TAYLOR UNIVERSITY

Philanthropic Master Planning Workbook

Building a lasting family legacy of Kingdom giving

Table of Contents

Preface

The Critical Need to Develop a Philanthropic Master Plan

> *"To give away money is an easy matter and in any man's power. But to decide to whom to give it and how large and when, and for what purpose and how, is neither in every man's power - nor an easy matter. Hence it is, that such excellence is rare, praiseworthy and noble."* - Aristotle

One of the most exciting aspects of developing and implementing a Master Stewardship Plan is answering the question, "What do we do with all this wealth that we have to give away?" Our Christian families have been regular givers over their lifetimes, but the awareness of their massively greater capacity to give, leaves them facing a whole series of difficult philanthropic dilemmas. As a wealthy man once said to me, "It is one thing to give away $50,000, but it is an entirely different thing to give $1,000,000 away each year. That is going to be a real challenge!"

The idea that a family now has millions of dollars to invest in Kingdom work starting now and continuing even beyond their "eternal relocation" is something they never imagined possible. They have spent little time or effort seriously addressing these issues.

As they become aware of this new reality of giving, a myriad of issues begin pouring into their minds:

1. Do we want to set up a family foundation? And if so, which of the seven different kinds of family foundations is best for our family?
2. What ministries can we partner with to help us impact the world in our areas of interest?
3. What should be our foundation's mission statement?
4. Do we want to give it all away as we can, or do we want to build an endowment and give all the income away until Jesus comes back?
5. Do we want to make a few really large gifts or do we want to make a large number of smaller gifts?
6. Whom in our family do we want included to work with us on the foundation?
7. Would it be good to set up a junior board for our minor grandchildren to start learning and growing?
8. How do we make strategic decisions regarding the amount and frequency of our giving?
9. Should we set up an advisory team to help us in operating our foundation?
10. How personally involved can our family become in giving of our time and talents as well as our treasures to support Kingdom work?
11. Can we actually participate in ministry ourselves and be supported by our own foundation?
12. Should our foundation exist into perpetuity, or should there be a point in time in which it terminates? (We have heard so many horror stories of family foundations that have been hijacked by liberals and the foundation now supports causes that we would be totally against.)

It is at this time that the founders (or current patriarchs) of the family fortune begin to realize the heavy burden of responsibility that falls on them as they are reminded of Jesus' words, "To whom much is given, much shall be required." How do you even begin to think about giving tens of millions of dollars away wisely and effectively? In this particular area of mega-stewardship they are almost complete novices.

I remember the story an attorney shared with me many years ago. One of his clients was a widower who had amassed a substantial fortune over his lifetime. He and his wife had no children and had only a niece and a nephew that were both very troubled kids. He decided that he did not want them to get any of his wealth and that he did not want to pay any Estate Taxes. He concluded that he would give his entire estate away to charity when he died. The attorney asked him whom he wanted to receive his wealth. The elderly man said, "That's a very hard question and I don't think I am ready to answer that yet, but I will be giving it serious thought and get back with you."

After a few months the attorney called to see if he had made his charitable beneficiary choices. The man again hesitated, "No, I have been giving it a lot of thought, but I just cannot decide where to give it."

It was about three months later when the attorney sat down at the breakfast table and opened the newspaper and read the headlines that one of the community's most prominent citizens, this very client, had passed away the night before. Now the multimillions of wealth, that he had every intention of giving away to help ministries and non-profits, would go to the two places he most did not want – to the IRS and to his niece and nephew - all because he could not finally decide where, how or to whom to give it.

Aristotle may have said it best. He observed, "To give away money is an easy matter and in any man's power. But to decide to whom to give it and how large and when, and for what purpose and how, is neither in every man's power – nor an easy matter. Hence, it is that such excellence is rare, praiseworthy and noble."

It is this same ancient dilemma that still troubles affluent families today. That is why we developed a Philanthropic Master Plan Workbook to help our affluent clients not just acknowledge that they now have huge sums of wealth to give away, but to actually do it, and do it well.

The words that we think all of us most want to hear as we stand before our gracious Heavenly Father as He evaluates how well we managed what He had entrusted to us, is "Well done." The goal of our ministry is to help Christian families someday hear from God, "Well done! You have been faithful with what I entrusted to you."

That will be a sweet day!

Deciding on Our Foundation's Organizational Structure

Section I

Section I
Deciding on Our Foundation's Organizational Structure

Introduction

There are two main categories of family foundations – private and public. We want first of all to address the two essential issues that separate the private and public foundations.

Issue #1: Who's in Control?

The fundamental difference between private and public foundations is who is going to control the foundation. Popular thought believes that creators of private foundations retain absolute control over every aspect of their foundations and the creators of public foundations must relinquish some degree of administrative control of their foundation to a (public) non-profit of their choice. However, upon closer scrutiny, this distinction may not be quite as "black and white" as it appears.

The reality is that when you set up a family foundation, regardless of which kind you choose, you <u>will</u> have a partner who will be continually "looking over your shoulder". If you chose to establish a private family foundation, the Federal Government will be your foundation partner; and they will place on you and your foundation a huge number of onerous transactional limitations, distribution requirements, reduced tax benefits and various taxes and possible penalties if you break their rules. In other words, if you choose to become the sovereign monarch over your own private foundation, you will be reigning; but it will be over a greatly reduced domain.

If, on the other hand, you choose to create a public family foundation, you will partner with a cooperative, public, nonprofit organization of your choice. In so doing all of the onerous restrictions, limitations and requirements with which owners of a private family foundation are bound will simply go away. The Federal Government believes that since a public foundation is actively working with a public nonprofit, there is no need for them to personally monitor the activities of your family foundation. As such your public foundation enjoys substantially reduced, operational restrictions and greatly increased tax benefits. In other words, if you are willing to share the throne as a co-monarch, the domain you will rule over will be substantially greater.

So, the real question to ask is, "Who do you want to partner with when you set up your family foundation, the Federal Government or a benevolent Christian ministry of your choosing?" In this section of the workbook, we will give you more details on each kind of family foundation. You will see that there are actually a total of seven different types of family foundations. We will address the three major ones. We will then conclude this section by giving you a side-by-side comparison of the three family foundations: (1) a (non-operating) Private Family Foundation, (2) a (type III) Supporting Organization Foundation and (3) a Donor Advised Fund Foundation.

Issue #2: Keeping Things Private?

