization as a whole has benefited from a clear process of holding people accountable. If someone is not doing their job, there is an accurate and fair tool for helping them improve or for suggesting alternatives. We have also started doing mini-evaluations for volunteers by providing performance feedback and personal input.
- *Be sure to thank and reward staff and volunteers as much as possible!* The power of saying “thank you” cannot be underestimated. We have also found it cost-effective. COH has put into place morale-boosting activities for staff such as a monthly birthday celebration with cake for everyone, as well as an “Above and Beyond Award” to publicly acknowledge and thank employees who have done an outstanding job. For volunteers, we do an “Annual Appreciation Event” with food, entertainment, certificates, and personalized encouraging comments.
- *Invest time and energy in supporting and developing a strong, committed Board of Directors or Church Board.* Your Board can serve as an objective source of inspiration and perspective, a source of funds and skills, and a set of hands when needed. All of the same lessons regarding identifying good members, being clear on expectations, and thanking board members applies. Community of Hope developed a “Board Member Agreement” that outlines Board responsibilities. This Agreement is used to recruit new Board members and educate them on what is expected *before* they join the board.

Community of Hope Sample Board Member Agreement

As a member of the Board of Directors of Community of Hope, I agree to support the mission of the organization. I understand that my duties and responsibilities include the following:

1. I am fiscally responsible, with other Board members, for this organization. It is my duty to be active in monitoring Community of Hope's income and expenses, in planning the budget and in fundraising to meet the budget.
2. I am legally responsible, along with other Board members, for this organization. I am responsible to know and approve all policies and to be familiar with all programs. Along with the rest of the Board, I oversee the implementation of policies and programs.
3. I am morally responsible for the health and well-being of this organization. As a member of the Board, I have pledged to carry out my duties to Community of Hope with the highest degree of ethics.
4. I agree to respect, listen to and treat courteously all people involved with Community of Hope. I recognize that the organization exists to serve the community and that the staff is an equal partner with the Board in carrying out the mission of Community of Hope.
5. There is no set amount of money that I must raise because I am making a good faith agreement to do my best and bring in as much money as I can. I agree to participate in fundraising activities as follows:
 - I will give personal donations at the highest level possible.
 - I will share names of prospective donors I know with the fundraising staff.
 - I will talk about the work and achievements of Community of Hope with colleagues and friends.
 - I will participate in as many of the following as possible:
 - a) Make visits to potential major donors of foundations.
 - b) Help plan and organize fundraising events.
 - c) Identify sources of in-kind contributions.
 - d) Ask friends and colleagues for contributions.
 - e) Other items as appropriate.
6. I agree to stand on one or two standing committees of the Board and to attend committee meetings. Committees include: Executive Committee, Board Development/Governance, Resource Development, Health Services Advisory Committee, and Ad Hoc committees.
7. I agree to attend quarterly full Board meetings and appropriate committee meetings. I understand that I am required to attend at least 3 out of 4 full quarterly Board meetings to remain in good standing as a full Board member. If I am unable to attend, I will let the Executive Director know and follow up on missed meetings. I understand that commitment to the Board will probably involve six hours per month.
8. I agree to participate in the process of recruiting, appointing, and evaluating the Executive Director.
9. The Board should be responsible for board evaluation either by itself or by an outside consultant.

In its turn, Community of Hope is responsible to me in the following ways:

1. I will be provided with, without request, financial reports.
2. I can call on the Executive Director to discuss the program and policies, goals, and objectives of the organization.
3. I understand that there is Directors and Officers (D&O) Professional Liability Insurance provided by Community of Hope.

Other Board members and staff will respond in a straightforward and thorough fashion to any questions that I feel are necessary to carry out my fiscal, legal or moral responsibilities to Community of Hope.

Name, Date _____

Conclusion

Setting up ministries to help people who are homeless is considerably difficult work. I have found, however, that constant prayer and unbounded faith in God and His provisions will guide you through. Remember to take your initiatives one step at a time, ask for help, and continue to listen to and focus on the people that you serve. As Jesus said, “Whatsoever you do for the least of my brothers, so you do for me.”

Chapter 3

Funding Your Dream: Diversification of Programs without Losing Focus

by Melinda Holsopple
The Way Station, Inc

Personal Introduction

Melinda Holsopple is the co-executive director of The Way Station, Inc. a private, faith-based organization that provides a host of services to rural Columbiana County. She has more than fifteen years of project development and grant writing experience and has raised more than \$15 million in grant funds from government, philanthropic and corporate resources. She is an adjunct professor at Kent State University teaching Non-profit Development and Grant Writing to graduate students and upper classmen. She shares directorship of The Way Station with her husband, Gary. Together they parent six children and reside in Columbiana, Ohio.

Introduction

*“The poverty was so great, I wanted to scream at God.
Then I realized, that in the poverty, God was screaming at me.”*

Compassion happens! It flows into the natural void between need and resource. In God original design of human nature, to not share would have been unnatural. Yet, despite the Fall of Adam, there is something about the image of God in the heart of humans that is not entirely erased by sin. As a result, compassion compellingly continues to remind us of who we were called to be.

You observe people stalked by hunger, and God provides you with resources to feed them. Clothing them becomes a natural extension of your food program. In time, someone steps forward and offers a grant for the provision of emergency funding. In the process of providing for physical needs, relationships grow with neighbors who never seemed so important before. This intimacy leads you to discover that their needs go beyond the physical clamor of hunger and homelessness into the depths of their powerlessness and hopelessness.

The world of the hurting is strewn with the landmines of addiction, abuse, and unemployment to name a few. You long to fulfill their needs and as the Holy spirit encourages and leads, you discover that God has bountifully resourced you, at both a personal and organizational level, to develop a complex of ministries that lead those He has placed in your path around these mines.

The Way Station, Inc. has begun such a journey to minister “Christian wholeness to high risk persons”. In 1988, God placed a vision and a yearning in the heart of Way Station founder and board president Jim Couchenour as he visited a local tavern looking for a friend who had “gone over the edge”. He didn’t locate the friend there, but did meet disenfranchised and marginalized people that forever changed his life and those of thousands of others through the services of The Way Station. Their poverty and despair

gnawed at Jim as he repeatedly returned to the bar to sip diet Coke and savor the tales of those who sought comfort and solace in the tavern. His experiences congealed into the creation of “The Way Station” as a means to provide a non-alcoholic alternative meeting place for those in need of a compassionate ear and a loving touch.

Much to the surprise of The Way Station founders, opening night at the newly renovated facility brought over fifty youth to the pool tables, games and company. Early on, there was lively discussion as to whether to limit its scope to youth-driven services. After considerable prayer and divine direction, the organizers agreed to create ministries to meet the needs of all ages. Little did the group know then that welfare reform would expand the needs of this rural, Appalachian community in incalculable ways.

The pivotal decision to serve all ages as the Spirit led was the beginning of a whole series of creative initiatives that serve to engage more than 7,000 individuals each year. To fully understand its breadth, the following overview is presented:

Social Entrepreneurship/Micro-Enterprise: The Way Station is committed to developing and incubating employment opportunities for the residents of the rural communities serviced. To this end, The Way Station seeks and develops small business through partnership with the U. S. Department of HUD’s Rural and Economic Development grant. Current enterprises and job training opportunities include the manufacture and distribution of **Riverrock Candles**, **The Shoppe Along The Way**, a retail gift shop, **TWS Custom Clubs**, a custom golf club manufacturing and service entity and **Wheels to Work**, a licensed used car dealership which supplies cars and credit to those moving from welfare to work. All ventures are staffed with individuals who have completed job readiness training and are moving from welfare to work.

Job Readiness Training: The Way Station, under contract from Meridian Services, through the U. S. Department of Labor, provides outreach and job readiness training both for those living in poverty and for non-custodial parents who are unable to pay child support because of lack of employment. The program, Welfare to Work, offers the participants two weeks of training as well as six months of subsidized, competitive employment in the community. Graduates of the program are eligible for further training as well as access to employment in areas such as childcare, transportation, equipment, etc.

Church at Large/Center to Advance Christian Compassion: The Way Station serves as a coordinating body for the inter-denominational, church-driven, “Church at Large.” The “Church at Large” strives to coalesce Christians into acts of Christian compassion in the county’s 227 churches. Furthermore, it sponsors workshops and seminars to “spread the word” about the value of Christian service in transforming communities as well as to provide technical assistance training in the areas of program development and management.

Food Ministry: The Way Station offers those in need emergency food assistance. The food coordinator gives consumers sample menus and recipes for

utilizing USDA products in the preparation of healthy, tasty meals.

Clothing Ministry: The Way Station supplies clothing and other household items to those in need in the community. More than 5,000 families are served annually through the clothing ministry, staffed entirely by volunteers. The community donates clothing to The Way Station that is sorted, tagged, and displayed in a manner that is hospitable to the clients. More than 100,000 items of clothing were distributed in 2003.

Direct Assistance: The Way Station offers emergency financial assistance with rent, mortgage, and utility payments. The organization owns a small one-bedroom housing unit available for emergency housing assistance. Additionally, it provides emergency shelter as needed at area motels for transients in distress. Direct assistance is available through organizational funding and community referral resources. Case management is given to all seeking assistance for financial concerns in order to assist in the identifying of felt as well as real needs.

Eager to Grow – Tutoring: The Way Station provides child assessment and development resources and tutoring throughout the county to help children maintain/achieve grade level proficiency. The “Eager to Grow” program offers after school programming to youth and teens in three cities.

Adult Literacy: The Way Station is certified as a Laubach Literacy Center and employs the successful Laubach methods to assist adults in their quest to read.

Hispanic Ministry – English as a Second Language: The Way Station ministers to Hispanic community members through a weekly meal and Bible study conducted in Spanish and English as an ESL class.

The Ezra Academy and Center for Treatment Services: Forty chemically dependent youth reside in licensed treatment services. “Ezra Center” programming also includes on-site educational services in life skills and vocational development, offered in partnership with the local public school system.

Community Services: The Way Station serves Columbiana County with a host of activities and programs to benefit the community at large. Ongoing services include the senior ministry hosted weekly, providing support and fellowship for seniors. The agency also offers the community events that include concerts, Easter Egg Hunts, mobile health van, Thanksgiving Dinner, and Christmas Adopt-A-Family. The building is available for various meetings including 12-step programming and abuse recovery groups.

Today, The Way Station serves six sites scattered throughout the county. More than 7,000 people were assisted in 2003 though the aid administered varies widely as do the funding sources. The Way Station has sought to develop and implement a multi-tiered funding approach to support its various missions, including federal, state and local governmental funds, grants from private and corporate foundations, contributions from churches

and individuals, contributions from civic and philanthropic groups, and social ventures developed by the organization. Praises and pitfalls for each of these resources are described later in this chapter.

A funding plan for an NGO is not unlike building a house of cards. Funds do beget funds. If you are able to leverage funds from one source, i.e. a generous benefactor, it becomes easier to acquire funds from a foundation or government source. Each funding “card” rests upon the other and can become a functional structure which supports the organization’s profitable programs as well as those without a funding resource.

A wise man once stated that 90% of any project is preparation and 10% is work. In this case, preparation is the development of programming and strategizing of funding. To this end, several considerations need to be highlighted prior to the development of multi-faceted programming and multi-tiered funding.

Necessary pre-development activities include: 1) the assessment of organizational capacity; 2) the development of a clear understanding of the best “approach” to take in the planning of new programs; and finally, 3) the articulate analysis of the need for new programs.

Pre-Development Activities

Each new venture opportunity should be bathed in prayer. Seek the Lord’s direction and guidance. Seven questions ought to be asked to determine if the dream is a true vision from God:

1. Is the idea (to pursue a new program) birthed out of a season of prayer?
2. Does it empower people directly?
3. Does it complement, not replace, the local church?
4. Can it grow as its mission grows?
5. Does it reveal Jesus or does it get sidetracked from evangelistic opportunities?
6. Does it avoid unnecessary debt that might overburden the body of Christ?
7. Can it be scrutinized by wise counselors to confirm or critique its practice and mission?

Every organization requires a margin of resources in order to actively engage and seek new areas of growth and development. Once you venture down the fund-seeking path, you will be astonished at the variety of resources available to non-profits. It becomes very tempting to want to pursue each opportunity vigorously.

However, a clear picture of your God-given purpose will caution you when considering funding opportunities. Work with the organization’s board of directors and staff to understand and develop the mission of the organization. Nurture an understanding of what makes your organization uniquely qualified to engage this new opportunity.

Additionally, evaluate the competency of the compassionate ministry center in the following areas:

Reputation: Will you be able to garner public support as well as assistance

from community-based agencies and governmental entities? Many new projects require letters of support and commitment as well as documentation of collaboration and partnership. Strive to build bridges with social service agencies in your community. Hone your relationship with local and state governmental officials. Mend fences with those organizations threatened or fearful of you.

Staff Capability: Conduct an honest assessment of your staff to discern areas of strengths and opportunities for improvement. Does existing staff have the training and/or licensure to develop the program for which you are interested? Consider the capability of those in charge of fiscal policy. Will they be able to handle an expanded budget? Develop a plan for staff development to assure excellence in programming.

Match Dollars: Many funding resources for newly generated programs have a match requirement. It is imperative to know from the onset the expectations that a donor may have on an organization that is to receive a grant. Match funds are the leverage from a secondary source necessary to receive the primary grant from a donor.

Match requirements are of two kinds – cash or hard match, and in-kind or soft match. Cash match is, of course, dollars. This match is expressed in a ratio form. A 1:1 match indicates that \$1 from another source is required for every dollar received from the funding source. A 2:1 match requires that \$1 be provided from another source for every \$2 received from the grant. In-kind matches include assessing the value of things such as office space, supervision, staff, and the like which are “donated” to the project by the host organization. Systems must be in place to document both hard and soft matches. Documentation is critical when dealing with funds from others!

Flexibility: Organizations must be flexible when considering funding resources. Habitually, funds for new programs are calibrated on the donor’s calendar rather than the organizational schedule. Other areas demanding flexibility in program development include a sensitivity to staffing arrangements, seasonal shifts of need, and scheduling conflicts.

Organizational Structures: An expanding organization requires internal structures which can accommodate new programming and new funds, beginning at the board level and moving throughout the organization. The board must be able to efficiently and effectively develop policies necessary to implement a new program. The bookkeeping and accounting systems must accommodate auditing requirements of both donor and IRS regulators. Grantors often demand outcome-based reporting that assumes competency in tracking and maintaining both service delivered and measurable outcomes that prove that the mission is being accomplished. The organization often needs standardized technology that allows staff to exchange data in readable format from one computer to another.

A pitfall in organizational development is jumping to assumptions about community need. Several factors should be carefully analyzed when considering the development and implementation of a new program based upon perceived need. First, research the reality posed by these questions:

- Specifically, what needs does your program address, surface or underlying? You want to, whenever possible, attempt to identify the source of the problem and solve it rather than work to treat symptoms.
- What is the status of the need? Is this a new issue for your community? What is currently being done to alleviate the problem? Always look to partner with community agencies in seeking solutions to the community's needs!
- Who exhibits the need? Develop a clear picture of the target population which exhibits the need. Consider its characteristics, culture, gender, ethnicity and age in order to develop services tailored to that population.
- How critical is the need? Do you have documentation that describes the depth and breadth of the problem? While “gut” or anecdotal impressions are often true, they fail to convince funders. Examine all available resources, including local media, internet resources, and government reports to buttress the fact of the need.
- Do you know that your program idea will really address the need? Talk to key informants and experts in the area. Seek confirmation and direction from those who have walked where you want to walk. Ask them about changes that they would make if they were to do things differently. Learn from their experiences – shorten your learning curve! Proactive awareness will save not only funds but also time and headaches.
- Is the need seen as critical by community stakeholders? The buy-in of an idea from all invested persons is essential in order for an idea to move from idea to successful reality. Don't overlook the stakeholders who are also staff and volunteers positioned to help a program succeed, including the receptionists and janitors. Don't overlook the importance of referral agencies who are recruited to refer potential customers to the ministry. Consider the community perception and impact, i.e. additional road traffic, parking limitations, etc. brought about by expanded ministries. All of these need to be consulted during the early stages of planning.

Planning Stage

Now that you have determined that your program idea is God-breathed, that your organization has adequate human resource, physical and fiscal capacity, and you have the facts required to validate the project to your funding sources, your next step is to expedite project planning. When defining the best approach to developing and implementing ministries. The following steps need to be taken:

- Consider the experiences and knowledge gained by others. As discussed previously, learn from the mistakes of others! Utilize personal interviews with those in the field as well as “best practice” publications distributed by the government and large foundations. Study the literature to determine the praises as well as pitfalls that other programs have experienced.

- Determine the priorities of the funding source. There has been an intense debate among nonprofits that pits precise funding, targeted to meet only specific needs, against more generic funding that will serve both client and donor priorities.

Each potential funding source needs to be carefully studied to determine if its priorities are aligned with the organization's mission and goals. Oftentimes slight programmatic adjustments will allow a faith-based organization to seek funds from a source without compromising values and programmatic integrity.

- Program planning should account for the long and short term impacts that the program can and will make on its customers as well as the community.
- Often new programs can be costly. Develop a program budget that assesses the cost benefit and/or cost per participant. Often, a program may meet a need, but upon further analysis, is not cost effective. Donors know well the level of an organization's stewardship. Be a good steward of the funds entrusted to your compassionate ministry center!
- Seek to develop an approach to program development that will appear dramatic or have "sizzle". Programs that catch a donor's eye are usually innovative, demonstrating not only an understanding of the customer's needs but also a unique solution. Conversely, contributors are interested in programs that can be reproduced in similar communities with parallel needs.

Multi-Tiered Fund Plan Development

The creation of a multi-tiered funding plan avoids the "all the eggs in one basket" trap that arises when an organization becomes excessively dependent on a limited number of funding streams. A well-balanced fund plan includes a comprehensive array of income streaming in from a variety of sources.

Compassionate ministries should create and implement an annual development plan that outlines the actions and activities for the year, accounting, of course, for on-going as well as planned program development. This is a working document that should be shared with the board as well as key staff and volunteers involved in the fund raising process.

Key elements of a comprehensive development plan include:

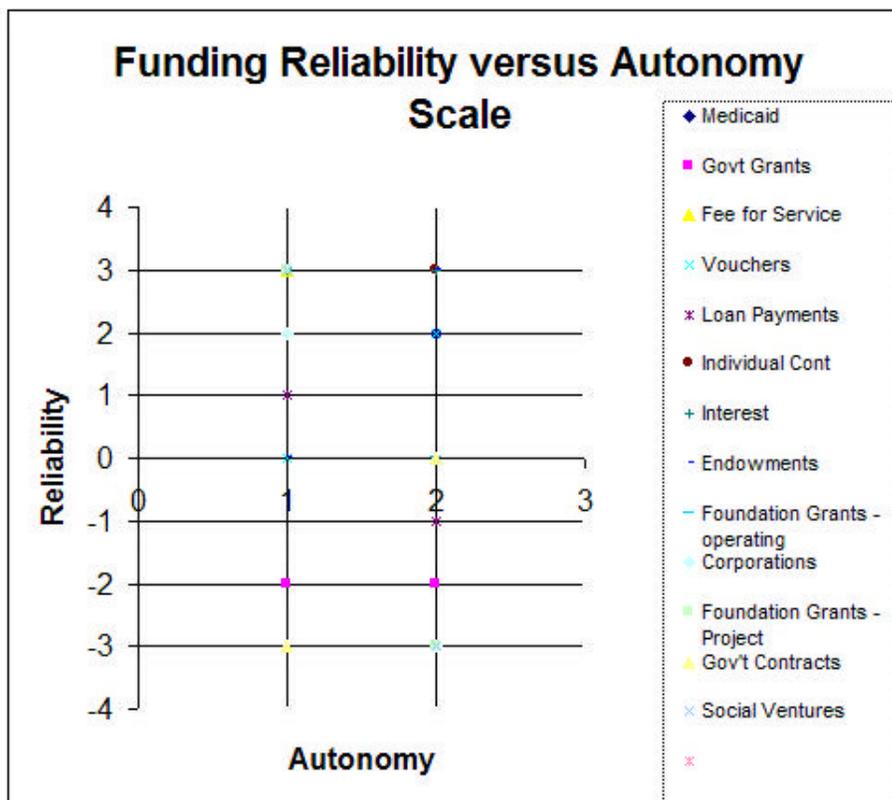
- Organizational history and narrative
- Overview of typical customers and community needs
- Brief program description
- Goals for the future (consider programmatic, financial, facility, technology, human resources)
- Plan for donor acknowledgement
- Development goal
- Detailed description of the plan's components, including the financial goal, case statement, and strategy.

Standard components of a comprehensive, multi-tiered development

plan include: grant writing to philanthropic and government sources, solicitations from individuals, corporations, civic and philanthropic groups, special events fundraising, programmatic income, and income derived from social entrepreneurship activities.

Each of these types of funding mechanisms come with strengths and pitfalls. Below is a chart measuring relative “reliability” versus “autonomy” in relation to the various funding options.

“Reliability,” the measure of how dependable a source is, allows an organization to plan a fund source on an on-going basis. The higher the reliability on the scale, the more the resource can be depended on over time. The degree of “autonomy” indicates how free the organization can be with the allocation of dollars. High autonomy suggests that the monies from the source are undesignated and can be spent at the discretion of the organization (within the guidelines of good stewardship, of course!). Low autonomy indicates that some other entity controls the flow and utilization of dollars. Sources with low autonomy tend to have stringent licensure and/or governmental controls.



	Autonomy	Reliability
Medicaid	.2	.2
Govt Grants	-.2	-.2
Fee for Service	.3	.0
Vouchers	.0	.2
Loan Payments	.1	-.1
Individual Cont	.3	.3
Interest	.3	.3
Endowments	.0	.3
Foundation Grants – operating	.3	.0
Corporations	.2	-.3
Foundation Grants – Project	.3	-.3
Gov’t Contracts	-.3	.0
Social Ventures	.3	-.3

Nearly all of the funding resources available to a nonprofit compassionate ministry center rely on the creation and maintenance of interpersonal relationship. The importance of establishing and maintaining a relationship with donors cannot be underestimated.

Philanthropic foundations are themselves private, nonprofit entities which exist to distribute funds for social purposes. By law, they are primarily restricted to distributing funds to nonprofits agencies, including compassionate ministry centers. Ministries, therefore, can seek funding from private foundations for capital projects, operating expenses, and for specific programs.

There are numerous resources available to assist organizations in the seeking and obtaining of foundation funds as well as various internet-based publications which provide an overview to the grant-seeking and grant-receiving process. Foremost among these resources are The Grantsmanship Center (www.tgci.com) and the Foundation Center (www.fdncenter.org). Strive to include local, state, and national foundations whose contributions match your needs, and also service local and organizational missions. Create a tickler file that highlights meeting dates of the selected foundations so that you can plot out a strategic plan that includes seeking funds from all of your identified sources.

The grant seeking process from private philanthropic foundations begins with narrowing the search criteria for which funds are needed. Funders are primarily interested in funding programs and/or projects. They tend to shy away from projects that ask for “operating funds”. We all know that funds are needed to keep the lights on, pay administrative and program staff and the like. The more you can identify costs directly associated with a project the more likely a funder will be interested in partnering with you. For example, if your organization provides a food ministry, seek to identify all of the costs directly associated with the program – supervision, a square footage cost associated with the program space, cost of food and disposable storage containers, and staffing costs (don’t forget employer-paid taxes!). A clear understating of the program’s budgetary needs is needed in order to target potential philanthropic funders.

Begin to initiate contact with foundations with a letter of inquiry sent to the potential funder. This letter should include a brief discussion of your organization, an overview of your targeted program and a request for information regarding the process that should be observed when seeking funds from the foundation. The submission of a letter of inquiry will accomplish several things. For one, it will allow the funder to make a cursory review of your needs and make a preliminary decision as to whether or not your needs and the foundation’s goals match. Although a letter indicating that the foundation is not interested may be disappointing, it can save you the time and effort involved in preparing a full proposal. The Letter of Inquiry will result in the foundation sending a description of proposal format. Finally, the Letter of Inquiry is a courtesy which assists that foundation in their planning process. It is an informal way of letting the foundation know that your organization is seeking a specified dollar amount, which can be allocated and accounted for by the foundation. Remember, your goal is to build a relationship – treat a foundation as you would want to be treated should you ever have grant funds to give!

Prepare a proposal for private foundations in accordance with the

materials sent to you as a result of the letter of inquiry. Some foundations have a prescribed format or an application form that they desire for proposal submissions. Some foundations will indicate that they desire a standard proposal for the submission of a proposal. A standard proposal will generally be between five and seven typed pages and should include the following sections:

- Executive Summary – This summarizes the entire proposal and includes a sentence or two of the following sections.
- Introduction – This identifies the organization and establishes the agency’s credibility.
- Needs Assessment/Problem Statement – This section makes “the case” for why funds are critical. It establishes that a problem or need exists in the community which for which the program is proposed.
- Objectives – Objectives detail exactly *what* will be accomplished. Be sure to make objectives that are “**SMART**” – **S**pecific, **M**easurable, **A**chievable, **R**ealistic and **T**ime-based.
- Methods – Detail exactly **HOW** the program will be accomplished. This section may include a time/task chart as well as the necessary equipment and staffing to carry out the program.
- Evaluation – Funders are interested in knowing that their financial contribution has made a difference. The evaluation section details the information that will be collected and disseminated to assure that the program objectives have been met.
- Budget – The budget is your proposal in numerical terms. Be sure that your budget reflects all costs that have been described in the Methods section of the proposal.

Government Grants

The government is a wonderful source of funding for compassionate ministry centers. There are a myriad of government entities which provide funds through either a granting or contracting process which can greatly expand programs and services offered. The use of government funds gives many faith-based organizations pause for reflection, as the use of government funds comes with restrictions and qualifiers that many compassionate ministry centers are reluctant to tackle. In reality, government funds open up many new avenues for service to those who may have otherwise been unserved. The Board and staff of The Way Station feels that the benefits of the utilization of government funds far outweighs the complications that such funding brings. Current political sentiment recognizes the value of faith-based entities and their contributions to neighborhoods and communities. The Faith Based Initiative seeks to “level the playing field” and encourages compassionate ministry centers to develop and implement new programs that meet needs and change lives.

Any decision to seek government funding needs to well thought through by the board and staff of the agency after carefully reviewing both the mission of the organization and the requirements of the governmental funding entity. The Way Station’s Board of Director’s has adopted the following “For This We Stand” statement which details its view and use of government funds:

I. OBJECTIVES

- a. To clarify how our “faith-basis”, our commitment to Jesus Christ, is to be lived out when working with programs funded by outside agencies.
- b. To motivate each of us to live out that commitment daily in practical ways.

II. READERS

- a. All Christian staff and volunteers of The Way Station.

III. SCOPE

- a. As a Christian Compassionate Ministry Center, everything we do is motivated and driven by the compassion of Jesus. We are His hands and heart in today’s world. As such, our Mission is to help everyone become whole in every aspect of their lives – financial, emotional, social, and spiritual – to the degree they are capable of becoming whole. As a Christian organization, there are fundamental principles by which our actions are guided.
 - i. Every person is of inestimable value to God and therefore to us.
 - ii. We are “co-siblings” with every person on this planet, regardless of their beliefs, actions, or condition.
 - iii. We will not discriminate against any recipient of our services regardless of race, color, creed, age, sexual orientation, or other issues.
 - iv. Although some may be severely limited, nevertheless, because they are persons of extreme value to God and to us, we will work diligently with each one.
- b. In the area of financial wholeness, governmental and social agency contracts and grants may play a major role in our work. Outside funding sources create financial opportunities that often come with restrictions regarding the expressions of our faith. Precisely because of our ethical and moral principles, when we provide services funded by any outside entity we will not violate any requirements they specify. We will follow their rules of operation carefully simply because of having given our word.
- c. We will follow all guidelines of funders. However, The Way Station will not apply for funds that have guidelines that require actions against our ethical and moral principles.

However, while working on governmental contracts we are NOT prohibited from any of the key expressions of our faith, therefore, WE WILL:

- I. Accept each recipient with love, recognizing them as Jesus Himself. As Mother Teresa said, “Jesus comes to us in the distressing disguise of the poor.”
- II. Treat every recipient with the quality of courtesy and hospitality we would extend to Jesus in the flesh.
- III. Care for each recipient as we would Jesus in the flesh.
- IV. Pray for specific recipients in our personal prayer time. Prayer always

has been and is now our source of power and guidance as taught in the scriptures.

- V. Express the compassion of Jesus to them in practical ways in accordance with their presenting and underlying needs.
- VI. Offer to pray for them and, if they would like us to, we will pray with them.
- VII. If, indeed, we have been praying for them we will let them know that.
- VIII. Establish a friend-to-friend relationship with them.
- IX. As an organization, establish or support prayer times, Bible studies, worship times during non-working hours to which we may invite recipients. If they express an interest in becoming a Christ-follower, we will provide appropriate guidance.

WE WILL NOT:

- I. Think less of anyone if their beliefs are different from ours.
- II. Allow their participation or non-participation in a prayer time, Bible study or worship time to affect their client status in any way. This is true if for no other reason than that our Christian ethic demands it.
- III. Proselytize nor coerce anyone to think or believe the way we do.
- IV. Intentionally embarrass them in any way.

The Catalog of Federal Domestic Assistance is an inclusive resource which details all funds provided by the United States government. The Catalog, along with a user-friendly search engine, is available on-line at www.cfda.gov. Users of this site can register for a Funding Alert to be e-mailed to them each time a government department makes a fund announcement. Responding to a government NOFA (notice of funds availability) requires nothing more than the ability to read instructions and follow directions, as well as the ability to respond to the RFP (request for proposal) precisely, so as not to be rejected because of some failure to meet technical submission requirements. Seek to appropriate the resources made available by the funding department. Technical assistance and funding conferences are generally available right up to the due date of the proposal.

A final tip for obtaining government funding is to capitalize on the use of community partnerships. As competition increases for government funding, governmental entities are increasingly supportive of organizations which can demonstrate successful partnerships. The value-added benefits of partnerships are highly valued by government sources, and compassionate ministry centers are well-positioned to initiate and support partnerships with compatible community-based organizations.

Denominational Judicatories and Local Churches

Most major denominations have some funding organization through their district offices that provides financial support for community-based projects. The Catholics, Presbyterians, Lutherans, and Episcopalians, all have agencies which distribute funds to local service entities within their jurisdiction. Compassionate ministry centers, regardless of their primary religious affiliation, are often qualified to apply and utilize such funds. Contact the district offices of the denominations in your area for application information. Forms from such sources tend to be easy to complete. The receipt of such

funds often includes invitations from local churches for presentations that share the organization's programs and services. What a great opportunity to establish relationships with local congregants!

Partnership with local churches also results in funding for your agency. Seek opportunities to present your organization during "Minute for Missions" on Sunday mornings, to adult Sunday School classes and to the Men's and Women's groups of various denominations. Identify creative ways to engage congregants in your ministry. This could result in volunteers as well as contributions.

In-Kind Contributions

In-Kind contributions are items provided to the agency at no cost, thereby saving the organization from needlessly spending money. In-Kind contributions include: volunteer staff, equipment, supplies, and services. The acquisition of In-Kind contributions is as good as "money in the bank", as they allow the organization to allocate funds to other areas. Make needs known in the community, through announcements in church bulletins, posters, and signage made available to the public. Be sure to have the infrastructure in place to appropriately acknowledge donations of durable goods. A successful volunteer program to manage these goods includes mechanisms for recruitment, screening, training, placement, and recognition. Volunteers desire to feel useful and needed. Remember that managing an In-Kind donation program requires considerable planning and administration.

Funding from Individuals and Corporations

Research has demonstrated that the majority of funds provided to non-profit entities come either from individuals or corporations. Compassionate ministry centers offer the public unique opportunities to make a difference in the lives of the needy and disenfranchised through financial stewardship. A comprehensive funding plan for compassionate ministry centers will necessarily include letter-writing campaigns that highlight accomplishments and enlist community support. Solicitations should include a response card and an envelope for convenient turnaround. Develop a comprehensive mailing list of individuals who have already expressed an interest in your programs. Mailing lists are also available for purchase through local and national outlets. Mailing list maintenance is critical to the success of such campaigns. Invest in a computerized database program flexible enough to sort and eliminate duplicate names.

Compassionate ministry centers regularly rely on funding from individuals and corporations for annual and capital campaigns. Annual campaigns are essentially a once-a-year appeal for funds that traditionally seeks pledges of support for the upcoming year from the grass roots. Capital campaigns are conducted for the purchase or renovations of facilities. Both annual and capital campaigns depend heavily upon the reputation of the organization, the extensiveness of the mail list, and the organization's "friends" who feel led to contribute sacrificially.

Things to consider when developing campaigns that seek funds from individuals:

- 1) People give to people. Don't underestimate the human factor. Seek

- to develop relationships based on mutual trust and respect.
- 2) Don't forget that your reason for sending solicitation correspondence is to raise funds. Don't forget to ask for money!! (That is, don't talk around the subject; let the public know what your financial needs are!).
 - 3) Most people will not give money to an organization unless they are asked. Similarly, individuals do not make large contributions until they are asked for large amounts.
 - 4) Involve the board, volunteers and staff in creating contact lists and in asking for funds. People do give to people.
 - 5) Recognize contributions with timely "thank you's," information about the use of funds in the organization and donor discretion in the distribution of funds – *fund* raising is also *friend* raising!

Special Events

Special events are those activities which bring funds into the organization. Examples of special events include bake sales, golf tournaments, and dinners, to name a few. Special events are labor intensive but have associated benefits. Such benefits include increased publicity for the organization, active involvement by those who may have not previously been involved in the organization, and of course, increased funds for the agency.

Program Income

Program income includes those funds generated by the organization when it provides a service and receives payment for it. Program income can be paid by the service recipient personally or by proxy by a funding source such as Medicaid, private insurer, or other funder. Often compassionate ministry centers offer fee-for-service payors on a sliding fee scale, asking customers to pay for services according to their ability to do so. The remainder of the cost of the service is funded by the organization's other resources.

Social Ventures

Social entrepreneurship is a means for an organization to capitalize on its resources.

The current climate for not-for-profit entities demands that organizations expand their horizons when considering fund raising. Reductions in funding from the public sector, fluctuations in individual, corporate and church support, increased competition, and pressure from funders for increased collaboration, merger and downsizing lead naturally to the creation and sustenance of social entrepreneurship.

The National Center for Social Entrepreneurs defines Social Entrepreneurship as "improving business and marketing practices in order to generate more revenue to fuel mission-related activity." The Way Station has embraced the creation of social ventures (the task of social entrepreneurship) as a means of reaching a triple bottom line: 1) They provide a mechanism for our customers to have employment opportunities, leading them to self-sufficiency and hopefulness; 2) they provide jobs in a slumping economy; and finally, 3) they bring much needed revenues to the organization.

The inclusion of social ventures in an organization's development plan assists the agency in reaching mission as well as money goals. Mission goals

reached through the incorporation of social ventures include the fact that social ventures can help to sharpen the organization's focus. They expand the impact of the compassionate ministry center on its intended community, and finally, raise up the marginalized and disenfranchised.

There are three types of social ventures. They include:

Earned Income Strategies: Earned income businesses capitalize on the existing resources of the organization. The Way Station has initiated The Center to Advance Christian Compassion Training Services as a means of deriving earned income. The organization provides trainings, for a fee, to individuals and organizations in areas of organizational expertise. Funds derived from the trainings are dedicated to the organization.

Mission Driven Products of Service Businesses: Mission-driven products are revenue-producing services that assist the organization in reaching its mission. These fees for service programs help make these services self-sustaining and include things like medical care, chemical dependency treatment, etc.

Affirmative Businesses: Affirmative businesses are created by the organization as a means of employment for the customers of the agency. These businesses often are labor intensive and offer experience and training for those new to the work force.

To reiterate, funding for a compassionate ministry center ought to derive from multiple sources in order to maintain stability and coherency in the operations. Furthermore, the efforts and programs that generate funds themselves can be a productive means for servicing and training clients, consistent with the mission of the organization itself. And, in the effort, the increased accountability that funding sources demand can finesse and streamline the ministry to become ever more competent and compassionate. In other words, funding efforts ought not to be seen as painful labor, but as creative opportunity.

Chapter 4

Ministering to People with HIV/AIDS: Leading a Compassionate Ministry

by Max Rodas
Executive Director, Proyecto Luz, Inc.