This issue can be quite confusing because the terms ***private*** and ***public*** used to describe these various foundations might lead you to conclude that the private foundation will keep all your foundation affairs private and the public foundation will make all your foundations affairs public, but the exact opposite is true. Private foundations are actually very public and public foundations are very private.

Because of the requirements of the Federal Government for private foundations, everything they do must be reported to the government; and in so doing all that information is published and readily available for public review. Public foundations, on the other hand, being under the administrative umbrella of a public nonprofit, are not required to report any of their specific foundation activities to the IRS. The public cannot access any information on a public foundation because it is sheltered underneath the umbrella of the public nonprofit that works with it.

Therefore, if you want to keep your foundation matters private, you will want a public foundation. If you don't mind the public knowing all the details of your foundation (including board members, value of your foundation, grants made, etc.), then create a private foundation.

Please note this section of the Philanthropic Master Planning Workbook on foundations is not intended to be a detailed or technical discussion of foundations, but simply to give you a general overview to compare and contrast the various foundation characteristics and options.

A. Understanding Private Foundations

Private family foundations are a very different creature from all other nonprofit entities throughout America. They have their own special set of rules and regulations that they must follow as a private family foundation. There are three different forms of private foundations; (1) the non-operating, (2) the operating and (3) the pass-through.

Briefly, the non-operating foundation simply supports other nonprofit organizations and performs no charitable activities itself. The operating foundation performs as if it were a charity doing its own charitable projects. The pass-through foundation is simply a conduit that passes 100% of the funds it receives each year on to other public charities. For income tax purposes, the pass-through foundation is treated as if it were a public foundation since the gifts are simply "passing through" the private foundation on their way to a qualified public charity.

Of these three private family foundations, the non-operating foundation is overwhelmingly the most common type. Therefore, we will limit our discussion of private foundations to the non-operating family foundation.

There is an entire section of the tax code for private foundations that addresses "prohibitions on self-dealing" that prevent creators and major donors of the foundation from carrying out a host of transactions that the family may otherwise wish to implement.

The following is a general list of restrictions and requirements that the private foundation must follow.

1. Strict prohibitions of any transactions between the private foundation and its substantial contributors and other disqualified persons (i.e. the founder, relative of the founder, etc.).
2. Requirements that the foundation must distribute 5% per year of the foundation as valued annually.
3. Limits on the amount of private business interests it may hold at any one time (maximum of 20% if controllers of the foundation are majority owners of the business entity).
4. Foundation investments must not jeopardize the carrying out of exempt purposes.
5. Strict limits on expenses and compensation.

6. Limits on the kinds of recipients that may receive foundation grants.

Intentional or unintentional violations of any of these prohibitions against self-dealing will result in excise taxes levied against both the foundation and its managers.

Also, it is important to note that a private family foundation is not truly a tax-exempt entity in the fact that it must pay a 2% excise tax on its net earned income.

It is important to note that private foundation gifts are not given the same tax treatment as gifts to public charities. For example, you have a commercial building worth $1 million dollars to donate to your private foundation which has a depreciated basis of $0. Your tax deductible gift would be $0 because the charitable income tax deduction of gifts of this kind to a private foundation is its basis, not its fair market value. This could cost you a fortune in lost income tax savings.

There are also limitations on how much giving you can deduct on gifts made to a private foundation. You can only deduct 30% of your adjusted gross income (AGI) in cash gifts and 20% of your AGI in qualified appreciated assets. Normally, these same cash or appreciated asset gifts to a public charity would be deductible to 50% and 30% of your AGI respectively. This greatly reduces your tax deductible charitable giving capacity.

The private foundation is also the most expensive foundation to set up and maintain. It must be drafted by an attorney and approved by the IRS and, as such, can take several months to get established and approved.

As you can see, the private foundation is a very complex tool that is fraught with many pitfalls, limitations, taxes and expenses that must be carefully considered. If, however, the only issue that matters to you is having total and absolute control of your foundation, then the private foundation is your only viable option. Keep in mind, though, what we said earlier. You <u>will</u> have a partner who will greatly restrict your freedom, flexibility, options, and ability to do what you want and who will levy against you and your foundation stiff penalties if you fail to comply with their requirements.

Question: How important is being in total control of your foundation to you and your family?

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Question: How motivated are you to take on all the needed oversight and supervision that a private foundation requires?

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Question: Are you prepared to fund (initially or relatively soon) between $1-2 million into your private foundation?

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B. Understanding Public Foundations

Compared to the complexities of the private foundation, the public family foundation options are simple. Most of the rules, regulations and limitations that make the private foundation such an onerous tool to work with simply disappear with a public family foundation. Often what little control you relinquish with a public foundation pales in comparison to what additional options and benefits you gain. The following will provide a brief explanation of the two most common forms of public family foundations – the Supporting Organization Foundation and the Donor Advised Fund.

1. Understanding Supporting Organizations (SOs)

The SO foundation is a unique hybrid between a private foundation and a public charity and like the private foundation, has its own separate, extensive set of government regulations that it must adhere to. The Supporting Organization enjoys some of the best characteristics of both the private foundation as well as a public charity, which is why it has become a much more popular foundation option in recent years. As with the private foundation, successfully navigating through all the strict compliance regulations is not for the fainthearted. There are actually three different types of SOs. For our purposes here we will focus only on the type III SO because it is the one that is most often used as a family foundation. This type III SO is often referred to and marketed as an "entrepreneurial" family foundation.

As we mentioned earlier, all family foundations will partner with someone. However, instead of partnering with the Federal Government like the private foundation, the SO foundation partners with one or more public charities. What makes the SO foundation so appealing is that by partnering with other public charities, it will be treated for tax purposes as if it were a public charity, eliminating all the negative tax ramification and compliance regulations with which private foundations are saddled. This gives the SO foundation substantially greater operational freedom and giving clout than a private foundation.

As with all foundations, it does have its limitations. For example, in exchange for the favorable tax treatment of a public charity, the family cannot hold the majority of board seats on the SO foundation. In other words, the government will not allow the family to have majority control (as with a private foundation) of the SO foundation and be treated like a public charity. Typically, the majority of the board would be appointed by the donor and in many cases would be associated with one or more of the ministries that the family supports. Even though absolute control by the family is not permitted, relative control is still retained by the fact that the donor can appoint benevolent and supportive, non-family board members to the SO foundation. In this way the SO foundation will operate effectively like a private foundation with its own separate foundation board.