Personal Introduction

Max Rodas is the executive director of Proyecto Luz, a compassionate ministries center focusing on HIV/AIDS victims and their families in Cleveland, Ohio. He is also a pastor at New Light Community Church of the Nazarene, historically a Spanish speaking congregation which is now bilingual. Max is originally from Guatemala, Central America. He has lived in the United States for thirty years, most of that time in Cleveland.

Max received his B.A. in Theology while living in Texas. In 1993 he graduated with a Master of Arts from Olivet Nazarene University. He has also pastored near Louisville, Kentucky and in central Florida. Currently, Max is spending his time reaching out to people whose lives have been devastated by the HIV/AIDS virus, both those infected and their loved ones.

Introduction

As of 2003, the HIV/AIDS pandemic now infects 42 million people, affects many times more this number and has already claimed the lives of 22 million persons worldwide. Though first recognized in the United States in the early 1980s, AIDS was identified initially as a sexually transmitted disease brought on by homosexual contact. Sadly, neither the U.S. government nor the evangelical church gave it high priority in those years in ministry. With the exception of Golden Gate Community Ministries in San Francisco, the Church of the Nazarene has not adequately addressed the needs either in policy or activity. Only recently has the consciousness of the problem come to the fore and this, in large part because of the way AIDS has so affected our international membership.

As a Latino born into two cultures skirting the border between Mexico and the United States, I early realized that my people were being devastated by this disease. Four years ago, out of the ministry of a local Nazarene church in Cleveland, it became apparent to me that God was bringing into my consciousness this acute passion to minister among this population. All around I saw young people, confused, angry, and, in large measure, abandoned by the church. My feeling was that we, as a Christian community, needed to be proactive, incarnate, and involved in the lives of those whose future seemed so bleak.

What I have discovered is that this disease is often the outcome of earlier lifestyle issues, which are compounded now because of the disease itself. Past issues with the addition of the disease causes damage that has devastating consequences to the normal rules of sociology, biology, spirituality, economics, psychology, family and friends. Yet, if Christ touches the leper, today he would risk touching those inflicted with AIDS. If Christ seeks out the shamed Samaritan woman, he searches for those stigmatized by this disease.

If Christ walks with those traversing the valley of the shadow of death, he will gladly journey with those who die slowly, painfully and grotesquely because of AIDS.

It is to this population and to this need that I have felt called. I write this chapter not as an expert but as someone who has seen this compelling ministry here on the west side of Cleveland sprout from an incipient idea to a flowering reality. Out of my trial and error experience, I reflect on those leadership characteristics that have allowed our ministry to succeed. But first, let me describe what is taking place.

Proyecto Luz (Project Light) is an HIV/AIDS ministry primarily, though not exclusively targeted to the Latino community. We have three primary functions: preventative education, case management services and spiritual counseling. Our ministry is made up of various partnerships mentioned later. One hundred and thirty-eight families have received case management services which include emotional support, financial assistance, housing and employment advocacy, and medical access. Beyond those infected, another 250 “affected” persons have also received the ministry of Proyecto Luz. Our support comes from various sources: The North Central Ohio District Church of the Nazarene, community block grants, a grant from Housing Opportunities for People with AIDS (HOPWA) and grants from the Ryan White Titles I & II. Other funding sources include the United Black Fund, the United Church of Christ, Sisters of Charity Foundation and lesser amounts from private donors.

Currently PL has 6 full-time employees, 5 volunteers and an eleven-member executive board. The local church, New Light Community Church of the Nazarene, that I also pastor, is home to 20-25 people now worshipping with us as an outgrowth of the Proyecto Luz initiative.

Because this ministry has so stretched me, it has required that I examine myself and others concerning the leadership characteristics demanded for such service. I have organized these qualities into three categories: personal, theological, and missional.

Minimal Personal Characteristics Required to Lead

1. A Vision from God

Dale Galloway, in his book, *Leading With a Vision*, compares a Christian leader without a vision to “an octopus on roller skates.” Without a focused vision, an aspiring leader may wander off in many directions, dissipating energies and resources and accomplishing little for the Kingdom. The Bible clearly states that, “without a vision, the people perish.” It is imperative that the leader both “catch” the vision and “communicate” the vision. This vision is framed not only by what “calls out” to one from Scripture, but also by seeing what God is up to lately within the community. Using the language of Rick Warren (*The Purpose-Driven Church*), God has “a wave” that He wants for us to ride in each community, but we need to discern what the wave is first.

2. A Compassionate Heart

Compassion must drive a compassionate ministry. Compassion cannot be motivated by politics, false modesty or ambition. We cannot confuse

compassion with pity and a sense of feeling sorry for “those people.” Compassionate ministry goes beyond the cynical, “low touch” approach of dispensing cognitive information that is aloof, indifferent and has no existential relevance. A leader in this type of ministry must learn “to cry with those who cry” not just politely or sympathetically but as one who has incarnated him or herself in the plight of the needy. This leader must be “moved to compassion” when the multitudes wander around confused “like sheep without a shepherd.”

3. A Faith That Works

Just like vision and compassion, a leader must have an irrepressible faith not just at the beginning of the venture but all throughout the development of the ministry. The Bible states that: “...without faith no one can please God,” or, I would add, do compassionate ministry. The resources are too scarce, the challenges too enormous, and the indifference too profound for us to overcome these barriers by ourselves. We must believe in God for the bills to be paid, for grace in the eyes of elected officials, for protection in tough barrios and for the “city-hard” people to believe that “we are for real” and are on their side.

Proyecto Luz, has demanded some of the most radical decisions of faith I have ever undertaken in my ministry life. I have made these decisions gladly, understanding that faith is an indispensable requirement in implementing a compassionate ministry.

4. An Attitude That Remains Positive

In an environment of sin and failure, it is easy to be negative. It takes no effort to see how difficult things are and how complex people can be. The leader of a compassionate ministry must discipline himself or herself to look at the “bright side” of things, even in the midst of the negativity of life. Since maintaining a positive attitude calls for such an intentional act of the will, those with whom we fellowship and associate need to be selected very carefully, especially in the embryonic stages of the development of the ministry. Sometimes even people close to us come, like the Israelite spies in Canaan, with “a bad report” that stems out of protectionism and fear. Among the many advantages in having and maintaining a good attitude, perhaps the most important is the fact that a positive attitude attracts other positive people to your compassionate endeavor.

Minimal Theological Characteristics to Lead

One of the main obstacles in the church’s involvement in frontline compassionate ministries is our over-spiritualized theology that is so heavenly-minded, it is no earthly good. Wesleyans, following their namesake, John Wesley, should always maintain a balance between evangelism and social action in what has been called “compassion-evangelism.” Some of the theological components that support this balance include:

1. A Holistic Anthropology

We have not yet seen disembodied souls. In this world, we are a complex interplay of body, mind, soul, spirit, and community. Only a holistic Gospel

that believes in the salvation of all of these elements has relevance in an urban world where each of these human aspects are being bludgeoned by Satan. The saving message of the Gospel is a message of full restoration, to save the soul, to correct the dysfunctions of the mind and to heal and meet the concrete needs of the physical body. Any approach that dilutes this holistic understanding of human beings is irrelevant to people who struggle daily with unfriendly socio-economic realities and are marked for life with crippling emotional scars. This perspective is not the prerogative of “far out” theologians but is sewn into the fabric of the Biblical understand of human nature and human redemption.

2. A “God in Others” Theology

The Wesleyan understanding of “prevenient” grace, that is, that “light that lighteth every person” or God at work in our behalf even when we are not aware, allows us to be constantly “blindsided” by God, to see Him appear where our categories and our forms do not anticipate Him. Matthew 25:34-46 communicates the disturbing but glorious message that God not only has come to dwell in our hearts through the spiritual birth process, but also may reside in the concrete lives of the less fortunate (Jesus calls them “...the least of my brothers”). Therefore, the schizophrenic, the homeless, the physically-challenged, the elderly, the alien, the HIV positive and the sexually-disoriented present us with awesome opportunities of reconnecting with Him despite His strange garb and anonymous identity. When an HIV positive person comes to Proyecto Luz, we treat that person very carefully and lovingly because we know that, in some way, it is Jesus that we are serving. If your theology only sees God active in your effort and services, the Jesus (or “angels unawares”) who comes to us incognito may not be recognized or acknowledged for who He is.

This confidence of “Jesus all around,” allows us to engage with people, organizations and resources well beyond our own theological domain. Other Protestant denominations support our ministry, as do governmental interests and the Roman Catholic Church. If the fleeing Israelites can appropriate the Egyptian gold for their future use, and if Nehemiah can accept the gifts of his oppressor-King for the rebuilding of Jerusalem, then we can invest monies and resources from a variety of sources without compromising the mission of service to those for whom we minister.

3. An Incarnational Lifestyle

In a CM, we must resist the temptation to preach the Word before we have incarnated it into our community. In our short existence at PL, we have celebrated four major festivals for the purpose of connecting intimately with our community. These are done not for fundraising or evangelism, but to show our neighbors that they are special to us. This is affirmed by a variety of gifts and gestures that are expressed. In other words, the passing out of food is an act of “breaking bread” just as sacramental as a Communion meal or a Sunday School lesson.

Pastor Steve Sjogren from the Vineyard Church in Cincinnati, highlights this approach by stating that “practical kindness is the most powerful weapon in spiritual warfare.” It will relax the grip of Satan, disarm people and elicit the right questions. Furthermore, we have found that the hostile

response of the Church towards AIDS has been mirrored back in return. When the Church shows true kindness at this, the raw nerve of human need, recipients are often so surprised and thankful, that the impact goes far in dispelling and disarming stereotypes about the Gospel.

Minimal Missional Characteristics to Lead

A good CM leader needs to have a consuming curiosity about life, what makes it tick, and why it breaks down. This is best expressed by an insatiable desire to get to know the community and one's target population. Often this is formulated into procedures that help determine the priorities and possibilities of the ministry.

1. The Needs Assessment Process

Get to know your community/neighborhood. If you are new in the community listen to the stories, interests and perspectives of the residents – the elderly, the children, the “gate-keepers,” the “opinion-framers,” the “healers,” etc. They can give you an orientation that nobody else has.

A. Engage in a demographic study.

If you don't know how to do one, find someone that can help you. Your local City Hall can provide you with some of this data. Many other secular resources and organizations can assist you with this task depending on your target population and service provision. The Church of the Nazarene through its research division in Kansas City, MO. can supply at nominal or no charge at all, a “state of the art” demographic study based on zip codes, community names, or radii for any location in North America. With their studies come religious institutional information and strategical suggestions. ACTA Press features a series of 15 or so workbooks and assessment materials for determining needs and resource assessments in community, all materials written by John McKnight and John Kretzmann.

B. Study similar ministries.

This is useful for determining priorities, seeking legitimacy, and avoiding duplication of services. If ten other ministries/agencies are providing similar services, perhaps you need to concentrate on something else.

C. Conduct a needs assessment survey.

Initially Proyecto Luz did not have to conduct a formal needs assessment because the need was so apparent. It was that we form an agency with the focus of providing prevention education and social services to Latinos(as) infected with the HIV virus in the West Side of Cleveland. Furthermore, my twelve years of experience as an educator and a case manager gave me critical insight into this epidemic. New Light Community Church of the Nazarene, on the other hand, has conducted a needs assessment survey in the neighborhood to better understand the critical issues that tormented the residents. We had some intuitive ideas but the confirmation came only through a formal survey.

Tony Campolo in his book *Revolution and Renewal* presents a specific survey that we have replicated. Whether the need is teenage-pregnancy, chemical dependency or job readiness, let the survey be your vehicle for assessing this need.

D. Let God speak.

As you study both the “Word” and the “World” to which you have been called, the needs will drive you to your knees in prayer and to other likeminded “soulmates.” Within the conversations both up and outward, the needs will emerge and make themselves obvious to you. In that, you will have your target for ministry! Make sure that your calling and perspectives resonate with others who serve as your “two or three” witnesses to affirm God’s will. Whatever you do, don’t rush this process. Let it develop. You will be glad later that you allowed enough time to assess and reflect.

2. Draft a Mission Statement

A mission statement is basically the what, where and how of your compassionate ministry. It communicates the reason for the NCM existence.

The statement needs to be drafted with much thought and reflection because it is the X-rayed photo of the “heart” of your organization. In difficult and transitional times, this statement will keep you focused on ultimate purposes. Keep it short, clear, and practical.

3. Strategic Planning

The third step in expressing an appropriate missional character is to engage in the creative art of strategic planning. Remember, you do not move into this within a vacuum. Your interest and presence already changes the social and spiritual dynamics of your community. For instance, who are those in the community who will be affected by your involvement? We call these “stakeholders.” These are people or organizations that have something to gain or lose because of your “meddling.” These stakeholders can be politicians, other agencies and funders. They need to be considered as part of the ministry equation.

What are the resources or assets available? Tally these as liberally as possible, understanding that time, ideas, space, availability, experience, gift-in-kind, intellectual capital, and credibility are all potential assets. Indeed, part of your mission is to strip away the blankets of so many “beaten-down” assets, thereby releasing, mobilizing, and empowering them.

As to the specific issue of funding, what is the window of faith-based funding that is open? When might it close? Who is going to fund your kind of ministry and what will they want in return? Who is not going to fund it and why?

What types of partnerships and collaborations present themselves? Will some of them be secular? Partnerships and collaborations, picked carefully, can be an asset for public relations, funding and mutual tasking. However, beware of those individuals and organizations that seek to engage partnership relationships in order to acquire “faith-based dollars” without any real commitment to your mission. Large nonprofit organizations might even use your ministry for their ulterior motives without really helping you as they

promised in the beginning. Beware of collaborations that tilt in only one direction – theirs. Do not invite any organization to be your partner unless they are willing to work with you and for you.

Recognize that the political environment of your field of service will enhance or retard your ministry. Therefore, you need some “street savvy” in the way Christ expressed it, to dance effectively between political extremes.

Additional issues such as the legalization of a CMC under the federal 501(c)(3) provision and the development of a board are discussed competently elsewhere in this book. Remember to keep a good balance in the configuration of your board in terms of their commitment to Christ, skill mix, and personal credibility. Make sure that they are “sold” on your mission.

4. Remember This Is A Ministry!

As stated earlier, compassionate ministries inevitably will elicit spiritual questions. Be ready to answer those questions! In our ministry we call it “spiritual counseling.” If you miss this important component, you are not being true to your holistic theology or fair to the great opportunities for ministry, and unfortunately, will be consigned to doing mere philanthropy. It is a delicate New Testament balancing act which must be carefully safeguarded.

One important thing to remember is that the spiritual component of compassionate ministry takes time to develop. Sometimes we have to give counsel and provide case management over an extended period of time before the person begins to “walk again.” The minister (not necessarily the clergy person, for all those engaged in the ministry should see themselves as “ministers”) must be ready, like the Good Samaritan, to “go back and pay the innkeeper” after the first ministry encounter.

Without the leading and daily presence of the Holy Spirit, no one can remain fresh and be effective in compassionate ministries. Without His daily anointing, we can no longer see “the face of Jesus” in those we serve, and we will end up with a nasty attitude, a distorted motivation, or a martyr’s complex. Filter your attitudes through some trusted leaders and allow them to both protect and critique you. Without their counsel, you are vulnerable to going public with attitudes less than Christ’s.

Always remember that the ministry you are engaged in is not yours but Christ’s. You are only a steward of the privilege and blessing that He has entrusted you with to minister in His name.

And, much to my surprise and joy, the words of St. Francis of Assisi resonate so clearly as to what God is doing through us in Cleveland: “Begin by doing what is necessary. Continue to do what is possible. Eventually, you will find yourself doing what is impossible.” In only four years, we pinch ourselves when we realize that what we have seen had previously been thought impossible for both the sick and the well.

Chapter 5

Organizational Structures for Faith-based Charities

*Five reasons why faith-communities should start nonprofit, tax-exempt
501(c)(3) organizations for their social service programs*

by Tom Nees

Director of [USA/Canada Mission/Evangelism Department](#)
Church of the Nazarene

Personal Introduction

Dr. Thomas G. Nees is the director of the USA/Canada Mission/Evangelism Department at the International Headquarters of the Church of the Nazarene, in Kansas City, Missouri.

He graduated from Northwest Nazarene College, Nampa, Idaho, with a Bachelor of Arts in 1959; from Nazarene Theological Seminary in Kansas City, Missouri, with a Bachelor of Divinity in 1962, and in 1976, he earned the Doctor of Ministry degree at Wesley Theological Seminary in Washington DC. In 1992, Dr. Nees received an honorary Doctor of Divinity from Northwest Nazarene College. Dr. Nees has also done additional graduate studies at Hamma School of Theology and Howard School of Divinity, and is a Staley Distinguished Lecturer.

Dr. Nees began his ministry in 1962, and has held pastorates in Washington, California, Ohio, and Washington, DC. In 1975, he became the founding pastor of the Community of Hope Church of the Nazarene in Washington, DC. In 1981, he became the founder and director of the Community of Hope, Inc., a comprehensive neighborhood organization committed to inner-city development. Since its beginning as a volunteer organization in 1975, the Community of Hope has developed programs and services which have addressed the spiritual and temporal needs of the economically disadvantaged. With more than 40 staff with a budget of \$1.5 million, the Community of Hope has developed programs providing housing for homeless families, health care, legal aid, job training, and educational, recreational, and social programs for children and youth. Cited in the national media, the Community of Hope has also received awards for its innovative programs designed to address the problems faced by inner-city neighborhoods.

In 1990, Dr. Nees became the first Administrative Director of Nazarene Compassionate Ministries in the United States and Canada. His efforts in providing direction for the development of a wide-range of ministries to needy people has led to the organization of nearly 100 “Compassionate Ministry Centers” (church-sponsored non-profit neighborhood charities) and 700 “Good Samaritan Churches” (congregations with some form of ministry to the needy). In 1995, Dr. Nees became the Director of Multicultural Ministries (later named Mission Strategy USA/Canada), with additional responsibilities in compassionate and urban ministries. In 1998, at the request of the Board of General Superintendents, Nees coordinated, planned and supervised the “first-ever” appointment of missionaries to the United States and Canada. Nees continues to supervise the work and

development of missionaries and mission sites for the U.S. and Canada. In October 2001, Nees directed the denomination's first "missions" conference for the United States and Canada, "Gateway to the World," in Olathe, Kansas, at College Church of the Nazarene. This first-of-its-kind event brought all areas and levels of the church together for the purpose of mission planning.