Another challenge to address up front with the SO foundation is that all ministries that the SO foundation might ever support must be listed by name at the creation of the SO foundation. This list cannot be changed in the future unless one of the named ministries ceases to exist. If this happens, a similar replacement ministry can be named. This "once and for all time" list can create a serious problem since it is very hard to know all the ministries your family might ever want to support between now and when Jesus comes. There may be some ministries you support now that will veer off course. New ministries might come into existence later that you would love to support, but they are not on your named list. The general solution to this dilemma is to simultaneously create a Donor Advised Fund (DAF) [detailed later] as one of your named charities. This way if you find a cause or ministry that is not one of your listed charities, you can support it through your DAF. Of course, this requires setting up both an SO Foundation as well as a DAF.

In recent years because of their popularity, cases of operational abuses of some SO foundations have caused the government to look very closely at the way SO foundations are being used. In fact, at the time of this writing the Senate Finance Committee staff has proposed legislation that would eliminate the type III Supporting Organization; and the IRS has an audit initiative underway for SO foundations. Even though the SO foundation is a very appealing and useful tool and has many tax and giving advantages, those who would choose to create an SO foundation should proceed cautiously and be prepared to give extremely careful attention to the compliance requirements always following the very strictest letter of the law.

Question: How do you feel about developing a formal, foundation board with you or your family members running foundation board meetings and handling all the related foundation administrative operations?

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Question: Do you have relationships with other people in ministry who you could trust to work with you and your family on your foundation board?

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Question: Do you have a strong idea at this time of the majority (if not all) of the ministries that your family will likely be supporting both now and into the indefinite future?

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Question: Are you prepared to fund (initially or relatively soon) between $1-2 million into your supporting organization?

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2. Understanding Donor Advised Funds (DAFs)

By far the simplest and most inexpensive form of a public family foundation is what is most commonly called a Donor Advised Fund (DAF). A DAF operates under the tax and administrative umbrella of an existing 501(c)3 public charity. A DAF can often be set up in 24 hours or less; and the application fee is often $0, making it both easy and inexpensive.

There are a large number of Christian ministries, local communities and counties that also have community foundations and a handful of national Christian community foundations that offer DAF's. A DAF does not have its own separate board, but the family partners with the board of the umbrella ministry or community foundation to carry out the family's philanthropic goals and purposes. Most ministry and community foundation boards are extremely cooperative with the families that set up DAF's. Even though the umbrella board reviews every distribution request, for the most part, as long as what you want to support is a legitimate charitable organization or a legitimate and legal charitable activity, the board will readily approve such distribution requests. If there is any downside to having a DAF, this is it: You can only make recommendations to the umbrella board and they give the final approval. That is why finding the right "partner" for your DAF is so important. One key factor, for example, would be to find a partner who allows the transfer of the DAF to another organization at any time. The right to transfer exemplifies an organization that will work with you to accomplish the goals and objectives that God has laid on your heart without tying your hands in the future if they fail to live up to your expectations.

As you are evaluating whom you might select as a possible philanthropic "partner" in ministry, there are a number of questions to ask them to help you determine who might make the best philanthropic partner.

Question: How much do you charge to set up a foundation?

Question: What will you charge for continuing to administer our foundation?

Question: Will you allow our foundation to continue beyond our lifetimes to future generations?

Question: Can our children take over supervising our foundation after we are gone?

Question: Will we be required to donate anything from our foundation to your organization either while we are alive or after we are dead?

Question: Will we be restricted in anyway to where geographically we give? (Will we be limited in any way by your mission statement as to where we can give?)

Question: Who decides who will manage our foundation funds and how they will be invested?

Question: Are there certain kinds of non-cash gifts that you will not accept?

Question: What other fees do you charge for receiving non-cash gifts?

Question: Can we move the funds in our foundation with your ministry to another foundation with a different ministry if for any reason we are not happy with the service and support we are receiving from you?

Question: Can we use our family foundation funds to support charitable activities in which we or others may wish to personally participate?

These are all important questions because different DAF administrators will have different guidelines and procedures. You want to partner with one who is philosophically and spiritually aligned with your family's virtues, values and mission. You will also want an administrator that is going to be as cooperative as possible in helping your family achieve what God has laid on your family's hearts to do for the Kingdom with the wealth He has entrusted to your family.

With a DAF none of the self-dealing rules that we listed above apply. In fact, virtually all those forbidden transactions are entirely permissible with a DAF. For example, you could gift any amount of stock in your family business to your DAF and keep it there indefinitely. Or, you could gift a piece of real estate to your DAF and one of your children could buy it out of the foundation (at fair market value, of course). These would both be forbidden transactions with a private foundation.

Also, there are no reductions in charitable income tax deductions for gifts made to a DAF. For example, if you gave your DAF that same $1 million building with a $0 basis we mentioned above, you would now get a $1 million income tax deduction instead of a $0 income tax deduction. Depending on your tax bracket, that could be as much as a $400,000 tax savings swing in your favor. Also, giving to your DAF allows you to enjoy the same giving deductibility limits as with all other public charities – 50% of your AGI for cash gifts and 30% of your AGI for gifts of appreciated assets.

Another benefit of a DAF is that distributions are not required. Of course, the whole idea behind setting up a foundation is to make gifts from it. However, you are not required to do so by mandate of the Federal Government if you do not have anything in particular you are ready to support. For example, if you want to build up the foundation funds for a bigger project down the road, you could concentrate on growing the funds without having to make annual distributions in the meantime.

It should also be pointed out that a DAF is truly a tax-exempt entity. There are no excise taxes of any kind required.

C. Summary Comparison of the three family foundation options

The following page provides a comparison summary chart of the three foundation types discussed. This summary comparison will allow you to easily compare and evaluate the three family foundation options to determine which will be best for you.