Dr. Nees is the author of numerous books and articles. *Compassion Evangelism*, published in 1996, tells the story of the growth of Nazarene Compassionate Ministries in the United States and Canada. His last book, *The Changing Face of the Church: From American to Global* (published in 1997), explores how the global influx of immigrants to the United States will change the makeup of churches and how they do ministry.

Dr. Nees and his wife Pat live in Arnold, Maryland. They have four married children: Kay, Cari, Daniel, and Jennifer. Mrs. Nees, an artist with a studio in Annapolis, Maryland, shows her work in Washington-area galleries.

Introduction

In 1990 I was asked by the Church of the Nazarene to help develop a network of denominational church-sponsored social service organizations through which to channel contributions. The Nazarene Compassionate Ministries Fund was generating income but too few congregations were engaged in the social service programs for which the contributions were designated.

Prior to that I had started a new congregation in the Adams Morgan and Columbia Heights neighborhoods of Washington, DC with the expressed mission of combining what we referred to as the "personal and social dimensions" of the Gospel. Our original mission was to serve with members of the Church of the Savior in Jubilee Housing – their newly formed housing nonprofit. A few years later our small congregation started the Community of Hope, a nonprofit that eventually branched out into providing housing for homeless families, health care, job training, programs for children and youth, and legal aid.

During the years before organizing the Community of Hope our congregation struggled with limited resources, both human and financial. It was only after starting a nonprofit, tax-exempt organization that we were able to attract outside funds and enter into contracts with federal and local government agencies in order to make a significant contribution to the quality of life in these neighborhoods.

With those experiences I worked with the denomination to provide direction and resources to a growing number of churches that were looking for ways to meet needs in their neighborhoods. We observed that most congregations would respond to the needs of their members and their neighbors with volunteers and local church contributions. They did not want or need to sponsor separate nonprofit organizations for their compassionate ministries.

However, we also knew that there were many congregations such as ours in Washington, DC that were ready to develop more extensive neighborhood programs requiring financial support and expertise beyond the resources of the congregation.

Congregations that conducted their neighborhood social service programs from within their congregational resources were defined as "Good Samaritan

Churches.” Church-sponsored nonprofit, tax-exempt organizations were described as “Compassionate Ministry Centers.”

Most of the contributions from the denomination’s compassionate ministries fund have been directed to the CMCs which are required to meet strict accountability standards to receive denominational endorsement and financial support.

Since the beginning of Nazarene Compassionate Ministries in 1990, 1,200 “Good Samaritan Churches” (Nazarene congregations) have organized social service ministries. In addition 200 church-sponsored, nonprofit, tax-exempt neighborhood Compassionate Ministry Centers have been organized. They have a combined budget of more than \$25 million, most of which comes from nondenominational sources including foundations and contracts with government agencies. (For further information: www.nazarenecompassion.org)

Nazarene churches have been provided organizational development resources including advice about when to consider organizing separate nonprofit organizations. These experiences are particularly informative for the broader religious community as increasing numbers of faith communities (FBOs – Faith Based Organizations) including local congregations, synagogues, and mosques are being encouraged to provide social services. If FBOs are to increase in number and effectiveness, attention needs to be given to the appropriate structures for their social service programs.

For the following reasons faith communities, i.e. local congregations, synagogues, or mosques, should create separate nonprofit, tax-exempt organizations to support and direct their charitable activities. Such organizational structures provide ways for faith communities to:

1. raise funds from outside their constituency;
2. avoid constitutional conflicts;
3. protect from intrusion by government agencies and grantors;
4. limit liability; and
5. create the accountability structures needed for social service programs.

Fund Raising

Most social service programs directed by neighborhood faith communities begin providing emergency assistance (food, clothing, etc.) to members, friends, and neighbors. Contributions and volunteers provide the resources needed. But when social service programs become more specialized (housing, health care, job training, etc.) or require more finances than available through the faith-community, outside funding is necessary. The capacity to provide these services requires funding beyond the faith community.

Individual contributors are seldom willing to give to a church, congregation, or mosque of which they are not a member, even to support a needed neighborhood social service program. They will however give to a separately incorporated, tax-exempt nonprofit organization.

With few exceptions foundations, corporations, and government agencies are reluctant to enter into funding relations with denominations or local faith communities. Religious organizations are generally viewed correctly as existing primarily to promote sectarian religious interests. To fund a faith

community directly for its charitable work would risk not only the grantor's neutrality in respect to religion but also risk the possibility of funding religion as well as the good work inspired by religious conviction.

However, individuals and corporations are often willing, if not anxious to contribute to a church-sponsored, separately incorporated nonprofit organization for what is perceived to be the value-added contribution that faith-based social service programs make.

Avoid Constitutional Conflicts

Separate nonprofit, tax-exempt organizations provide the best way for faith-based organizations to preserve their core religious values and at the same time provide social services with private and public funds. There is nothing new here.

Large and small religious organizations routinely create structures to separate their religious activities such as worship, religious education, and recruitment from their charitable programs, thus providing a way to avoid conflicts over First Amendment issues. For instance, a local congregation may sponsor a separate nonprofit, tax-exempt organization as its charitable arm through which it directs social service programs. The charitable arm is not expected to engage in religious activities common to the church.

It is not uncommon for a church to lease space to its nonprofit organization. In this way the faith community remains faithful to its core religious values including the "good work" it does through its nonprofit arm. The bylaws of the nonprofit can be written to preserve connection with the faith community. The bylaws may determine, for instance, that some or all of the nonprofit board members must be members of the sponsoring faith community, or that all or some of the board members be elected by the faith community. When this is carefully done most of the controversy over faith communities and public funding can be eliminated.

Protect from Intrusion by Government Agencies and Grantors

Incorporated religious organizations are eligible for tax-exempt status from the IRS. Unlike other nonprofit tax-exempt organizations, they are also exempt from the tax liabilities of nonprofit, tax-exempt 501(c)(3) organizations. Churches are not required to report income nor are they taxed on contributions to support their religious activities.

Grantors and government agencies routinely require grantees to provide audits and insurance policies, as well as organizational documents including articles of incorporation, bylaws and an IRS letter confirming its 501(c)(3) status. Most faith-communities will not seek or submit to independent audits as generally expected for organizations that contract with government agencies or receive foundation and corporate grants.

Short of creating such a separate nonprofit organization, a church would need to set up designated bank accounts for social service programs. Even so, grantors usually require an audit of the entire organization and not just the social service programs, since the organization itself including its

governing board and leaders has fiduciary responsibility for finances. Few if any boards and leaders of religious organizations will choose to become accountable to auditors, government agencies, and foundations for the financial decisions they make for their faith communities. Creating a nonprofit, tax-exempt organization separates the faith community from the nonprofit through which its social service programs are directed, and thus protects the faith community from intrusion by government agencies and grantors.

Limit Liability

In addition to protecting the churches, congregations, and mosques from the intrusion of auditors and government agencies, separate nonprofit organizations also limit the liability of the faith community. Most faith communities assume that they have limited liability for their religious activities. Members of faith-communities are less likely to litigate than nonmembers. But as soon as a faith community seeks to meet the social service needs of the general public it is exposed to a new level of liability.

Even though social service practitioners (counselors, nurses, doctors, etc.) are required to be licensed and carry malpractice insurance, the organization itself is still liable in case of litigation. Without a separate corporate entity, the physical assets (buildings and property) of the church, congregation, or mosque could be attached to satisfy a judgment against a social service provider or program.

Board members and directors of nonprofit organizations need to be protected by “Officers and Directors” policies since courts have on occasion held board members and directors personally liable for the misfeasance or malfeasance of staff and volunteers. Few faith communities have such policies.

When fully informed about their exposure most faith community leaders will recognize the need to organize and direct their social service programs under a separate nonprofit organization.

The activities of the faith community and the nonprofit must have real separation in order to prevent “piercing the corporate veil,” a legal phrase used to describe a situation where corporate structures are compromised. This could happen if a faith community should dictate policy and program to its sponsored nonprofit organization. Without clear separation the sponsoring faith community could be liable for the activities of its nonprofit organization. Lease documents, rental agreements, and compensation for staff members are all necessary to guarantee real separation.

Governing and Managing Structures

Governing bodies of faith communities are usually quite different from the boards of nonprofits. Faith communities select and follow leaders who have proven themselves to be loyal to their core religious values regardless of their expertise in professional or public life.

By contrast, nonprofit board members are recruited and selected for their expertise and the contribution they offer to the programs of the nonprofit

organization. Bylaws can be written to provide the selection of board members best suited to the nonprofit organization, sometimes including members from outside the faith community. Thus the faith community can broaden the base of its nonprofit support beyond its own membership.

Governing bodies of faith communities are expected to do well giving direction to the religious activities (worship, religious education, recruitment, etc.) within their tradition. It is unreasonable to expect these same groups to have the same level of expertise as a corporate board governing the policies, programs, finances, and personnel of social service programs.

It is better for faith community leaders to delegate the social service responsibilities to a nonprofit board with members selected to provide the experience needed for its governance and management.

The experience of Nazarene Compassionate Ministries proves that it is possible for faith communities to preserve their core religious values and at the same time create the appropriate structures through which to engage in social service programs, even with public funds, without running aground on constitutional issues. Through their nonprofit organizations, faith communities bring to their social programs what they do best. They bring compassion motivated by commitment to serve regardless of overwhelming need and limited resources.

Getting Started

Starting a nonprofit, tax-exempt 501(c)(3) organization requires knowledge of legal, financial, and liability issues. For that reason it is always advisable to secure the expertise of the following four professionals:

- 1) Attorney – to review and approve all contracts
- 2) Certified Public Accountant – to prepare financial statement for reports, tax forms, and audits
- 3) Insurance broker – to advise regarding liability
- 4) Banker – to guide in account management and when necessary approve a line-of-credit.

An attorney with expertise in nonprofit issues should be consulted for completing the three key legal documents that define and regulate nonprofit, tax-exempt organizations. However, since much of the information required in the 501(c)(3) application has to do with financial accountability, a Certified Public Accountant may be more informed to prepare Form 1023. The following is a brief overview of these documents.

Legal Documents

1) Articles of Incorporation

Since nonprofit organizations are State approved corporations, an inquiry is necessary in each State to determine how to receive and file an application. While they vary, usually the forms are reasonably brief requiring, 1) the corporate name and address; 2) a list of organizing members; and 3) the purpose for which the nonprofit organization is being incorporated.

2) 501(c)(3) IRS Certification

Tax-exempt status, allowing individuals and corporations to make tax-deductible contributions, is granted by the IRS to State approved nonprofit corporations. The lengthy and somewhat complicated Form 1023 must be filed for consideration by IRS. Most applicants report that it takes the IRS about 6 months to respond. Upon approval the applicant is given a five-year provisional letter granting tax-exempt status under 501(c)(3) of the tax code.

If during the five-year initial period the organization successfully meets IRS guidelines for tax-exempt status a letter indicating permanent 501(c)(3) approval is sent. Permanent tax-exempt status is determined by the IRS from information provided on the Form 990 annual tax forms. Nonprofits with less than \$25,000 annual income are not required to file, however it is important to file during the first five years in order to receive permanent tax-exempt status.

Nonprofit corporations are also required to apply for a federal Employment Identification Number – form SS-4. Approved 501(c)(3) organizations may apply for exemption from various local and State sales, property, and income taxes.

3) By-laws

By-laws provide a detailed description of how the nonprofit organization is structured, i.e., membership or nonmembership. Among other things By-laws provide direction for the election of board members and officers, times of meetings, board fiduciary responsibilities and indemnification.

While the Articles of Incorporation and the 501(c)(3) tax-exempt application and approval letter are relatively permanent, by-laws are subject to review and should be changed as the organization evolves.

Financial and Insurance Documents

1) Financial reports and audits

A newly organized nonprofit should follow the advice of a Certified Public Accountant to set up bookkeeping and accounting procedures to provide accurate financial statements, audits, and tax reports. An independent audit is required by most grantors and government agencies. The considerable expense of audits can be significantly reduced with good financial records. The Board must determine the organization's fiscal year for the preparation of annual financial reports.

Even though nonprofit organizations are not taxed on their income (with the exception of UBIT - Unrelated Business Income Tax), tax form 990 must be filed annually and accompanied by a "Statement of Program Services Accomplishments" describing the organization's scope of services.

2) Insurance Policies

Officers and Directors liability insurance is important, if not required by organizations with potential liability. On occasion courts have found board members personally liable for the misfeasance or malfeasance of staff members. When made aware of their exposure most individuals will not agree to serve on boards unless such a policy is in place.

An experienced insurance broker should be consulted to advise regarding other areas of liability the organization may incur through the operation of its programs. Government agencies require insurance statements as condition for entering into contracts for service.

3) Banking and cash management

The financial integrity of an organization often rests with the way in which funds are managed. The Board is responsible for developing a financial policy which details procedures for bonding, signing checks and making deposits.

A good working relationship with one or more banks is as important for a nonprofit corporation as for any business. Since the income sources for a nonprofit are sometimes unpredictable, it may be important to establish a line of credit in order to manage cash flow and budget uncertainties.

Chapter 6

Maintaining a Close Connection Between the Compassionate Ministry Center and Local Congregations

by Jerry Appleby
Executive Director, [Reaching Our City, Inc.](#)

Personal Introduction

Jerry Appleby has extensive experience in cross cultural and urban evangelism. He has given leadership to planting 14 churches in 8 different languages and overseen the beginning of three non-profits that work in community development. He is presently Executive Director of Reaching Our City, Inc., in Oklahoma City, OK. Operating out of a 30,000 sq. ft. warehouse and an 8,000 sq. ft. medical office building, programming includes a Medical Clinic, Dental Clinic, Counseling Center, Day Care, After School Program, Resale Shop, Food Pantry as well as an extensive Family Seminar and Job Training Program. Reaching Our City, Inc. co-exists with the New Life Community Church of the Nazarene. Jerry is the author of two books and numerous articles in a variety of publications.

Introduction

There are two major issues in the relationship between the Compassionate Ministry Center (CMC) and the local congregations:

1. The relationship with a local congregation that shares the facility with the CMC.
2. The relationship with surrounding churches, including those from other denominations.

I. Sharing Facilities with a Local Congregation

There are great advantages in sharing facilities with a congregation if the following items are in place:

1. The congregation and the CMC share denominational affiliation and/or theological beliefs.
2. The target community and audience are similar.
3. The local church and the CMC agree concerning the purpose and type of ministries taking place in the facilities.
4. The philosophy of compassionate ministries is discussed and agreement is reached.
5. There are adequate finances by each group to cover the expenses anticipated.

If these items are in place the two groups should meet and adopt a “statement of intent.” Following is a sample that was adopted by Reaching Our City, Inc. and New Life Community Church of the Nazarene in Oklahoma City, OK. In the beginning the New Life Community Church

and Reaching Our City did not have a written agreement. After about 10 months of sharing the same facility, we began to see the necessity of having a concrete agreement. Interim pastor Richard Schneberger drafted the following letter for both boards (edited for clarity):

Letter of Intent:

New Life Community Church of the Nazarene (NLCC) and Reaching Our City, Inc. (ROC) are two separate organizations that have been sharing the same facility (The Greenvale Family Center, located at 7710 N.W. 10th in OKC) since August of 2000. ROC also administers associated ministries that take place at the Courtyard apartment complex (medical clinic) and at 2345-53 N. Thompkins (medical clinic, dental clinic, and counseling center). There is a definite need at this point to begin the process of defining the actual relationship between ROC and NLCC in a formal, agreed upon document that may be updated periodically. Presently the financial support of facilities and administration has been based on the percentage of square foot and time use of the facilities. At the moment NLCC pays 22% of the facilities and administration costs, while ROC pays 78%. The relationship has been positive thus far, however, we understand it to be imperative that this relationship be defined in a written covenant.

It is our intention for leaders from ROC and NLCC to come together and draw up a formal agreement. These leaders would review the enclosed list of questions as they put this document together. The covenant would then be approved by the boards of each organization and made available to the members of each organization to elucidate an understanding of the working relationship between ROC and NLCC. There is a hope that this will foster the awareness that the programming of ROC is an outreach of Christian love to serve the community. These are also the programs of NLCC to reach the Greenvale community. The purpose and vision is the same. We believe that ROC and NLCC can work together to transform individuals, families, and this entire community through the love of Christ Jesus. There is an evident brokenness in the Greenvale community and we are working together toward reconciliation. ROC enables NLCC to meet needs, reach people, and develop relationships that would be impossible if NLCC were a singular organization. NLCC affords ROC the opportunity to meet the spiritual needs of their clients and disciple them in the way of Christ Jesus. This is a marriage relationship and we now need a covenant contract to define the roles of each partner in this marriage. As we continue to move forward in this vision of restoring creation back to God through Christ Jesus, we know that He is the author and finisher. "Therefore, since we are surrounded by so great a cloud of witnesses, let us lay aside every weight and the sin that clings so closely, and let us run with perseverance the race that is set before us, looking to Jesus the pioneer and perfecter of our faith, who for the sake of the joy that was set before Him endured the cross, disregarding its shame, and has taken His seat at the right hand of the throne of God." (Hebrews 12.1-2)

In drawing up a formal document to help in the relationship between the church and the CMC, the following issues (adapted from a suggested outline by Dr. Fletcher Tink, adjunct professor of urban/compassionate ministries at Nazarene Theological Seminary) could be used:

Issues to Be Resolved In the Sharing Of Facilities

1. FACILITY USE ISSUES:

A. What facilities are to be used by whom? Examples: sanctuary,

rooms, musical instruments, microphones, offering plates, flags, office equipment, vehicles, etc.

- B. When are they to be used? First come, first serve? In accordance with negotiated payment? When not used by another group?
- C. Who unlocks and prepares the facility? Who cleans the facility?
- D. Who pays for damage or misuse of facility?
- E. Who is responsible for decorations in the common areas? Who decides about expansion or remodeling?
- F. Who makes decisions about the office space? Are there adequate offices for the existing ministries? Anticipated ministries?
- G. Is there adequate secretarial accessibility? Is there adequate equipment? Who purchases equipment? Who can use it?
- H. Who makes decisions about the phone system? When do we expand or replace the system?

2. PROGRAM ISSUES:

- A. Can the CMC use the church services to have their activities (day care and after school programs for the parents, job's program graduation, etc.)
- B. Who clears the programs that can take place in the building, i.e. open gym nights, parent's night out, etc?
- C. What about workdays, community service projects, voter registration, (united or separate)?
- D. Are there social programs that the church will do or are all of these agreed on between the two organizations and administered by the CMC?

3. ORGANIZATIONAL ISSUES:

- A. What cooperative committees are necessary? How are they selected? Who is Chair of these committees? To whom do they report? Who makes the final decision (two heads or one)?
- B. Is crossover participation between groups encouraged? Accepted? Tolerated? Or censured?
- C. Are any of the programs of the CMC to be used in reporting by the church to the district? Who reports on the social programs to the district?

4. GOVERNANCE ISSUES:

- A. What are the instruments of mediation in case of dispute? Who determines those instruments?
- B. Who owns the property? Is this in the name of one group? Both groups? Or a "super board" with representation from each group?
- C. Is representation equal, according to program size, according to financial strength, or according to percentage of payments made?
- D. What are the tasks of this board or committee? Facility usage? Shared financial obligation? Shared programming? Joint evangelistic strategies? Other?
- E. What decisions can be made by the individual organizations? What influence can each group make on the selection of leadership? Selection of staff?

- F. Who makes the decision about the division of funds? Is the support of the total programming based on financial ability? Space used? Time used? Or does each pay a “rental?”
- G. Does each maintain legal autonomy? Separate IRS designation? Separate funding and banking?
5. SELF-IMAGE ISSUES:
- A. Is advertising done on similar handouts? Are there separate logos?
- B. Does the listing of staff include both organizations? Is there always a separate list?
- C. Are the bulletin boards used by both organizations? Maintain separate notice boards?
- D. Is signage in the front of the building open to anyone to use? Who determines its’ use? Who is responsible for the upkeep and maintenance of this sign?
6. THEOLOGICAL/PHILOSOPHICAL ISSUES:
- A. Is it essential that the two groups agree on theological issues?
- B. Is there a problem concerning the CMC being supported by various churches from various theological persuasions?
- C. Is there a common neighborhood/target community? Who determines these boundaries?
- D. Do the mission and vision statements agree and point each organization in the same direction?
- E. Is there a super-ordinate and subordinate relationship? Who has determined this? What is the goal for the future?
- F. Is the style of leadership of each group compatible for cooperation?
7. PSYCHOLOGICAL ISSUES:
- A. How does each group feel about the other? What is the goal for making this a positive image?
- B. What plan is in place to make sure any criticism is handled and repaired?

All of the answers to these questions may not be used in a formal agreement, but they will help guide both groups to a good understanding. As indicated there should be a timeline adopted that will result in a formal document to guide the relationship between the organizations.

II. Developing a Relationship with Other Congregations and Denominations

While almost 400 scriptures talk about the poor, over 100 specifically deal with our responsibility to help the poor (these are listed at www.snu.edu/~hculbert.fs/poor.htm). In reading these it becomes clear that each Christian is commanded to serve the poor in some way. However, a growing number of churches in the Western world are not physically located in communities where the poor live. And even a higher percentage of Christians do not live in poor communities.

Therefore, it is imperative that the Compassionate Ministry Centers see one of their major responsibilities to provide a place of service where Christians of all denominations are able to fulfill their calling to minister to those in need.

In Reaching Our City, we have developed a formal relationship with 24 churches representing 11 different denominations. The approach to the local church is:

1. We have a programming that can serve certain zip codes.
2. We can service the people who come to the local church for help within the span of our programming. Just refer them to our number. We are open these hours on these days.
3. If you would like us to return the information to you on these families, we will be delighted to refer them back to your church.
4. In return, please give a monthly offering and/or collect groceries and thrift shop items so we will be able to service the people coming.
5. Let your people know that volunteer opportunities are available and encouraged at Reaching Our City.

For the churches that do not want referrals back (in our case all of the churches), we give the names to the local church meeting in the same building.

Contact with these congregations should be regular and often. This can be accomplished by initiating several programs:

1. Have a newsletter sent out 6-12 times a year. Ask the pastor for addresses of key individuals and leaders. In some cases, the pastor might not object to the use of the congregation's mailing list to encourage volunteer opportunities and contact with needy communities.
2. Give the pastor a chance and reason to visit the facility and programming of the CMC. In Oklahoma City, we have Open House several times a year. This is a great time for pastors to come, meet other community leaders and learn about the direction of the CMC.
3. Try to get publicity through denominational publications. Get a listing from pastors of their district newsletters. Contact directly those responsible for publication and provide an article which features one of the members of the sponsoring church.
4. Offer to come to the church to present the ministry of the CMC.

This could be accomplished several ways:

- a. Let the pastor know you are willing to fill his/her pulpit if he or she is gone. It might be wise to let the pastor know you are not planning to ask for money, but only to let the people know of the volunteer opportunities and ask for their prayers.
- b. Meet with the missions committee. In most denominations there is a committee that controls the mission activities and funds. This is the key to the support of the local church.
- c. Offer to speak for their missionary meeting. Relate the work of the CMC and show how it fulfills the Great Commission.
- d. I have spoken to Board Retreats on the opportunity for the local church to get their young people, young adults and older adults involved in missions right in their own backyard. The response has been encouraging.

At the present time we have regular financial support from 24 different church congregations and organizations representing 11 different denominations. However, the real support comes from the volunteers sent by these congregations. They are the backbone of our organization. They bring energy and take back to the church the story of hope for the needy in our city. The side effect is that they also support Reaching Our City with their financial support.

Volunteers can come from every age group. However, one key is to utilize the senior citizens. Twenty-one (21) percent of the American population is now comprised of senior citizens. This percentage is expected to rise dramatically over the next couple of decades as almost 79 million members of the baby boomer generation mature and live longer than previous generations. Giving back to society is a major motivation for volunteerism among seniors. More than 50 percent of senior volunteers reported that they volunteered because they wanted to give back to society some of the benefits they received individually. The non-profit world must capitalize on this and create meaningful assignments for this growing age group.

In “Organizing for Social Change” several suggestions are given for successful recruitment of volunteers:

1. **Be prepared.** Have in mind how you will explain your goal and what you want the recruit to do.
2. **Legitimize yourself.** Many people will not know you or your organization.
 - a. First, explain your background and the place your organizations plays in the community.
 - b. Second, show the relationship with the church or organization you are visiting, whether denomination or community.
 - c. Third, mention those in the congregation that know of the ministry. It might even be good to have them say a word about their positive feelings about what is being done.
 - d. Last, remind the group of something significant your ministry has accomplished.
3. **Listen.** When given the opportunity, talk to people about what they have done in life and how this can be used in the future.
4. **Agitate.** The dictionary definition of agitate is “to stir up people so as to produce changes.” You are not trying to offend or be obnoxious, but neither will you passively accept excuses for people not getting involved.
5. **Get a Commitment.**
6. **Follow up.** Nothing impresses people more than timely follow-up because few of us actually do it.¹

The keys to maintaining a regular volunteer force are in **communication** with the individual and **providing meaningful places of service.**

Some of the benefits to an agency in effectively engaging volunteers include:

- Improved services
- Improved client interaction

- Decreased client waiting time
- Enhanced or newly created programs
- Improved working atmosphere
- Experienced service and fresh ideas

However, one of the bright benefits is in the core of messengers that are created in these volunteers. They effectively become ambassadors to spread the good word about the mission of the Compassionate Ministry Center.

There are several areas to consider in making the volunteer experience as meaningful as possible.

1. VOLUNTEER RECRUITMENT:

Recruitment through the local churches is best achieved when there is personal contact involved. Being able to give a five minute announcement in a worship service of a supporting church is far better than adding an advertisement in the Sunday bulletin. Sunday School classes will often allow the CTM leader to come and present volunteer opportunities. It is better to not mix appeals for volunteers with requests for funding. Let the volunteers come and experience the thrill of outreach. They will be motivated to give if they have a good volunteer experience.

2. VOLUNTEER WORK HABITS:

It is best to have job descriptions for all volunteer workers. However, if these are not available, a clear explanation of what is expected will help them to be reliable and have good follow-through. It is key to help the volunteer understand that you would hire someone to do this job if finances were available. This way, they know that they are working a job that has significant impact on the successful fulfillment of the program. If there are supervisors, the proper chain of command should be outlined.

A log-in of hours and responsibilities is very helpful. It allows the agency to track the particular hours on each volunteer. It also gives proper credit for the programs and the amount of volunteer service that is given. Often auditors will use some of these hours in giving accurate estimates of income to the organization. This applies especially to construction volunteers and positions that otherwise would be filled with a paid employee. This log can be very helpful in honoring volunteers each year.

3. REWARDING EXPERIENCES:

The job given should be rewarding and interesting. If it is not in the area of expertise for the volunteer, it should have training and a clear explanation of how this fits into the overall success of the organization. A once-a-year appreciation banquet for volunteers should be considered. At this time those giving regular service can be shown appreciation and recognition.

4. VOLUNTEER TRAINING:

Volunteers (seniors and others) want to develop their skills. Careful observation and questioning should allow the CTM to match jobs with those who have particular skills and gifts.

5. **TEAMWORK:**

It is important for them to see a close connection between leadership, staff, and volunteers. There must be constant planning to make sure all feel a part of the whole mission and direction of the organization.

An active and committed volunteer force will do as much to cement the relationship with surrounding congregations as any other public relations tool.

Notes

1. Kimberly A. Bobo, *Organizing for Social Change: Midwest Academy manual for activists* – 3rd addition, (Santa Ana: Steven Locks Press, 2001) p. 115-117.

Chapter 7

Using Government Funds to Meet Human Need

by Oliver R. Phillips

Director, [Mission Strategy, USA/Canada Mission/Evangelism](#)
Church of the Nazarene

“The paramount goal is compassionate results, and private and charitable groups, including religious ones, should have the fullest opportunity permitted by law to compete on a level playing field, so long as they achieve valid public purposes.... The delivery of social services must be results-oriented and should value the bedrock principles of pluralism, nondiscrimination, evenhandedness, and neutrality.”

– President George W. Bush

Personal Introduction

Oliver R. Phillips, an ordained minister, presently serves as director of Mission Strategy in the USA/Canada Mission/Evangelism Department for the Church of the Nazarene at its headquarters in Kansas City. He has held this position since 2003. In December of 2001, Oliver was appointed by the Board of General Superintendents to serve as Mission Director for Black Ministries in the US and Canada. Phillips has recently been appointed as National Coordinator for Multicultural Ministries giving strategic direction to 20 ethnic groups in the Church of the Nazarene. Prior to this, he served as coordinator of Nazarene Compassionate Ministries USA/Canada.

He has authored his autobiography, *“The God of a Second Chance,”* as well as three booklets, *“Starting Strong Churches in the Black Community,”* *“The 12-Step Program: Steps to Starting a Compassionate Ministry Center,”* and the recently published, *“Who Moved My Church?”*

Prior to his assignments at Nazarene Headquarters, Phillips pastored the Baltimore Faith Church of the Nazarene, Baltimore, Maryland, and the Community of Hope Church in Washington, DC. As the coordinator of the Afro-Nazarene Leadership Conference on the Washington district, Phillips gave guidance to the district in its commitment to become more inclusive. Phillips served on various boards at the district level, and was very actively involved in compassionate ministries.

Undergraduate work was done at Caribbean Nazarene Theological College where Rev. Phillips graduated in 1965. Postgraduate work was completed at Howard University School of Divinity where Oliver completed the Master of Divinity course. He was the recipient of the “Vernon Johns Preaching Award” which is given to the graduating student whose preaching best exemplifies the social and prophetic preaching of Vernon Johns, the predecessor of Dr. Martin Luther King, Jr., at the Dexter Avenue Baptist Church. Phillips went on to complete his doctoral studies at the International Bible College and Seminary, graduating with the Doctor of Ministry degree.

Phillips is a devout student of preaching and is sought after to speak at revivals, workshops, faith promises, seminars, compassionate ministry events, and lectures on the African American church.

Phillips is married to Jean who is an elementary school educator. The Phillips have three children, Ada, 22, Aaron, 20, and Anuli, 18. They reside in Overland Park, Kansas.

Introduction

A new debate is raging in these United States; it deals with the correctness of the government's initiative to help fund religiously based organizations in the delivery of services to the poor and needy. Those who favor the initiative would suggest that historically religious groups have ties to their communities and an ability to reach people in ways that the government cannot. Conversely, those who oppose such an idea readily proffer that the premise of separation of church and state prohibits any such overtures by the government.

The fears attending this new initiative come from several angles. First, there are many who fervently believe that the separation of church and state is in danger if government money can now be used to support activities that not only "serve," but "preach." Second, those belonging to non-Christian faiths are concerned that they will not be able to compete for funds and attention when facing the majority religion. Third, churches and other religious settings may want to obtain money, but not at the expense of required reporting to the government or adherence to outside standards. Fourth, secular nonprofit organizations fear that faith-based programs may be treated differently, resulting in lowered standards of service and unfair competition for limited resources. These fears are well founded. There are no easy answers, and the debate will continue because there are certainly countless ramifications that result from this new directive.

Thanks to the present administration under President Bush, the initiative has spawned new energy and the floodgates of both support and opposition have been flung wide open. This argues well for agencies and organizations who understand full well that any increased capacity to meet human need is a welcome step in the right direction. However, it is necessary to point out that this initiative did not start with the Bush administration, but it has been implemented in manifold expressions over the last ten years or so.

During the Clinton administration Congress, as can be seen by federally funded childcare for low-income families, established rules that allowed churches and other expressly faith-based organizations to accept funds without sacrificing their faith commitments and characteristics. These actions were made possible by the enactment of the Charitable Choice Legislation of 1996. So what exactly is this Charitable Choice Legislation?

CHARITABLE CHOICE LEGISLATION¹

Responding to Human Need

The goal of Section 104 of the 1996 federal welfare-reform legislation is to expand the involvement of the independent sector, including faith-based organizations, in the delivery of government-supported social services. A large proportion of nongovernmental providers of assistance to the needy are faith-based nonprofit organizations. Some are affiliated with churches, synagogues, mosques, or temples. Others, though self-standing, are inspired by religious beliefs and were established to carry out a religious mission of care for the poor and needy.

These religious charities are among the most effective providers of help and are typically willing to serve even the most distressed families and neighborhoods. They are flexible, take a personal approach, are deeply committed to the needy, and provide help that is guided by a moral code and evokes personal responsibility. Such assistance is particularly important when individuals, families, and communities are mired in long-term poverty and self-destructive patterns of behavior.

Many faith-based providers currently participate in government-funded programs. However, they have been subject to governmental pressures to downplay or discard their religious emphases. Many other faith-based organizations are wary about involvement with the government because they fear they might lose their religious character and independence. Section 104 invites the increased involvement of religious organizations in the provision of social services while safeguarding their religious character, which is the very source of their genius and success.

Four basic principles under gird the provisions of Section 104:

1. In seeking to help the needy, government may and should involve nongovernmental organizations. Government is not the only source of services for the public. Civil society is comprised of many independent organizations, including secular and religious nonprofit organizations that serve public purposes. Today, as well as in the past, a large part of the independent sector consists of faith-based charities and congregations that operate programs of service to the poor. Government should support the efforts of such nongovernmental organizations, which are close to those needing help and able to provide assistance that is personal, morally grounded, efficient, and successful. As long as the nongovernmental organizations further public purposes of fighting poverty, government violates no constitutional rule by including faith-based providers in the mix of independent-sector organizations that collaborate with its programs.
2. When government arranges payment to nongovernmental organizations for the provision of services to the needy, such providers do not thereby become “beneficiaries” of “governmental assistance.” Rather, it is the poor and needy whom they serve who are the beneficiaries of the governmental assistance. Government’s intention, and its chief effect, in involving faith-based as well as nonreligious charities in its welfare programs, is to more effectively and efficiently help those in need.
3. Government is constitutionally required not to “establish” any church or faith. It must not take the side of any one of the many faiths of its citizens. However, the establishment clause of the First Amendment does not require, and has not been interpreted by the Supreme Court to mean, that faith-based social-service organizations must censor their religious expression or give up their religious identity in order to take part in government programs. Indeed, the First Amendment secures the right of religious expression, which

may not be subjected to discriminatory treatment by government. Thus, so long as a welfare program has as its object the public purpose of society's betterment, and so long as the program is equally open to all providers, faith-based and nonreligious, then the constitutional requirement that the law be neutral is fully satisfied.

4. In addition to protecting the religious character of providers of services, the First Amendment protects the religious liberties of beneficiaries of such services. Beneficiaries may not be compelled to turn to faith-based providers in order to receive authorized services. To protect beneficiaries, the government should provide an alternative for those who object to faith-based providers.

Basic Rules

In order to fulfill these general guidelines for expanding the involvement of faith-based and nonreligious organizations in the provision of social services, Section 104 sets down four practical rules of law:

1. If a state elects to involve independent-sector providers in the delivery of social services, then it may not exclude providers because of their religious character.
2. If a faith-based organization is selected as a provider of government-financed social services, its religious expression and identity may not be censored or otherwise diminished on account of its participation in the welfare program.
3. A faith-based provider may not discriminate against a beneficiary on the basis of religion nor require the beneficiary to actively participate in religious practices.
4. If a beneficiary objects to receiving social services from a faith-based provider, then he or she has a right to obtain services from another provider.

Charitable Choice offers protection in many ways and has been so written that organizations could participate without fear of losing their religious character. Simply stated, Charitable Choice addresses the reservations of religious organizations, the beneficiaries, and the states that choose to be involved. Diana Etinde of the Welfare Policy Center, articulates the meaning and implications of Charitable Choice:

For religious organizations:

- 1) The state cannot infringe upon the religious nature of the organization. It cannot demand that it remove crosses, religious books, statues, icons or other symbols of its faith.
- 2) The organizations retain their independence from federal, state, and local governments. That means the state cannot tell the organizations they cannot discriminate on the basis of religion, nor can it interfere with the "definition, development, practice, and expression of its religious beliefs."

For beneficiaries:

- 1) FBOs cannot refuse to serve people who do not embrace their religious beliefs.
- 2) If a recipient does not want to be served by a group with a religious affiliation, the state must provide an accessible alternative within a reasonable period of time.
- 3) An individual cannot be discriminated against for refusal to take part in a religious practice.