Private Foundation vs. Supporting Organization vs. Donor Advised Fund			
Features	**Private Foundation Requirements**	**Public Foundation Requirements**	
		Supporting Organization	**Donor Advised Fund**
Set Up	Create nonprofit corporation or trust	Create nonprofit corporation or trust	Execute funding agreement/application
Costs	$15,000-$20,000	$2,500+	Normally, $0
Initial Gift	$1-2 million for efficiency	$1-2 million for efficiency	$1000 suggested
On-going Costs	Significant on-going expenses	Significant on-going expenses	Modest on-going expenses
Administration	Accounting, auditing, investing, state and federal tax returns	Accounting, auditing, investing, state and federal tax returns	All administration provided by umbrella ministry
Tax Return	Yes, Form 990PF	Yes, Form 990	No
Tax Exempt	No, 2% excise tax on income	Yes	Yes
Tax Deductibility	Cash – 30% AGI limitation Appreciated assets – 20% AGI	Cash – 50% AGI limitation Appreciated assets – 30% AGI	Cash – 50% AGI limitation Appreciated assets – 30% AGI
Deductibility Non-Cash Gifts	Basis of Asset	Fair Market Value of Asset	Fair Market Value of Asset
Control	Yes, Absolute control with compliance requirements	No, Only relative control Family can only be minority on board	No, Only relative control Family serves as advisors
Self-Dealing Rules Apply	Yes	No	No
Distribution Requirements	5% of value of foundation annually	85% of net income	None
Investments Options	Limitations on closely held stock Jeopardy investments	Full flexibility	Full flexibility
Perpetual	Yes	Yes	Yes, if umbrella org. agrees
Confidential	No, Public disclosure required	No, Public disclosure required	Yes
Grants	Board recommendation Broad range of possible recipients	Board recommendation Limited to only named ministries	Donor recommendation to board Broad range of possible recipients
Scholarships Requirements	IRS approval & reporting	None	None
Insurance	Directors & Officials E&O Recommended	Directors & Officials E&O Recommended	No

Deciding on Our Family's Intergenerational Involvement

Section II

Section II
Deciding on Our Family's Intergenerational Involvement

A. Choosing who will be actively involved in running the foundation

Answering this question of whom in your immediate and extended family you want to include in the operation of your family foundation may be one of the most important decisions you will make in your Philanthropic Master Planning. There is no other aspect of the Family Wealth Counseling process that has more potential, long-term, positive impact on your extended family than who will be involved.

Below we have reproduced for your consideration Chapter 18 of our book *Family Wealth Counseling: Getting to the Heart of the Matter*. We hope that, even though the family stories in this chapter are not overtly "Christian," they will nevertheless be inspirational and provide you with some good food for thought for what your family can do.

Chapter 18: Building Family Unity through Philanthropy

The role philanthropy can play in a family's life is like looking at a prism. Depending on the shape of the prism and the precise angle of the light, you may see entirely different spectrums of beauty and color each time you look. In Chapter 12, we discussed how philanthropy creates an ideal platform for helping children overcome common dysfunctions caused by inherited wealth. In this chapter, we want to explore another way in which philanthropy can actually benefit families—how to use philanthropy to build (or in some cases, rebuild) family unity.

Parents in this century face a very significant dilemma that most past generations did not face. Nowadays, children and their families are scattered all over the country geographically, pursuing widely different careers and personal interests. How can parents successfully keep their families socially and emotionally together in this incredibly mobile and diversified society?

This splintering of the family unit can be even more pronounced if there are broken or damaged relationships added to the adult children naturally going their own way in life. It is hard enough to stay in touch when all relationships are whole and healthy. It is almost impossible when there is bitterness and broken fellowship amongst family members. (See Chapter 11)

Without some overriding purpose or commonality, family members can and often do go for extended periods of time, often even years, never working with, visiting or even communicating with one another through a phone call or letter. Socially, emotionally and spiritually, they become virtual strangers to one another in later years. Rarely do we find this to be a favorable outcome, one that makes the parents feel good about the condition of their family. To the contrary, we find it usually brings much sadness and disappointment.

We have discovered three critical ways in which philanthropy can rebuild unity and cooperation even in fragmented families. For families that have succeeded in remaining emotionally if not geographically close over the years, introducing a philanthropic mission to the family can catapult it to even higher levels of unity, cooperation and meaningful fellowship.

We know of no other aspect of family wealth that has more positive impacts and fewer negative consequences than actively working together in a shared philanthropic family mission. This is just another angle of the philanthropic prism that adds a strikingly brilliant new specter of light and beauty to the life of a family

External Family Focus

Often the children of wealthy parents have a myopic and egocentric view of life. Generally, their material desires are all met, and they see the world through the rose-colored glasses of wealth. We have also found this mindset among parents who likewise grew up with wealth.

A shared philanthropic mission is the single most effective way to help a family overcome this myopia and egocentrism. The key is to recast the individual family members from a self-focus on their personal agendas, their private "records" of past family offenses or omissions, and/or their self-serving attitudes of "what's in it for me" to a focus on others. Now, by concentrating on the lives and needs of others outside of itself, the entire family is elevated to something much higher, more noble and much more powerful over multiple generations to come.

As one teenager asked his mother recently, "Why should I get good grades and get a good education when I am going to be rich anyway?" This is, to say the least, a very troubling but logical conclusion. These children of wealth believe their "tickets have already been punched." Why get good grades? Why work hard? Why get a good job? They can already have whatever they want. They can go wherever they want. They can do whatever they want. For children of affluent parents this attitude reflects their perception of "real life."

Jeffrey and Colonie Fisher

Jeffrey and Colonie were extremely wealthy and enjoyed the fruits of their labor. They had a palatial home and all that accompanies it. Their children had grown accustomed to the finer things in life. It was obvious from our conversations with them that they were completely unaware of how the rest of the world lives.

We asked them, "Do you know that there are people living within 150 miles of you that are still living as primitively today as Americans were when this country was founded? Did you know that many of these people may be living in conditions that would rival living in Third World countries?"

Our revelation was a shock to both them and their children. Keep in mind; the family lived in one of the most exclusive residential estates of this major city. They had a chauffeur and housekeepers. The children all attended the most exclusive private schools. Their vacations included places like the beaches of the Riviera, the ruins of Greece and the ski slopes of Switzerland. They never stayed in anything less than five-star hotels, and they ate at only five-star restaurants. They had their own jet and fulltime pilot.

This family was so insulated from the real world by their wealth, that even when they saw a picture of a starving child in Africa, it did not seem real. It was more like a

Hollywood movie plot. The children were following in their parents' footsteps in every way.

As part of our work with this family, we decided a site visit for the entire family was in order, and they agreed. We spent considerable time with the family preparing them for what they were about to see. We explained that they would witness the way much of the population of the world lives. We asked them to observe what they saw with their hearts and not just their minds.

The day came, and we all traveled to a remote location in one of the most impoverished mountain areas. The director of a charity who worked to help the people in this poor region accompanied us. Before we even got to the site, the sobering scenes we passed on our way already had begun to take a toll on this family.