For states:

- 1) While the state cannot discriminate against an organization merely because it is religious in nature, neither is it obligated to contract with such a group; this is not an affirmative action program for FBOs. All organizations must prove they are capable of rendering quality services to the beneficiaries and of meeting the terms of their contracts or agreements.
- 2) FBOs may not use any of the government funds for sectarian worship, instruction or proselytization, and the state has the right and responsibility to audit said funds to assure their use for intended purposes.
- 3) States with laws prohibiting or restricting the use of state funds in or by religious organizations, (and there are several states with such statutes), are not obligated to expend their own funds in this way. While states without such provisions may use their own funds as well, states are only mandated by this law in regards to federal monies. These particular funds are those allocated to the states by TANF in the form of block grants.²

Services and Funds Covered by Charitable Choice

The provisions of Section 104 apply mostly to state programs implemented under the Temporary Assistance for Needy Families (TANF) program, which replaces the Aid to Families with Dependent Children (AFDC) program. This is accomplished by giving federal funds to the states through block grants. The states, in turn, design and operate their own welfare programs. TANF's design allows for extensive involvement by nongovernmental organizations, including churches and other faith-based organizations that have been successful in moving people from dependence to self-reliance. Section 104 also applies to the food stamp, Medicaid, and Supplemental Security Income (SSI) programs when they are implemented by the states through purchase-of-service contracts or voucher arrangements with nongovernmental service providers.

Under the Charitable Choice provision, states may use direct contracts or voucher systems to provide funding to both secular and faith-based organizations for a wide range of services. These may include such programs as:

- **Work Programs** – Subsidized jobs, community service positions, on-the-job training, job-search help, job-readiness preparation, job-skills training, vocational education training, or GED programs.

- **Food Programs** – subsidized meals, food pantries, or training in nutrition, shopping, or food budgeting.
- **Maternity Homes** – unmarried minors and expectant mothers who cannot stay with their parents, and adult-supervised residential care, second-chance homes, or other suitable living arrangements.
- **Medical & Health Services** – abstinence education, drug and alcohol treatment programs, vocational rehabilitation services, or health clinics.

The Present Administration

The present administration has established Centers to implement this policy at the Department of Education, along with the Departments of Labor, Health and Human Services, Justice, and Housing and Urban Development.

Helpful Hints in Applying for Federal and State Funds³

Before you get started...

- Assess the needs of the community you seek to serve
- Evaluate the talents of your organization
- Identify a grant that will enable you to better serve your targeted community
- Determine whether or not your organization meets the eligibility requirements
- Find out from the grant program office when the grant competition will begin; ask for a copy of the grant application package; and ask for a copy of a successful grant application submitted in the last competition

Completing the application...

- Be detailed, clear and concise
- Address selection criteria in the order it was listed in the competition notice
- Adhere to page limits
- Utilize charts, graphs and maps where appropriate
- Make sure the budgeted items are:
 - Allowable – either permitted or not specifically prohibited
 - Allocable – necessary for project success
 - Reasonable – cost that would be incurred by “prudent” person in comparable circumstance
- Identify needed personnel:
 - Purpose, duties and qualifications of each position
 - Resumes if staff is in place
- Compensation and percent of time for each position
- Include expenses for:
 - Justifiable travel
 - Lease or purchase of necessary equipment and supplies
 - Site modification (Construction is usually not allowable; however, minor remodeling is OK with approval of program officer.)

Important reminders...

Plan ahead – grant applications typically must be submitted 45 days after the application is made available

- Follow application directions carefully
- Thoroughly review application before submitting
- Remember to include the required signed certifications and assurances
- Request a copy of your reviewers’ comments
- When in doubt, call the program officer listed for the grant

Conclusion

Because Section 104 is a new law untested in the courts and because the applicable constitutional law is developing, it is essential that faith-based organizations consult legal counsel. It is prudent for such providers to maintain a separate account for the federal funds, as permitted by subsection (h) and to use careful accounting procedures to track how these funds are used.

A very conservative approach is to create a separate corporation to receive and expend the government funds. It should be noted that the most restrictive reading of current constitutional law disqualifies from participation in government programs all “pervasively sectarian organizations” – an undefined term.

However, many legal authorities believe the key difference is that the flow of federal funds to a faith-based provider is *direct* in the case of contracts and *indirect* when it is due to a beneficiary’s decision to redeem a voucher with such a provider.

Steve Burger of the International Union of Gospel Missions apprised the new initiative in this fashion⁴:

Much will be said and written in the months ahead [about recent welfare reform legislation]. Already predictions about homelessness and poverty, especially affecting children, are being made. As I talk with rescue mission leaders and other social service workers, there are no clear facts or knowledge of just what the impact will be, but everyone agrees there will be an impact. Now, after our criticism and our belief in a better system, we are being asked to provide that help and those answers. Policy makers have heard our analysis and the question now is, “How will the community and church leaders respond?”

My belief is that the church and the Christian community have an opportunity to make a difference in lives, an opportunity that may not be available again. We say we have the solutions to life’s problems. Now we are being called upon to share those solutions at a critical time. We can make sure that the future does not become “The Worst of Times.” The church needs to be a catalyst for change and use what it does well to help transform the community.

Pros and Cons⁵

Competing for government funding is not the right decision for all faith-based organizations and congregations. Your ministry’s leadership should

prayerfully consider: (a) the nature of your organization (e.g., do you operate programs that have voluntary religious activities that can be held separately from your government-funded activities, for example, at a different time and location?); (b) your mission and vision; and (c) the strength of your internal organizational infrastructure (e.g., accounting system, record-keeping ability), in coming to a decision about whether to pursue public funding opportunities.

Collaborating with government can bring the tangible benefit of added resources to underwrite current programs, enhance or expand such programs, or help to launch new ministry initiatives. Working with government may lead to your ministry leaders having opportunities to get connected to new networks (new partners in the business community, other nonprofits, or potential donors from the philanthropic sector).

Fulfilling the various reporting requirements of a government contract can also lead to the strengthening of a ministry's internal administrative structure (such as improving record-keeping or formalizing the accounting system). Moreover, government staff may have technical skills to share, or be able to connect the ministry with sources of in-kind donations (used computers or office furniture, for example) of which your ministry may otherwise have been unaware. In some cases, the fact that a ministry successfully competes for government funding leads private foundations to view the ministry with newfound respect (the idea being that competition for government funds is stiff, and so your organization must run a pretty good operation if you were successful in winning the competition). And this newfound respect may translate into funding opportunities with that private foundation.

Collaborating with government, though, usually involves costs as well as benefits. Here are several common ones:

- (1) Accepting government funds inevitably involves some red tape (depending on the nature of the contract, this can be more or less burdensome). Ministries will be required to submit goals, timelines, and budgets and to account for each dollar of government money received. Government will require progress reports and assessments that will demand that your ministry do an excellent job in documenting its work among those you serve.
- (2) Some contracts operate on a reimbursement basis – you spend ministry funds up-front on program activities, then submit receipts for reimbursement to the government. Sometimes government agencies have a slow turnaround time for making such reimbursements, and this could subject your organization to “cash-flow crunches.”
- (3) Government is increasingly utilizing performance-based contracting. This means that your organization may not receive portions of your contract/grant funds unless you adequately achieve previously-agreed-to benchmarks of progress (such as graduating a certain number of participants in your program). Under such an arrangement, it behooves you to: (a) spend considerable time dialoguing with the

government agency about the performance measures you believe your organization can achieve; (b) set realistic goals; and (c) have a plan for how you are going to fund the program if you don't achieve all your objectives (and therefore do not receive 100 percent of the contract funds from the government agency).

- (4) Some ministries have felt subtle pressures to expand their work – perhaps beyond the level of capacity with which ministry leaders are comfortable.
- (5) There is a chance that some of your current donors will feel you need them less “now that you get government money.”

All these potential costs should be carefully weighed in any decision to pursue government funds.

Charitable Choice: Top 10 Tips for Faith-Based Organizations

Stanley W. Carlson-Thies

1. **Plans, Not Just Visions.** To be entrusted with public funds to serve the needy, you need specific plans for how you will help families overcome their problems. Faith is essential but no substitute for plans. Specify outcomes and demonstrate how your program will produce them.
2. **Don't Chase Money.** You have a right to compete for funding to provide services. Just be sure that the funds will help you carry out what you know how to do well. Don't be tempted to start a new program just because money is available for it.
3. **Be Accountable.** Make sure you have policies, procedures, and personnel that enable you to account for income and expenditures, monitor staff and volunteers, and keep track of clients' progress. Government will, and should, ask you to be accountable for how you spend, what you do, and what works.
4. **Avoid Dependency.** Never become dependent on any one source of income. Plan ahead what you will do if government funding dries up or an unacceptable condition becomes the price of continued funding. Establish a maximum percentage of funds from any single source.
5. **Separate Incorporation.** Establish a separate but faith-based 501(c)(3) corporation to receive government money and to operate your service programs. Your congregation will be protected from unwanted government rules and prying, and a separate structure can be specifically designed for effective services for the community.
6. **Join Hands.** Your congregation has a vision for service? Wonderful. First step: see if any one else is already filling the need and join with them. If no one is yet active, get busy, but draw in others who share

your vision and can bring their own expertise and connections.

7. **Be Careful About Religion.** Faith undergirds the solution. But the poor are not necessarily without faith; they may be suffering because of the evil of others. So let faith be resource, guide, and connecting point, not the end of the story. And respect, without ignoring, the alternative faiths many will bring.
8. **Get into the Loop.** Government contracting and policy making are long-standing operations with their own language, information channels, and players. Want to be serious about working with government? Find out what the loop is and get into it. Don't try it alone, join a network.
9. **Check With a Lawyer.** No matter how well you understand Charitable Choice, if you plan to get involved with government you first should consult with an attorney experienced with government rules and regulations, religious organizations, and the nonprofit sector.
10. **Advocate As Well As Serve.** As you serve the needy with your best efforts, don't forget that they may also need you to be on their side as their advocate to government. And don't let your focus on service blind you to the need for justice in public policies and economic life.

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Notes

1. Center for Public Justice
2. Diana Etinde, (Unpublished Report) "Charitable Choice and its Implications for Faith Based Organizations" (Welfare Policy Center, Hudson Institute).
3. Center for Faith-Based and Community Initiatives (<http://www.ed.gov/offices/OIIA/faithandcommunity/hints.html>)
4. *Guide To Charitable Choice*, Center for Public Justice, Washington, DC 1997 (Produced in conjunction with Center for Law & Religious Freedom of the [Christian Legal Society](#))
5. Amy Sherman, *The Charitable Choice Handbook for Ministry Leaders*, Co-published, (Hudson Institute and the Center for Public Justice, 2001).

Chapter 8

Accounting for the Small Non-Profit

by Joyce Smith
NCM Inc. Finance Manager

Personal Introduction

Joyce Smith is presently serving as Financial Manager for Nazarene Compassionate Ministries, Inc., Olathe, KS. Her previous positions at Nazarene Headquarters for NCM/USA Canada office have included assisting the network of Compassionate Ministries Centers and Good Samaritan churches associated with the Church of the Nazarene. Her duties included supporting and aiding in the development of ministries as well as working with established 501©3's, with her emphasis in the financial accountability for the small non-profit. She served as volunteer board treasurer of a crisis pregnancy center in the Kansas City area for several years.

Joyce has over 45 years of experience in the financial world. She is a graduate of California State University, Dominguez Hills with a degree in Psychology. Joyce is a third generation Nazarene and has been involved in church music as a pianist/musician for over 50 years. She is a member of the Gardner, KS Church of the Nazarene and ministers in the church's community outreach counseling program.

Introduction

In my many years of working in nonprofit accounting sector, I have made some observations I would like to share in this article. Most nonprofits start small but do not plan to stay small; however they often neglect to build in a capacity for growth, especially in the area of recordkeeping and accounting. Consideration of some of the following information in the beginning of the process can avoid unnecessary problems in the future. When a ministry grows rapidly, it can become difficult to obtain the information needed for adequate financial and donor records, especially if it started as a simple bookkeeping/record keeping process. Consulting with a CPA about the unique needs for adequate accounting for your ministry is greatly advised.

Much of the integrity of a non-profit is based on the clarity and accountability of the financial reporting along with good stewardship of its finances. The majority of grant applications require an audited statement. Some simple suggestions that follow will aid in developing a clear audit trail which can reduce the cost of an audit.

SUGGESTION: During the formation and early stages of your ministry, it is extremely beneficial to have a CPA or an accountant serve on your executive or advisory board. In addition, the Internet website, nonprofit.about.com can answer a lot of frequently asked questions and provide valuable resource information in developing your non-profit.

I have categorized the topics alphabetically for easy reference, not in order of importance. This article is meant as an overview of topics I have found to be very helpful for the small non-profit.

Accounting Software:

Software for the nonprofit is available from inexpensive programs (\$100 to \$300) to very expensive programs ranging in the thousands. I have found that the inexpensive programs have the capabilities to handle the fund-balance requirements of the small non-profit and also have the capacity for growth. If you have the financial means and purchase an expensive program, you will have a lot of the capabilities for growth that are not required for the smaller non-profit. On-line accounting services are also available.

Researching the website for “Accounting Software” will give you highlights on what is currently available. Several accounting packages are available “off the shelves” that can accommodate all the accounting functions required by your non-profit. You are interested in a package that has the means for nonprofit-fund balancing. A chart of accounts that encompasses the unique needs of your ministry is the backbone of your reporting capabilities, as well as serving as the source for your financial reports (See “[Database Software](#)” for other requirements)

SUGGESTION: Consulting with an Accountant or with another nonprofit ministry doing similar services is suggested at the onset prior to making a final decision on your accounting software needs. Learn to avoid reinventing the wheel and other mistakes by utilizing information currently proven to be effective.

Allocation of Expenses:

An often overlooked and misunderstood procedure for obtaining an accurate overhead rate for your organization is through the functional allocation of expenses. Your auditor has copies of the Generally Accepted Practices (GAP) that will help you get a clear understanding on how to accomplish this for your organization. FASB Statement No. 117 breaks out the definitions between program and supporting activities quite effectively.

One approach for the small non-profit is to do an analysis of the personnel showing the actual percentages of their time used for program, administrative and development (fundraising) activities. These percentages are applied to their wages, and an overall allocation of the total payroll is made. These same percentages are then applied to the overall operations with the exception of certain costs which are purely overhead (i.e. audit, legal, annual board meeting.)

You must have paid staff to use this approach. An alternative approach is through a study of the allocation of the actual space occupancy usage of your company premises, based on the same activities as above. This does not require paid staff.

SUGGESTION: This explanation is offered to urge you to seek the information you need to be able to adequately and accurately allocate your expenses. Your overhead rate is the percentage of total expenses divided by total administrative and fundraising expenses.

Many nonprofits report an incorrect and inflated percentage of overhead costs that do not accurately reflect the contribution of time and space, reducing the nonprofit's capacity for competition for donor and grant dollars.

Audit:

As has been mentioned, grant applications as well as other organizations wanting to align themselves with your nonprofit usually require an audit. However, there are levels of scope for an audit which may range from an audit review through a “certified audit.” The grant application sets the level of requirement for each grant. Audits take time to complete and are often figured on an hourly rate. Get a proposal from each audit firm you interview as to the scope, time frame, and costs before deciding which service to use. Ask for credible references if you have no history with the CPA firm. Some audit firms do some “pro-bono” (uncharged) work for small nonprofits, and it never hurts to inquire about this possibility.

There are many things you can do to reduce the cost of the audit by having simple procedures for your revenues and expenses that leave clear audit trails. Auditors will provide you with a list of all working schedules they require, to complete the audit. Preparing as much as possible of the paper requirements yourself will save time and money on the overall cost of the audit. Suggestions will be offered in the various topics that will aid in this process.

Bank Accounts:

For the small non-profit, establishing a relationship with a bank is important. Sometimes smaller banks give more personalized service to a smaller business. Many banks waive the monthly service charges as well as give reduced fees for wire transfers, etc. based on personal relationship. As a rule for starting the smaller nonprofit, one account is sufficient. Any ledger segregation the nonprofit needs to make, such as the type of fund, (restricted or designated) can be made in the general ledger accounting system. One bank account statement to reconcile is simpler and easier for the audit trail.

However there is one major exception to this policy. If a government grant is received, it is better to deposit the funds in a separate bank account and ONLY write checks from this account covered under the grant. When the government requests an audit, only the bank account that shows receipt and disbursements of grant monies will need to be opened for the audit. Do not move funds back and forth between the accounts. If government funds are in the same account as the company operating bank account, then *all* of the company books have to be opened to the government auditors.

SUGGESTION: With the limit of \$100,000 federally insured bank funds per institution, if and when your bank balance exceeds this amount, discuss the availability of a “Sweep Account” or other options that will cover all your funds, and not necessitate your transferring part of the funds to another bank in order to be fully insured.

Bank Reconciliation:

It is advisable to use the Bank reconciliation feature of the accounting package for accurate tracking of bank transactions. If at all possible, assign this duty so that someone other than the person making bank deposits and

writing checks is responsible for the bank reconciliation. If this is not feasible, have someone else open the bank statements, examine, date, and initial the statement before giving it to the person responsible for the reconciliation. Separation of duties whenever possible helps the small nonprofit realize integrity and openness in their procedures.

SUGGESTION: It is advisable that the person writing the checks NOT be a check signer. Each check must then be submitted to another person for signature, which adds to the overall accountability of the payment system. Checks over a certain amount can also be required to have two signatures.

Budgets:

A Board-approved budget is an important tool in sound financial management. Having an overall estimate of your expected revenue as well as your expenses, and tracking them monthly is the best way to keep tabs on your financial health. Keeping the budget within the *actual revenues* received instead of the *projected revenues* is often overlooked, and will cause financial problems for the small non-profit, least of which is cash flow difficulties. While the budget is formed on *expectations*, it must be monitored on *actual monies* received and expended in both revenues and expenses. A Board-approved budget is often required by other institutions wanting to work with your organization.

Chart of Accounts:

The backbone of your financial accounting system is a well thought-out chart of accounts. In Fund Balance accounting (non-profit) careful analysis and the segregating of the type of funds is necessary. Operations (Unrestricted), Restricted, and Designated are three examples of fund types and will be defined further under the Fund Balance topic. Separate funds can be segregated from the chart of accounts by classes for reporting purposes.

SUGGESTION: As previously stated, consulting an auditor for suggestions that will meet the uniqueness of your organizations requirements is highly recommended.

Classes (Grouping):

The use of classes is a means of sorting fund groups into income and expense accounts of the General Ledger for profit and loss reports. An example might be all income and costs that pertain to a specific location, fund, type of ministry, etc. Any classification needed to track revenues and expenses for the various programs or areas of ministry, including operations can be assigned. A guide of "Procedures" is available in most if not all programs but might be identified by another name.