During the trip the director explained to the family what was happening in these mountains, why things were the way they were and what his organization and others like his were doing to try to help. When we finally arrived at our destination, the family was not fully prepared to embrace what they saw as possible.

The poverty was beyond anything they had ever seen. It almost took their breath away. The homes were ramshackle huts with outhouses and no running water. People were cooking over open fires. What little paint was on these people's homes was peeling off. One home's front porch had all but collapsed. The few sticks of furniture were handmade and very primitive. Little children were running around in the dirt, wearing tattered clothes and only a few had shoes. The sight left the entire family both numb and speechless. They had no idea people so close to their home actually lived in such squalor and poverty. It was heart-wrenching.

Then the Director took them down the road a short way to show them a new home that had been built by volunteers who wanted to help these poor families. It was incredibly modest and looked more like a tool shed than a home. But it was the nicest home they would see. The Director pointed out a few families working in their gardens, using very nice tools that had been donated to help these people raise their own food.

Another location showed the Fishers how some other concerned people had stepped in and were showing the people of this area how to make country crafts that could be sold in the novelty shops in the cities for a very good price.

As the Fishers talked with the genuine and sincerely friendly people, the culture shock slowly wore off. The family members talked about what they might do to help Shorty, Anna, Bernadette, Ernest and the others in this village to make a better life. They began asking more and more questions of the director about his charity's plans to continue helping these people. They were absolutely shocked when they discovered how far so little money would go in helping the people in this poverty-stricken area.

The entire family began to get excited about the potential of their financial capacity to transform the lives of entire towns in this impoverished part of their own state. The site visit was an incredible success. For the first time in the Fishers' lives, they had a focus on something and someone other than themselves. Their "family" had just gotten a lot bigger.

Many meetings followed as the whole family began focusing on helping others instead of simply helping themselves. The Fishers now have a new focus that has brought a new excitement and a new unity to their family. It has given them something meaningful to talk about and to do as a family. For that, the entire family is deeply grateful.

A Common Family Mission

Part of the unifying process of philanthropy is the creation of a master plan that everyone in the family can truly buy into and be an active part of as the family works together toward one or more common philanthropic causes or activities.

We met a couple who had set up individual foundations for each of their three children. Each child could do exactly what he or she wanted with his or her own foundation's money without having to deal with the other siblings. This may be acceptable for the purpose of helping charities, but how will this approach help the family's siblings work together and be united as a family? They have all but guaranteed that this will be just another way in which each child can be isolated, never to be seen or heard from again except maybe at weddings and funerals.

The personal mission of each member of a family may be as diversified as anyone could imagine. But it can be the philanthropic mission of the family that is the glue that holds the family together from generation to generation and the lens that keeps them focused on a central, common family goal. As time passes, each senior generation is required to mentor and coach the younger generation to receive the family philanthropic mantel to continue on with the family legacy that was begun by the founder of the family fortune.

Duane and Betsy McKinley

Duane and Betsy are in their late '70s. They have raised two children. They are grown, married and living in nearby proximity to where they were raised in New York. They have seven grandchildren, ages 10 to 27. Duane and Betsy have accumulated substantial wealth over the years through Duane's ownership in a business and his prudent investing.

Since they were very private about their financial affairs, their children did not know exactly how much Duane and Betsy had. They did know that they were worth millions of dollars. Duane and Betsy had more than enough to live on, plus substantial excess wealth.

Betsy was active in the local museum and hospital charitable fundraisers. Both Duane and Betsy had healthy relationships with their children. The children had finished college and were successful business people. Neither had any interest in the family business, so, they sold it to a minority partner seven years ago.

Duane is very tough and independent, a classic "control freak." Even at his age, Duane continued to manage all of his assets and investments. He was raised in a very poor home and consequently had developed the value of being very frugal with his money. He was not a particularly charitable individual. His modest annual contributions to various charities and Betsy's time given to the hospital and museum were all he felt compelled to do.

One day their son, Bill, was exposed to some powerful concepts on charitable giving that, if employed, would cost the family none of their accumulated wealth but would create millions for charity. Bill spoke to Duane about these concepts and, sure enough, the ideas were very appealing to Duane as well. He became particularly excited about the idea of setting up and running a family foundation.

As a result of this discussion and after various meetings with his attorney and us, Duane set up the foundation and contributed well over two millions dollars to his newly formed family foundation. He then called a meeting of all his children, their spouses and his grandchildren. At their first meeting, the main topic was what they should do with the money. One of the problems for Duane was, even though he felt he had raised his children with good values and they turned out to be responsible adults, he had some real and serious concerns that his grandchildren might not end up the same way.

It had been very difficult for Duane and Betsy to find a common basis upon which to develop a meaningful relationship with their grandchildren because of the grandchildren's tremendous age differences and different perspectives on life. Nevertheless, Duane felt it was important that the grandchildren be involved in this meeting since they would ultimately be given the responsibility of running the family foundation. At the meeting Duane and Betsy suggested that giving $500,000 initially to some worthwhile cause and then in the future giving the income from the balance on an annual basis. The meeting ended with each one assigned the task of returning for the next meeting with a presentation of where the $500,000 should be contributed.

At the next meeting, one grandchild, Jeremy, age fifteen, made a presentation on why most of the money should be donated to the city's substance abuse center. Jeremy, who was seen by Duane and Betsy as their most troubled grandchild, hung around a tough and rather unsavory crowd. Jeremy shared his reasoning. His best friend had spent eight months living there to go through rehabilitation. His friend had been released two months earlier, and the facility seemed to have made great changes in his life. Jeremy had noticed these changes and knew in his heart that this facility had saved his friend's life. Jeremy's friend told him about the facility's need for money. Jeremy made quite a compelling case for making the gift to the center sharing with his family the details of his best friend's story.

Jeremy then asked the director from the center whom he had invited to the meeting to come into the room to make a presentation on how the money could be used. The center was in great need of repairs to the living quarters and in particular it needed a new kitchen and dining facilities.

After everyone had given their presentations on where the money should be given, a discussion was held, and a family vote taken. The whole family unanimously voted for Jeremy's project. They felt that the initial money going to this cause would have more impact than any other cause presented. Duane and Betsy could not have been happier and more proud of their young grandson's and family's participation in the family foundation. For the first time, Duane and Betsy had an open door of influence with Jeremy.

The common family mission of giving to the Drug and Alcohol Rehab Center brought a new sense of unity to all three generations of the McKinley family. And for the first time, all three generations agreed on something extremely important. It was the beginning of a very dynamic on-going interaction among the McKinley family that has improved communication, fellowship and unity in the family.