Cost of Goods:

Depending on your type of ministry, it is possible to include various donations into your audited financial statements. The direct impact of this is in the reduction of your overhead rate. However, it is necessary that you research the types of goods and or/services received and develop a base-line for putting reasonable and supportable dollars into your books. Very accurate records must be kept. This should be discussed with your auditors to get an

acceptable procedure. For service ministries, keeping accurate records of volunteer hours and services is vital. If you function mostly with volunteers, develop a sign-in sheet that includes date, name, check-in and check-out times and services rendered. The hours can be assessed a value-equivalency based on a standard rate applied for the type of service.

SUGGESTION: In order to donate goods, the donor ought to sign a release form authorizing your ministry as owner and distributor of goods. If the goods are assigned to someone specific, they are considered “pass through” and as the receiving ministry does not have jurisdiction about how they are to be used, it is not considered a donation as such and cannot be entered into your financial statements.

Directors and Officers Liability Insurance:

Protection from personal liability for your board of directors should be a priority if you want to keep professional people on your board. It is necessary to shop around as there are great variations in costs for this insurance. We recently tripled our coverage for approximately 1/3 of our previous year’s fee.

SUGGESTION: Search the Internet and also inquire of other ministries.

Donor (Data-Base) Software:

Just like the Accounting Software, there are a variety of programs for Donor Management that range from relatively inexpensive packaged software to highly developed expensive software. On-line donor based programs are also available.

Depending on your expected revenue funding base, if a choice has to be made between more expensive donor data-base versus accounting program, I would suggest that the donor management software receive priority if your donor base is mainly individual donors. If you are counting mainly on grants from foundations to fund your ministry then your requirements are different from those requirements for individual donors. Again, consulting with other ministries or nonprofits as well as researching programs on the Internet will give you a basis for the decision you need to make. The donor software needs variability to be able to select by type, address, amounts, dates of donations, etc. the various categories to be selected for specific versus general newsletters, press releases, bulletins, Christmas letters, revenue appeals and/or thank you letters to your constituents.

SUGGESTION: It is important to consider if you are depending on individual donations that you adopt a policy of no more than 3 days between receipt of donations and the “thank-you” acknowledgment letters. This has been proven to be very effective for ongoing donations.

Expenses (Disbursements):

A simple procedure for maintaining easily accessible expense receipts is the creation of a disbursement form that includes date, check number and amount clearly visible. The form should include vendor information, budget category or program project number, payment approval acknowledgment as well as general ledger account and posting information. Invoices, receipts

and any other pertinent information for the payment should be stapled to the back of the form. Information for audit is all in one place, with corresponding detail attached. (See enclosed disbursement form sample)

SUGGESTION: Create a monthly folder for each month's disbursements according to your fiscal year. File them by the check number, in reverse order with the first check written at the bottom and the last check for the month on top. File each month in front of the last. That way the most current months are always available and it is very easy to pull detail for any check number since you have them in reverse numeric order.

Fiscal Year End:

Unless there is a specific reason for another date, using the calendar year as the fiscal year works in conjunction with annual filings of payroll and other reports. The Federal Income Tax Form, 990 is due 5½ months after the close of the fiscal year. An extension may be granted if properly applied for. This form is required after the annual revenue of your ministry is \$25,000 or more. Information concerning form 990 and subsequent availability of this form, upon request from your constituents should be researched on the web as penalties are imposed if the reports are not granted in the time required by the U. S. Government. Posting form 990 to your website is a way to make them available to your constituents who request them.

SUGGESTION: All financial records should be kept for 5 years before destruction. It is suggested that you scan personnel and payroll records and keep them indefinitely.

Fund Balance Accounting:

Fund balance accounting is different from standard profit and loss accounting in that it tracks the various funds to their proper designation. "Restricted funds", designated for a specific purpose is one type of fund, i.e. "starving children in Mozambique. Designated funds are monies received for a designated purpose. However, in using the word, "children," discretion is allowed as to what children are recipients, the type of support that is offered, and the site where they are serviced. "Undesignated funds" are those resources under the administration of the board that may be used to cover administration operations of the organization and other board-designated uses.

SUGGESTION: Funds from Restricted Projects, left over after completion of a project should be either returned to the original donor (if a single donor is responsible) or reassigned by board action. When various donors contribute but are not identified, action by the board diverting monies for similar projects to the original one is advised. Monies that were restricted should not be redesignated into unrestricted usage unless there are extenuating circumstances and special action taken by the board.

Grants:

Government and foundation grants are now available for faith-based ministries. While there has been much hesitation in the past, the highly publicized Faith-Based Initiative Program of President Bush offers opportunities previously unavailable to the religious sector.

Information for grants from foundations and government is available on the internet as well as through publications. The *Chronicle of Philanthropy*

is just one resource that serves the non-profit community with current information on nonprofit trends and recently-awarded grants, as well as application deadlines and grant availability. Courses on grant-writing are available online and also offered as various seminars or in colleges.

SUGGESTION: If there is a business or community college nearby, inquire as to the type of grant-writing classes offered that involve students in a practicum. Students in a business and or/grant-writing class will often adopt a small nonprofit as a project and write a grant or compile financial reports as needed.

Human Resources (Personnel):

There are many new governmental restrictions protecting employees that must be considered. The new HIPAA requirements address the privacy issue in employee health information and need to be researched and followed carefully to protect the nonprofit against possible lawsuits. Records must be secured under lock and not made accessible to anyone other than to authorized person(s).

Discrimination laws do not allow the potential employer access to information that once was open for discussion. Posting of certain federal and state laws clearly visible to the employees is a requirement which has penalties for non-compliance. A federal I-9 form concerning citizenship/immigration information is required to be filled out and on file, the first day of work for each employee.

Workman's compensation and liability insurances are also important features for employee and corporate financial protection.

SUGGESTION: It is advised that you keep the I-9 form for all employees in a separate file folder marked "I-9 Files" rather than keeping them in the employee's individual folder. If the Immigration Service should drop in and request the files, and if they are all in one file, then that file is all you are obligated to release to them. If the forms are in individual folders then the government representatives have access to ALL EMPLOYEE RECORDS, a feature which could cause other inappropriate confidential information to become accessible.

Payroll:

For the small non-profit it is advisable to contact a local Payroll service for the handling of payroll. Unless someone is aware of all the different state, city, county, and federal requirements and can stay up to date with them, in-house handling of the payroll can be much more time-consuming and expensive than the cost of a service. Penalties and interest quickly add up if you fail to comply with the letter of the law. Quarterly filing, reports and year-end W2 information as well as 1099's for outside consultants need both accuracy and timeliness. State ID numbers, unemployment numbers, and the federal EIN number must be obtained and used correctly in order to avoid penalties.

SUGGESTION: Having a payroll service even if only for a one-year period of time sets up the required reports and withholdings and establishes the procedures required for bookkeeping. A full year establishes all the required documentation and serves as a model to follow if and when your non-profit reclaims the payroll responsibilities in-house. If you

choose not to out-source payroll, make sure your organization researches the reporting requirements in your state and understands the importance of each filing date.

Revenues (Income):

How revenues are handled in your organization is something over which an auditor and your constituents share a concern. A division of duties, when at all possible, provides a good check and balance for your nonprofit. It is advisable that the people opening the mail stamp the date immediately, endorse the back of the check with your company bank account deposit stamp, and receipt the check in an automatic numbering receipt system. In the past, pre-numbered 3-copy receipt books were often used, the original copy went with the “thank you” letter to the donor, the second copy with the check for the bank deposit, and the third left in the book which was used as a numeric control. All numbers were traceable to the general ledger system. Now it is suggested that a simple automatic numeric system can be set up in a spreadsheet which will also serve the same purpose.

SUGGESTION: Making the receipting and depositing of funds as well as the suggested three-day “thank you” letter turnover time should be a priority for your nonprofit. Auditors and constituents check for the turnaround time between when the donation is received, and the length of the response time for the check to clear the bank.

Conclusion

As I read this over I am well aware that the reader will probably be left with more questions than answers. If so, that is exactly what should occur. Because of the complexity and/or uniqueness of each organization I would be hesitant to make any hard and fast statements that would fit all situations. While nonprofits have a lot of similarities, each has its own unique “wrinkle.”

The information, if taken in bulk, can appear to be prohibitive. But if ingested in small bites, is very manageable. Most of the information is available on various websites. Other ministry centers will often be glad to share their suggestions and recommendations. For the price of a lunch you can usually extricate lots of information as well as establish an ongoing resource network!

This chapter, born out of personal trial and error, perhaps serves to alert you to the importance of the overall financial accountability of the organization. While human resource issues may not be exclusively financial, the record-keeping portion of it can have significant financial impact if non-compliance is involved. For the small nonprofit, where duties often overlap, an awareness of these issues is critical to the health and viability of the organization.

ABC MINISTRY, INC
CHECK DISBURSEMENT FORM

REV 9/03

CMC Toolkit

DATE: _____ CHECK NO.: _____ AMOUNT: _____

PAYEE: _____

FUND

OPERATIONS _____ RESTRICTED _____ DESIGNATED _____ CAPITAL _____

PURPOSE: _____

REQUESTED BY: _____

AUTHORIZED BY: _____

PROJECT NO#: _____ FUND: _____

PURPOSE: _____

POSTING:

BANK ACCOUNT NUMBER # _____ AMOUNT _____

G/L NUMBER# _____ AMOUNT _____

CLASS # _____ AMOUNT _____

NAZARENE COMPASSIONATE MINISTRIES, INC.
CHECK DISBURSEMENT FORM

REV 5/02

DATE: _____ CHECK NO.: _____ AMOUNT: \$2,000.00

PAYEE: _____

BUDGET ENTITY

CORP: _____ INTL: _____ USA: _____ NHCF: _____ NDR: _____

PURPOSE: _____

REQUESTED BY: _____

AUTHORIZED BY: _____

DISIGNATED: INTL: _____ USA: _____ NHCF: _____

RESTRICTED: INTL: _____ USA: _____ NHCF: _____

PROJECT NO#: US2001-28 FUND: Restricted

PURPOSE: _____

WRITE ON CHECK: One-time Gift - 9/11 Victims Family Assistance Referral

POSTING:

BANK ACCOUNT NUMBER # _____ AMOUNT _____

G/L NUMBER# 1050 - 5150 - 10 AMOUNT \$2,000.00

CLASS # _____ AMOUNT _____

Chapter 9

Understanding the Federal Grant Process: Writing the Winning Proposal

by Rick Short

Personal Introduction

Rick Short graduated from Nazarene Theological Seminary, Kansas City, MO. in 1974, with the M.R.E. degree and is an ordained elder in the Church of the Nazarene. Rick began writing grants in 1989 in order to raise money to provide services for abused and neglected children in Oklahoma. After ten years of writing grants for social service agencies, Rick spent two years writing educational grants for the State of Oklahoma. Rick has been employed the last three years as a private consultant providing grant writing services for non-profit organizations.

Introduction

The recent Faith-based Initiative has opened the Federal grant process to compassionate ministries. This chapter presents an overview of the requirements and application process. Traditionally many faith-based agencies have not applied for Federal funding believing that there were too many “strings” on what could be done with the money. The decision to apply for Federal Funding requires thoughtful consideration by the board of every faith-based nonprofit.

Getting Ready as an Agency to Respond to an RFP

RFP = Request for Proposal. **NOFA** = Notice of Funding Availability

What is the difference between an RFP and a NOFA? The RFP is an announcement about one proposal request that is due in 30 to 60 days. A NOFA or Super NOVA may include 30 or 40 RFPs with due dates as far away as 18 months.

What is included in an RFP?

- 1. Standard Forms and Assurances:** Within the Federal application process there are standard forms and assurances required by every Federal agency. All of these Federal Forms and Assurances are available on the Internet and can be placed on your computer. Having these basic forms filled out on your computer and ready to print can be a real time saver. The RFP has a hard copy of all forms and in addition, usually gives a web site to download all required forms and assurances.
- 2. A List of Documents You Must Provide:** Many RFP's require the submitting agency to attach documents to the proposal. It is common to submit the same documents over and over. Therefore, these documents

can be collected and prepared well in advance of the actual application date. These could include:

- a. Job descriptions and resumes of key personnel in the agency. These should be no more than two pages and follow the same format. These are requested to demonstrate the quality and expertise of the project staff.
- b. Copy of the IRS Determination Letter [proof of 501(c)(3) status].
- c. A map of service area or location of the ministry. It is helpful to have three half-page color maps (city, county, state) and use the map that is most appropriate for the application. For RFP's with *rural priorities*, a state level map showing isolation would be appropriate while an RFP with a *power zone priority* would require a city level map demonstrating that the ministry was located within the Power Zone.
- d. Copy of recent audit. This is rare in a Federal Grant but is common when requesting funding from a foundation.

3. **Detailed Application Instructions:** The RFP will describe the exact format to be followed in creating the proposal. A due date and postmark or hand delivery instructions will be given. A list of contacts for more information will be provided. A scoring system for this proposal will be explained. Web sites and suggested readings may be provided for research. The instructions provided in the RFP must be followed exactly.

A Brief Overview of the RFP Process

All RFP's are either published in the Federal Register or on the Web site of the Federal Agency which issued the RFP. The Federal Register is published every day except weekends and holidays.

The RFP will specify a 30 to 45 day lead time before the application is due. Note that due dates and times can be tricky. Sometimes the application must be at the Federal Agency by 4:30 p.m. on a certain date and in other RFP's, only a postmark on the due date is required.

Once the application is received by the Federal Agency, it is audited to make sure that it is complete and in the correct format. Applications that have failed to follow the instructions as stated in the RFP may be returned. (Example: single spaced instead of double.) If the application passes the primary audit, it is reviewed and scored by a team of experts called the Review Committee.

An application will usually have seven or eight different sections. (Described below.) Each section is assigned different point values in the RFP. The total points of the sections can add up to 100 points. Occasionally bonus points will be assigned for special priorities.

Applications can be delivered three ways to federal agencies: 1. Hand delivered in person; 2. Overnight or special delivery; and 3. Internet submission. The various methods for delivering the application are explained in detail in each RFP.

Private meter postmarks are **not** acceptable as proof that the application was mailed on time. When you absolutely need a United States Post Office post mark – locate a 24 hour Post Office or find out how to get a post mark

before midnight at your local Post Office.

One agency working up to the last minute e-mailed the proposal to a delivery service in Washington, which printed and then delivered the proposal for them. That is too close for comfort. It is less stressful to have the proposal completed and mailed several days before the due date.

To search the Federal Register go to:

<http://www.gpoaccess.gov/fr/advanced.html>; Check the Volume you wish to research (2003); In the Section of the Volume, check the Notices box; and in the appropriate space either enter the date you wish to search or a key word.

A search for “homeless” on the date 9/4/2003, with a limit of 50 “hits” will produce the following result:

[21]

fr05e03N Federal Property Suitable as Facilities To Assist the Homeless

Size: 1951 , Score: 892 , HTML, PDF, SUMMARY

Short cut – Commercial web sites such as <http://www.tgci.com/> research and publish federal funding announcements every day. However, they do not publish every current funding announcement since some that are available may have been published in a NOVA as long as a year previously.

One of the best ways to become informed about new or current announcements is to register to receive e-mails. A good way to begin this process is to visit the Faith-Based and Community Initiatives web site at <http://www.whitehouse.gov/government/fbci/>. First, signup for their quarterly newsletter and then follow links to other interesting sites. Look for e-mail sign-up information at those links.

Major Components of the Application

Each RFP will give detailed instructions on how a particular application is to be submitted. These instructions must be followed to the last detail. Instructions may include paper margins, font size, line spacing, maximum number of pages, page numbering and location of the page numbers (center or right).

The typical RFP will give an organizational outline that should be followed in creating the application. Changing the order can result in a lower score since the Reviewers will be looking for information in a specific order.

While each RFP will differ somewhat, the sections within each application are similar. The major scored sections may include: The Abstract; The Introduction; The Problem Statement; The Goals and Objectives; The Project Design; The Organizational Capacity; The Evaluation; The Dissemination Plan; and The Budget.

In typical government fashion, the elements and requirements for each of the sections may be described in such detail that the RFP will be much

longer than the final proposal! It is not unusual for the proposal narrative section to be limited to 25 pages while the RFP explaining what should be in the 25 pages is 60 pages long.

However, it is important to understand that the sections have a logical organizational flow that may not be apparent to the novice grant writer.

Understanding the Logic of the Major Sections

The Abstract is simply a summary document that presents an overview of the entire application. The instructions for the Abstract vary greatly from one Federal agency to another. Some people think of this section as the “tell them what you are going to tell them” section. The difficulty with the Abstract is reducing 25 pages to 55 lines. The Abstract is **not** considered a part of the Narrative Section.

The Seven Major Narrative Sections

I. **Brief Introduction:** This is an introduction of your ministry. In one or two pages you are given an opportunity to explain the history and mission of your ministry. Make it good.

Essential First Impressions in the Introduction

- That you are making a difference in people’s lives and that you have the support, respect and endorsement of the community.
- How long your ministry has been serving the community and your plans to continue that service
- Anything unique (in regards to mission and location, find something that will set you apart).
- Recent significant accomplishments.
- Organizational Mission and Goals – the reasons and passion which explains why this ministry was created.
- What support you have from outside organizations and individuals – how you collaborate and work with them.
- That you are financially secure, fiscally responsible, and operate in a cost efficient manner.
- That your staff is qualified and effective in accomplishing the mission “The Best”

II. **Problem Statement:** This section is used to describe the problems facing the community you serve. The narrative in this section may list several problems of the target population and then provide a summary called the *Statement of the Problem*. Census data, local statistics, and narratives can be used to support the problem statement. The problem statement must single out one or two problems you are going to try to solve if you are awarded a grant. Overstating the problem or trying to solve too many problems can have a negative impact with the reviewers.

Sample of a Problem Statement

“A Concise Statement of the Problem – The Washington County Compassionate Ministry Center provides services in Washington County with a population of

approximately 58,760. The juvenile population under the age of 18 is 15,852 with the following race breakdown: White 12,353; Black 482; Indian 2,805. Since FY 2000, over 700 cases of child abuse have been reported in Washington County on an annual basis. The average confirmation rate is 49% meaning that approximately 350 children are in immediate need of the services described in this proposal. In addition, Washington County consistently ranks well above the State and National averages for juvenile pregnancy rates. For the last four years the school dropout rate for our target population has been 51%. Many of these dropouts are the result of child abuse, pregnancy, and poverty.”