The Joy of Giving

Giving is something learned. It is not a natural part of our human nature. You only need see a couple of small children quarreling over the same toy, both simultaneously shouting, "mine" and trying to rip it out of the other's hands to see this truth.

"Survival of the fittest" is another example of this take-and-keep-for-yourself mindset. The idea of finding joy in giving to others is counterintuitive. Yet, it is taught in every world religion and in all the major cultures in history.

Why would a young man sacrifice his life in a war to allow people he does not even know to continue to live in freedom? Why would someone who has worked hard and paid a very high price to be financially independent, now turn around and give most if not all that money away to others? These and other similar questions cause us to resist if not object to the idea of giving what is ours to others.

Our natural inclinations tell us there is joy in keeping, but not giving. There is joy in spending money on myself, but not spending money on others. Ask most children what is most exciting about Christmas, and the answer will be the same—getting presents. When we hear that answer, we all smile and maybe even conjure up a few of our own memories of childhood Christmases.

But, there is a much deeper level of fulfillment in life than the simple joy children experience as they rip open countless brightly colored packages full of wondrous things just for them. May we suggest that the greatest fulfillment in life can be found in doing what is counterintuitive?

The deepest levels of life's joy are not found in what we get but in what we give. If you try to explain this concept to small children, they will stare at you with blank looks on their faces, amazed that anything could possibly provide more joy than receiving presents. But, as many know, there is no gift parents and grandparents could ever receive that exceeds the joy of watching the bubbling enthusiasm of their own children or grandchildren as they wildly tear open a box, squeal with glee as they discover its contents, jump to their feet, dash headlong towards the parent or grandparent for a big hug to offer a thousand kisses and thank yous.

Why should it be any different now with accumulated wealth? Far too often in our pursuit to build and control our own financial empires, we find ourselves far more focused on what we are getting out of it all than what we could be giving. Often, we find ourselves unconsciously reverting back to a childlike attitude towards happiness: getting toys for ourselves. With this attitude, we sacrifice the deeper joy in life by neglecting the words of Jesus that tells us, "It is more blessed to give than to receive."

When wealthy families do not focus solely on maximizing what they will keep for themselves and their families, but strive to address the deeper issues of life, they will find a depth of joy that almost defies description.

The joy of giving can only be learned through personal experience. It cannot be learned academically. In order to truly discover the joy of giving, you must make a gift, and the larger and more sacrificial the gift the more profound the joy. Giving is one of life's great immutable principles.

Giving can also become addictive. The more you give, the more giving you want to do. However, unlike most addictive behaviors, the more of this people indulge in, the healthier and happier they become.

For anyone to experience complete happiness, they must learn three important financial purposes for money. (1.) People need to learn to work hard. (2.) They need to learn how to save/invest part of what they make. (3.) They need to learn how to give some of what they have to others. It is what we call the financial EKG – "Earning, Keeping, and Giving principle." Two out of three will not bring happiness. In fact two out of three can lead people to high levels of stress or extreme levels of unhappiness.

For wealthy families, the first two purposes are well within their experience and knowledge. But how will wealthy parents teach their children and grandchildren the joy of giving? This requires a good bit more thought. How will they let them experience how it feels to show grace to someone who does not deserve it? How will they come to fully appreciate the power of living with open hands and an open heart? This is often new ground that many families have never plowed before.

Ward and Sue Cochran

Ward and Sue recognized that even though they had been generous with their own wealth, they had never taught their children how to give joyfully. They decided this was a project they wanted to accomplish with the children and grandchildren before their lives were over.

During the next Thanksgiving family reunion, the Cochrans began working on this long-overdue training. Ward got down on the floor with each of his young grandchildren, gave them a twenty-dollar bill and told them that he was giving this to them to do good with. He then asked them what "doing good" meant to each of them. For about twenty minutes, Ward sat on the floor and shared with each of his small grandchildren what it meant to do good with money. Before the conversation was over, the grandchildren decided what good they wanted to do with the money that grandpa had given them.

He continued that practice each year with the grandchildren, increasing the amount he gave them as they grew older. It became almost a family tradition for grandpa to get down on the floor at Thanksgiving time and talk about what it means to do good with money.

What a profound impact Ward has had on his grandchildren's perspective on the purpose of wealth with that simple annual exercise. Ward knew that experiencing the joy of giving could only be learned by doing it. Since his grandchildren did not have it to give, he provided the resource for the learning.

David and Darlene Carnahan

The Carnahans likewise made a conscious decision to begin instilling the joy of giving in their heirs' lives. They decided the best way to provide this experience was to set up a family foundation. They called a family meeting of all the children, spouses and grandchildren to announce their plans.

They asked each of their children to be on the foundation board with them. They were making a substantial, initial gift to fund the foundation. The children were both surprised and honored to be brought into their parent's financial inner circle to share in their philanthropic efforts.

They also wanted to engage their grandchildren in this process. They began by allocating $100 for each year of each grandchild's age as their gift to charity this year. Dan was given $2,300 to give; Sarah, $2,000; Sherry, $1,700; Ann, $1,300; Dave, $1,000 and Drew, $900.

Their mission was (with their parent's help if needed) to come up with a proposal on who would be the recipient of their gift from their family foundation. They presented their gift recommendations at the next family meeting. When that meeting ended, there was not a dry eye in the house as the children revealed their recipient choices and told the reasons they wanted to give to those particular people and organizations. Dan had just lost a friend in a car accident and wanted to offer a scholarship to the university music department in his deceased friend's memory. Sarah had a friend whose father had just died, and the family was really struggling to make ends meet. Sherry wanted to send the money to the children's hospital to help fund research on Sudden Infant Death Syndrome. Their next-door neighbors just lost their child a month earlier to SIDS.

Ann wanted to give her money to the local Special Olympics. She was a very talented runner who held the state record in two track events for her age group. She thought children less gifted than her should also be given a chance to compete. Dave wanted to give his money to the local youth camp because it needed new boats.

Drew loved animals, and he wanted to give his money to the local animal shelter to help find good homes for "lost and lonely animals."

To see the depth of feeling and compassion of these grandchildren was deeply moving for David and Darlene—more so than anything they could have imagined. They were very pleased with the first phase of the grandchildren's training.