III. Goals and Objectives: In this section you are given an opportunity to explain **how** you want to change the problem. An application may have as many as three or four goals. Each goal may have two or three objectives followed by the action steps necessary to accomplish the objectives.

Goals are broadly stated in non-measurable terms. Example: It is the Goal of the Compassionate Ministry Center to provide an after-school program for homeless juveniles.

Objectives are stated as activities completed or increases/decreases in a number or percentage by a certain date. Here is a template that can be used to insure that an objective will be measurable:

Objective 1: To [increase/decrease (use any appropriate action verb)] the [single key result to be achieved] by [measurable percent or result] by [target date for accomplishment.]

Sample Objective: To decrease the annual dropout rate of Brookhaven Middle School by 5% by May 15, 2004. (Current rate = 14%).

State the objectives of your project using time limited and measurable statements. These statements will form the basis for the final evaluation of your project. The Objectives Section is directly linked to the Evaluation Section. Once the Objectives are written, the evaluation falls into place very easily.

It is helpful if you can show how your goals and objectives for this application relate well to the umbrella goals and purpose of your organization. Strive to state individual goals and objectives in twenty words or less.

Keep in mind, a goal is a big picture statement of the ultimate result you desire such as an after-school program. An objective is specific, measurable and time-limited. Objectives name the population and numbers being served, the result of the service. Objectives must be realistic for the time frame of the grant.

IV. Project Design: The Project Design is an explanation of the steps you intend to take to accomplish your objectives. At this point in the proposal, the reviewer knows: who you are, the problems you are facing, how you would like to change those problems, and NOW you can explain how you are going to do it. This is Your Plan of Operation, your business

plan so to speak. This section is frequently worth more points than any other section.

Here is a sample of design instructions from an actual RFP:

“Applicants must describe clearly the interventions that will be provided and how the proposed services will be delivered. A timeline must indicate specific milestones for implementation. Describe the methodology to be used to accomplish the specified goals and objectives of the proposed project. Describe in detail the mechanisms to be used, and the specific activities to be conducted, and indicate clearly how these will lead to accomplishment of the intended goals and objectives, as they were stated in the Measurable Objectives section. It may be useful to prepare diagrams demonstrating a logical model of the proposed project.”

The project design must be based on actions that give it a reasonable chance of success. It is always a good idea to explain the rationale and thinking behind the project design. A logic model is a one page diagram similar to a flow chart.

The skill required to create this section is the same skill required to develop a sermon, open a half-way house, or conduct a Summer Vacation Bible School from scratch. The difference is writing it down in an organized manner so that *the reviewer knows* that *you know* what needs to be done to accomplish your mission.

Suppose your objective is to operate an all-day two week camp in the summer for 50 neighborhood children. Ask yourself, “What would we have to do to make that happen?” And then ask yourself, “What would we have to do to make that happen?” And then ask yourself, “What would we have to do to make that happen?” Repeat until you have your project designed.

- V. **Management/Organizational Capacity:** In this section of the proposal you convince the reviewer that you are qualified to implement the project as designed. Reviewers are interested in what people resources, agency resources, and community resources you can bring to bear on the problem.
- Key project personnel will be described by name in this section. Reviewers are interested in a brief work history (including any major accomplishments) of key leaders. Who is on your Board of Directors and what do they bring to the success of the ministry?
 - Agency resources may include floor space, office equipment, vans or other available transportation, volunteers, existing programs, and accounting procedures. Do you have any experience in implementing similar projects? Who is on your planning team? What was your process in putting this proposal together? How does it fit within your organization’s other programs?
 - Community resources are the organizations and people you can count on to help you be a success. Do you have any cooperative agreements with other agencies? Do you have any contracts with a business or state agency? Do you attend any regular community meetings or service organizations?

Suppose you are proposing to start a job-training program. Either

operating a day care or linking with an existing day care would strengthen your organizational capacity. Demonstrating that children would be cared for while the parent was in training would demonstrate to the reviewer that your program design was in harmony with your organizational capacity. In other words, you are organizationally capable of completing the proposed project...in a cost efficient manner.

VI. Evaluation: In this section you tell the reviewer, “This is how we are going to measure 1) What we did; 2) How we did it; and 3) How it affected the problem.” Projects can have immediate impacts and long term outcomes.

The Evaluation Section is directly linked to the Goals and Objectives. If this section becomes a problem to write, it is because the objectives are not measurable. Go back and re-write the objectives and this section will flow.

OBJECTIVE: To provide a 40 hour job training class to 35 adults by the end of the first quarter of the funding period.

EVALUATION: The number of adults completing the 40 hour job training class by the end of the first quarter compared to 35.

Two types of evaluation are required: Process and Outcomes. The example given above is an outcome evaluation. The process evaluation might describe the barriers encountered in producing the 40 hour class, problems encountered and solved around getting adults to attend, how any incentives worked, and modifications to improve the training program from its original design.

VII. Dissemination: Some grants require that you share “lessons learned” with other interested parties. In this section you explain to the reviewer what steps you will take to publicize information about your project to other compassionate ministry centers. The goal of the Federal agency is to avoid multiple agencies re-inventing the wheel. Presenting at national workshops, publications such as magazine articles or flyers, and web sites are popular dissemination methods.

These seven sections comprise the Narrative Section in *most* grants. However you still have to tell the reviewer how much money you are going to need.

VIII. Budget: In this section you tell the reviewer, “This is our cost effective estimate of how much money we need to do this.” A budget justification allows you to explain your reasoning (in detail) about why you need specific amounts. A three year project period will require a budget and justification for each year.

Budgets are usually not counted in the Narrative page limitation but are often scored. Budgets are worth between 5 and 10 points of the 100 possible. If the RFP does not have a suggested budget format to follow, contact the project officer listed in the RFP and request a sample budget.

All federal budgets follow the same basic categories but they may be placed in columns or tables differently. A budget is a budget – but the agency may prefer it a specific way.

There is a standard budget form called a 424 which is submitted with every proposal mailed to a federal agency. This form may be included in the printed RFP with a set of instructions. It can also be downloaded from the Internet and can be installed on your computer for editing. This form sums up your budget request into standard categories.

Mistakes in the Budget Section

The most common mistake with a budget is to leave something out that is described in the narrative. For instance, a personnel position may be described in the Project Design that is *key* to the operation of the project, but the budget does not include any funding for the position.

Using a budget template from another grant can also lead to problems. This is called “cut and paste”. The most common problem from this approach is to have something in the budget that is not described in the narrative.

The method that will have the least mistakes for a new grant writer is to create the budget from scratch for each new proposal. Follow-up with a careful review of the Objectives Section and Project Design to be sure everything in those sections is in the budget. Keep in mind, funds may also be required to complete your proposed evaluation process.

Five Ways to Make Your Proposal Stronger

1. **Use a team approach to develop your proposal.** It is hard to put an entire proposal together as a solo effort. It takes a lot of hours and effort. Dividing up some of the responsibility can be helpful. Having one person responsible for the forms and assurances while someone else collects support letters takes a burden off of the writer.
2. **Name your project.** Which of the following appeals to you more, a project named:
 - A. summer camp
 - B. church camp, or
 - C. Camp for Champions?
3. **Get letters of commitment not letters of support.** The difference is that the agency writing the letter has agreed to become involved in the project in some fashion.
4. **Involve the target population.** If your proposal is job training for teenagers, put some teenagers on the proposal planning team. They will identify barriers and make valuable suggestions about program design. Proposals created with the assistance of the target population stand out during the review process.
5. **Follow the instructions in the RFP exactly.**

Finally, my brother and sisters do not become weary in writing good proposals. It is rare to be funded the first time you send in a proposal. If you persist, you will be rewarded for your efforts and your reward will result in spiritual fruit in the Kingdom of God.

Chapter 10

Building Your Team

by Jay Height
Executive Director, [Shepherd Community](#)

Personal Introduction

Jay Height was named director of Shepherd community in Indianapolis in 1998. The focus of Shepherd Community is to serve the neighborhood on the Near-Eastside of Indianapolis. Their motto is “Shepherd Community...a heart of compassion in the heart of the city.” The story of Jay’s impact on the neighborhood was highlighted in a book called *Compassionate Conservatism: What It is, What it Does, and How It Can Transform America* by Marvin Olasky.

Since its inception in 1984, Shepherd Community has become a vital part of its neighborhood, reaching out to the community through Christian compassion. Striving to meet physical, social, educational and spiritual needs, Shepherd continues to expand and add to its programs and services.

Introduction

The team...the group who serves alongside us in doing ministry. Jesus had His team. He values His team. He spent much time with them. He desperately loved them. He taught them. He picked them up after failures. He empowered them to do ministry. He believed in them.

So why should we not follow His example? Why should we not value our team? Why do we not have a plan for developing them? Why do we not spend the time with them and spend money on them?

I know the struggles! We have so much to do! We have so much ministry to do, and I don’t have time to spend coaching a staff member. If I hire them to do a job that is what they should do. I don’t have time to do their job for them.

I’ve made these wrong assumptions as well. I’ve probably even made these statements. Yet, I would like to reveal a plan that will do several things for our ministry, as it relates to our staff and volunteers.

Performing a Human Capital Campaign is not just a catchy phrase to use. It is a philosophy of ministry that requires us to be like Christ, to lead like Christ, to value our staff and volunteers as Christ did. This type of campaign requires us to invest in those who do the ministry.

I would imagine that many of us have read books about capital campaign. There are countless numbers of books that have been written on how to conduct a capital campaign to raise money for a new building, or for a renovation and expansion. But, no building has ever ministered to the grieving family. No renovation has impacted the life of a child needing help in school. A recently added on annex will not provide food for the hungry couple. Yes, facilities are important but we must begin to value our staff and volunteers and invest in them like we do our buildings. Christ did!

Beginning a Human Capital Campaign requires us to begin to know the needs of our staff and volunteers, to find out their frustrations and those things that hinder their ministry. It helps us find out what could help them in their ministry area and what is going on in their personal life.

I don't care if you have a staff of three or ten volunteers, this works for you. It may be your ministry is just beginning and you don't have a lot of people to work with. The principals of a human capital campaign work for paid staff and volunteers. It is a treasuring of those who will help carry the load for your ministry. Yet, the pressures of more people to help and not enough resources causes many of us to overlook the investment we need to make in those on our team.

The most costly part of a Human Capital Campaign is time. It requires much of our time to identify those things staff and volunteers need. It takes time to find out what is happening in their lives. It takes time to get to know them.

Many of the needs identified are rather simple. Those volunteers who sit by the door could be made extremely happy by simply securing a space heater to keep them warm during the winter months. Re-organizing a staff members schedule to help alleviate childcare concerns will go a long way in valuing them.

When you are in discussion with your volunteers do you note their birthdays? A simple little card shows you care. It shows you are thinking of them. Collecting these important dates take time but are an investment in your team. Finding out their prayer concerns and praying for them is another way to be a support for your team.

It is the little things that those key parts of your team will remember as you serve alongside each other. Demonstrating your concern for them is just as important as demonstrating your concern for those you serve. So many times we will go 110% to help those we are serving, yet ignore the needs of those serving with us. Remember them too! Serve them just as you serve the others.

As a leader of a ministry, we best represent a leader like Christ when we are the leader who washes the feet of their fellow laborers. Christ ministered most to those who served alongside him. Yet, we forget their value and do not cherish them as Christ did.

We must develop an attitude of Christ and truly be servant leaders. We must prize the seed. When Christ looked at His followers he cherished what they could become. Yet, it required Him to help cultivate them into the leaders they could be.

A Human Capital Campaign cherishes the seed and helps you grow your staff and volunteers. Cherish the seed, not the flower. Grow your staff to what they can be, not what they are.

Step One

The first step in our Human Capital Campaign was to do a 360-degree assessment of myself, the director. It was a painful process as

I have to have someone ask those around me what I do well and what things I need to work.

This is the beginning step because I must learn the expectations of those I am working with. If I am to be the leader they need I need to know their expectations. I need to know what it is about me that frustrates them.

Questions are also asked about what frustrations they are dealing with and what the needs are that they have in their ministry. Compilations of these items will give you the list to work on.

Step Two

The list has been developed and several items have been identified as needs. At our ministry many staff members acknowledged having too many things to do. Sound familiar?

With the tremendous support of our board it was determined that we would hire a support staff team member. This administrative assistant has shown the staff that the board responded to their admitted needs with a solution. This solution has been more than just another person on staff; she has reduced the load on all the staff by using her tremendous skills. The board recognized more lives would be impacted when the ministry team leaders could have their loads lightened.

Step Three

A weekly staff information sheet is distributed to each staff member to fill out. These questions are asked...

- What exciting things happened this week?
- What frustrations happened this week?
- Something I should know?
- Supplies needed for your ministry area?
- Repairs needed?
- What can I pray for you about?

My schedule is busy and I don't have time each week to sit and talk in depth with each staff member. This simple sheet keeps me in touch with issues facing my staff. It also helps me know what to speak with them about when I do meet with them. Finally, my prayer time for each staff member can be focused on his or her issues.

Step Four

Create a staff handbook that treats them with honor. I am sure there will be much disagreement, but our sick policy is "If you are sick, stay home, if you are not, don't." (If a staff member will abuse sick time, then you have a bigger issue.)

For our single parent staff members, they may need extra time because of a child's illness. Our staff is a team so we must each help carry the load if one needs extra time.

Step Five

With each staff member, have them write their ministry description. To begin writing the ministry description the board will state the outcomes they want to see accomplished in each of the ministries. Then present these to the staff to have them determine how they can best accomplish these outcomes. Due to different gifts and skills, each ministry description will be different. But the staff member gets to design his or her own description. They define how they will be graded.

This gives the leader the measuring device to determine effectiveness, based on the staff member's ideas.

One thing to keep in mind is that in a true Human Capital Campaign, it is recognized that it is not a job for them, so there will be no job description. It is a ministry, whether you are answering phones, working with kids, tutoring adults, or raising money. Having the staff member write out their own description gives them input. They also get to list what they need from the director to accomplish their ministry plan. The final part of the ministry description is to have each team member sign his or her description with the director.

Step Six

Reflecting from the staff review, technology continued to serve as a source of frustration. Our organization is like many others; our computers tend to be those donated. It is a hodge-podge of every kind of computer that has ever been manufactured, some being best qualified to be doorstops.

There are plenty of people who claim to be experts and can build us what we need; they can make it work. They always have a friend who can give us a great deal. I have found that it is helpful to develop a technology team of volunteers who can assess each person's needs and outline what the needs are.

In our case we determined only a few desktop computers were needed. Most of the staff did their work at other times other than when they were at their desk. So a lap top computer was appropriate.

We found we could purchase lap top computers coming off of lease for an excellent price. They met the needs of the staff and after three years they become the property of the staff members. This was yet another very simple, yet important investment in the life of those on our team. For an investment of \$250 for each staff member, we have furthered our Human Capital Campaign.

Salary...the topic we all wish not to discuss. No one is paid what he or she is due. Being a part of ministry has seemed to ensure pay below a typical pay scale.

We could never pay our staff what they should make. But we can try and invest in them in some simple ways. There should not be a huge discrepancy in pay between staff members. We are a team and should be close in what we make.

Raises should be made as a group. If 2% is all you can afford this year, make it 2% for everyone. It is our job to help each other, to help each other succeed so that we all can succeed. So we all sink and swim together.

Having a surprise bonus can also emphasize your appreciation of the job the staff does. Donors love the opportunity to sponsor special gifts like a Christmas Bonus.

Step Eight

While the first seven have been about paid staff, Step Eight is all about those heroes who do it for no pay other than a thank you. And sometimes we do not even think to give them that.

Have an annual volunteer appreciation event. It doesn't matter if it is a lunch, breakfast or dinner. Spend money on those who give of their time. Make the event out to be a glorious affair. Don't ask them for money, don't ask for anything, just let them feel your love.

Give gifts to your volunteers. Send them birthday cards. Go see them when they are in the hospital. Speak about them whenever you can. Highlight their work when you speak in churches.

Your volunteers are your greatest fundraisers. But they will only do this when they feel you are investing in them, too! They need to feel they are a part, that they have an investment.

Many times we feel they are cheap labor and do not value them. They are equal partners in our ministry. Time must be spent with them sharing the vision. Don't let them be surprised by changes, give them time for input into any changes.

For each of our ministry areas we are developing a ministry team that will provide leadership. Volunteers who have an interest in a particular area are excellent to serve in this area. Recognize them for all of their abilities.

Step Nine

At Shepherd Community we took our leadership team through a series of assessments to determine our strengths and areas we need to concentrate on as individuals and as a team.

We begin to see that we all have different abilities and skills. How can

we grow them, mature them and be the complete leader, if we do not have a road map for this process.

Does this cost money? Oh yes, it is not cheap, but the return on the investment will be seen for years. Our ministry will do a better job of serving those we are called to minister to because we are better leaders.

Many times we will not shy away from spending dollars on others, but as leaders, we must also serve those we serve with. Investing in them will further our ability to impact our neighborhood for Christ.

This step is more than reading a book. I know, I've read many. We tend to read them and find the parts we like and those we are comfortable with. In our assessment, we delve into those painful areas that are holding us back from being the complete leader Christ would like us to be. I cannot encourage you enough as a leader to explore this aspect of a Human Capital Campaign. I am like you; I want the ministry I lead to continue to grow and be all it can be for Christ. I want it to serve and impact the lives of more people.

As your organization grows you need to grow with it. This step will help you in your growing process, as was previously mentioned. Christ prized the seed; He saw what the disciples could be with a lot of work. He sees what our staff can be and what we can be with a lot of work, too!

Step Ten

This is by no means the final step. This is the step that one should begin with, do throughout and conclude any Human Capital Campaign.

Prayer...we need to be a praying leader. In a recent on-line survey on a Church web site I saw that the number one ingredient that people want in a leader is prayer.

We need to be a praying people. Those who follow us need to see us lead on our knees. Recognizing our inability to do what only God can. They need to know we hold them up each day, that we care enough of our staff and volunteers that we are a praying people!

This step will cost us huge amounts of TIME, time invested in caring for those we lead and serve with. Sometimes time is our most costly expenditure. We will spend hours dealing with a crisis, but not 10 minutes on our knees seeking God's blessing and protection for our people.

Finally, we must remember the parable of the talents. How are we using the talents (staff & volunteers) God has entrusted in our care? Are we being a good steward? Will he be pleased on how we have increased their capacity for ministry?

Our goal is to hear as leaders of His compassionate ministry center, "Well done, My good and faithful servant."

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