The next phase was to create a junior board on the foundation and appoint the grandchildren to be that board. They were given twenty-five thousand dollars and told to find one worthy cause that they wanted to support. The decision had to be unanimous. The older grandchildren got on the Internet and began looking for causes they were interested in. The junior board finally whittled it down to one project. It was a medical clinic project in Guatemala. The junior board requested of the grandparents an additional $1,000 for the oldest grandson Dan to make a site visit and talk with the organization that was raising funds for the clinic.

When the junior board made its report to their parents and grandparents, they had a twenty-five-page report including site pictures, sketches of the clinic, financial breakdowns and estimated times for the completion of the project. The grant was unanimously approved by the foundation board, and the twenty-five thousand dollars was sent to the organization with instructions to start immediately on the project.

What was really exciting for David and Darlene was that their two oldest grandchildren decided to go to Guatemala during their summer break and help on the construction of the clinic themselves. They raised their own money for this trip.

All of their grandchildren had caught the philanthropic fever. The first topic of discussion at family get-togethers was the family's current charitable projects or new projects that they have learned about. The entire family has experienced the blessings of having (1.) an external focus, (2.) a common family mission and (3.) the joy of giving to help others.

Conclusion

These moving examples of families that have proactively worked to bring their families together and to use their wealth as a tool to build family unity and allow their family to experience the joy of giving cannot be minimized. The stories are compelling. The results are undeniable and profound. Little time and money is needed to get this kind of family-building experience started.

What makes the idea of including family philanthropy as a critical component of a master family plan so powerful is that it produces so many individual and collective benefits without any adverse side effects. The heirs are able to overcome many of the emotional problems inherited wealth carries with it (Chapter 12). Multiple family generations can bond together in ways that would be impossible to achieve otherwise. The entire family learns the delicate balance between, "What my wealth can do for me and what my wealth can do for others." This knowledge and wisdom leads to happy, content lives full of meaning and joy for every member of the family.

Parents have everything to gain and nothing to lose by beginning this process with their own families. Again, the process takes little time and not much money to get started. What is required, however, is desire—desire to maintain a close-knit, unified family that loves and talks and works together in meaningful ways on meaningful projects outside of themselves.

In this situation our counsel is the same as the famous Nike commercial, "Just do it!"

1. Involving extended family members

a. Adult family members

In an ideal world you would hope that every adult member of your extended family will want to become an active member of your family foundation. The key to success in full family involvement will depend greatly upon your ability to find a compatible place of involvement for each family member allowing them to use their unique God-given gifts and talents.

One of the best ways to discern how they can best contribute is to have each family member take the spiritual gifts assessment. These assessments can be extremely helpful to each family member (16 and over) as to how they can best participate in the family's philanthropic mission. We strongly recommend that the parents also take the spiritual gifts assessment, so that we can evaluate the similarities and differences in gifts and interests between generations. Sharing the results of everyone's personal assessments during one of your family meetings will be both fun and often quite enlightening for the whole family. They will also provide a great basis for discussions on each family member's possible organizational roles in the family foundation.

For example, you may have some extended family members who have strong administrative gifts; and they may serve in a management role. Others may be more analytical and would most enjoy performing due diligence on your foundation's various possible giving opportunities. You may even have some family members who are naturally gifted in entrepreneurial abilities and would find great joy in actually participating in various foundation ministry projects personally. There may be other family members who are best gifted to continue to operate and manage the family business enterprises, keeping the family's "golden goose" producing the funds that helps achieve the family foundation mission.

Question: How comfortable are we with the idea of allowing our family to have input into decisions of where our giving will be directed as opposed to our making all the decisions ourselves, and why?

Question: How receptive would our extended family currently be in working together on our newly formed family foundation? (Pros and cons)

Question: Which of our adult extended family members would we like to actively involve in our family foundation efforts?

Question: What logistical challenges do we foresee in having our extended family actively involved in our family foundation?

Question: How receptive would our extended family members (over the age of 16) be to participating in a spiritual gifts assessment to discover their very best place of service in our family foundation?

b. Minor family members

One of the most exciting aspects of the extended family working together in your family foundation is the significant and long-term impact that involvement can have upon your grandchildren. If it is your desire to continue the operation of your foundation beyond your own lifetime and through your grandchildren's generation, the best time to prepare them for this honor and responsibility is now.

One of the most effective ways to introduce them to the life and operation of the family foundation is to establish a junior board made up of your minor heirs. The purpose of the junior board is two fold: (1) To give the minors in your family an early experience with the life and operation of your family foundation and (2) To help them personally experience the joy of giving and the impact giving can have on the lives of real people.

A junior board could be set up any number of ways, but the most common format is as follows:

a. The junior board will be entrusted with a specific amount of money for giving each year.
b. The junior board will be required to perform the due diligence on the recipient and the project(s) they want to support.
c. The junior board may be given a list of approved ministries to help them limit the scope of their giving options.
d. The junior board will present to the rest of the family at the family meeting their recommendations and rationale for why they have chosen that ministry and that project to support.

Question: What do we think of the idea of setting up a junior family foundation board for our grandchildren?

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Question: How would our children and their spouses react to having their children sit on a junior family foundation board? (Pros and cons)

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Question: How should we establish the amount of money the junior board would be authorized to give each year?

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Question: Should we allow our family to give individually and separately from the foundation, compel a consensus for each gift, or allow some combination of the two? (Pros and cons)

2. Building an advisory team to consult with our family

One of the best ways to ensure a healthy and productive family foundation would be to create an advisory team to consult with the family in related areas of need. The following is a representative list of advisors to consider having on your family foundation advisory board:

a. Your Family Wealth Counselors
b. Your foundation's money manager
c. A representative from the affiliated foundation/ministry board
d. A philanthropic research advisor
e. A family/assessment coach (to facilitate the spiritual gifts assessment)
f. Your tax accountant
g. Your attorney

Question: Who might we consider having on our advisory board, and how can they support our family foundation efforts?

B. Conducting a foundation family meeting

The family meeting is one of the core aspects to the family foundation. Most families will have family meetings no less than once a year. Other families will hold them more frequently. The following will outline for you (1) the purpose, (2) the format and (3) the agenda for a successful family meeting.

1. The purpose for the family meeting

a. The first and possibly the single most important reason for having a family meeting will be to bring the family together for a worthy and noble purpose. Too often families get so consumed with their own worlds, their own interests and their own goals that they can easily lose sight of God's larger purposes in life.
b. It has been said that the family meeting serves as the "glue" that binds the extended family together and gives them a reason to stay connected throughout the year.
c. A family's involvement in the foundation allows each family to make a more significant difference in Kingdom work than they could ever achieve individually.

d. One of the primary objectives in the family meeting is to determine who will be the beneficiaries of the family's giving for this year. Most families choose to make these giving decisions collectively and by consensus.
e. Lastly, the family meeting provides a format to train/prepare your heirs to ultimately take over the leadership of the family foundation once you are no longer able to participate.

2. The format for the family meeting

A family meeting can be conducted any number of ways, but the following are suggestions that seem to produce the best results.

a. It should be held at least once a year.
b. It should be scheduled to last a full day.
c. If at all possible hold it in a neutral location away from the family's normal routine, distractions, and duties. The unavoidable interruptions of life can disrupt the flow of the entire meeting. Everything possible must be done to locate a setting that will allow the family to focus on the meeting without any outside distractions. The location becomes a very important consideration. The idea behind the family meeting should be seen as a family retreat setting.
d. Where not to have a family meeting.
    i. At the family business location/conference room.
    ii. At any of the families' primary residences, which could create opportunities for phone calls, visits, "emergencies," etc. to disrupt the meeting.
e. Where to have a family meeting.
    i. At the family's second home which is usually an out-of-town location. Depending on the size of your family, this may be a good place to hold the meeting but may not be large enough to house the entire extended family if overnight accommodations are required.
    ii. At a vacation resort area with a meeting room. This could allow for the entire family to stay on site and meet in the resort's conference room.

3. A sample agenda for the family meeting

a. Open meeting with a very in-depth Bible study (such as, the dangers of possessing wealth, the joy of giving, what Jesus said about money, etc.) and have a time of corporate family prayer offering thanksgiving for the family's blessings and asking for wisdom to be good stewards. (one hour)
b. Annual update/review of the family's overall Master Stewardship Plan. (one hour) This would be lead by Family Wealth Counselors of America, Inc.
c. Reports from the family on the results of the previous year's gifts. (one hour) These reports should be prepared ahead of time with written comments and possibly pictures and personal stories regarding the gift.

4. **Teaching/Training workshops. (two hours) Examples of possible topics:**

    a. To help strengthen the family members' spiritual understanding and personal life-application of the stewardship privileges and responsibilities of having wealth.
    b. To review a book such as *Money, Possessions and Eternity* (by Randy Alcorn).
    c. To help instruct them on how to more efficiently run the foundation.
    d. To help make superior decisions regarding the foundation's giving practices.

5. **Presentations by family members of new giving opportunities for the current year. (two hours)**

    a. Due diligence on giving opportunities completed prior to family meeting.
    b. Distribution amounts announced prior to the family meeting.
    c. Any funding allocations announced prior to the family meeting.
        - The amount being allocated to the junior board to give.
        - The amount allocated to each family to give.

6. **Selection of this year's gift recipients. (one hour)**

    a. Final recipients determined after prayer and discussion.
    b. Dates for gifts to be given are set.

Question: What would be the best time of year to hold our annual family meeting?

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Question: What might be some good locations to hold our annual family meetings?

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Question: Considering where our extended family is now, what would be the most important topics we would want to address, be trained on, and discuss at our family foundation meeting?

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Deciding on Our Foundation's Mission/Purpose

Section III

Section III
Deciding on Our Foundation's Mission/Purpose

A. Aligning our foundation's purpose with our Family Wealth Letter of Intent

A good starting point for deciding on your foundation's purpose is to revisit your Family Letter of Intent. If this document is an accurate representation of who you are and what you want for yourselves and your family, then, within the heart of that document, a foundation purpose should be found.

B. Developing a comprehensive family foundation mission statement

Your foundation mission will become the overarching "banner" to fly over the operation of your foundation. The challenge is to decide on an agreeable mission statement for the entire family. One of the ways to determine each family member's ideas about the family foundation is to ask each family member to write out a few sentences describing what they would see as the purpose and mission of the family foundation. Then, gather the family together and allow each family member to share what they have written. It is best to have this meeting facilitated by an outsider, so that everyone can feel free to express themselves fully.

The following questions may help each family member think through the issues that would support the foundation's mission.

Question: What do we think God would have us to do with the wealth He has entrusted to us in order to impact and further His Kingdom?

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Question: What would be my ideal vision for the long-term goals or objectives of our family foundation?

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Question: Should there be a specific funding priority or area of focus that will limit our giving to certain kinds of ministries or specific ministry activities? We obviously cannot help everyone.

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C. Drafting a mission statement

Once the family has come to consensus on the foundation's specific mission, a mission statement should be prepared that is easy to understand and not longer than a short paragraph. The following are a few sample mission statements.

1. "The foundation is part of the (Name) family's effort, born of gratitude for what Christ has done for us, to glorify God and enjoy Him forever. The foundation will seek to use its resources in ways consistent with Biblical principles. Specifically, the foundation will invest in ministries that promote Biblical authority, in benevolence, in Christian education, in missionary and evangelical efforts and in compassionate and family oriented ministries. The foundation will support individuals and ministries by way of example, ministries such as (names of ministries) typify those which would be supported. The foundation will seek to build a base of assets from which ongoing support can be generated."

2. "The (Name) Foundation exists for the purpose of reaching out to a lost world with the love and compassion of Jesus Christ. While not restricting the foundation to the following directives alone, the (Name) Foundation will seek to support ministries of compassion, family, Christian education and evangelism both in the United States as well as around the world. Some specific examples of ministries to be supported are: (names of ministries) as well as ministries consistent with past giving."

3. "The purpose of the (Name) Foundation is to impact cultures by drawing people back to the foundational, biblical principles that impact every area of life. Specific examples of ministries that we feel support this vision are: (names of ministries)."

D. Reviewing the mission statement

It is important that at each annual family meeting the mission statement is read and discussed to confirm that it is still consistent with the family's giving goals and objectives. In most cases, as you and your family get more acclimated and experienced in your giving efforts with your foundation, you will be able to refine the mission statement and move from a rather general mission statement to a much more focused mission statement.

One of the key issues regarding your foundation mission statement that you must address is if there will be parts of your foundation mission statement which cannot be changed in the future. For example, you may never want to enable future, family members to change/remove the portion of the foundation mission statement that requires all foundation giving to be to Christian ministries. In other words, the foundation will not be able to begin supporting Planned Parenthood, ACLU, the Gay and Lesbian Taskforce, etc.

An added level of protection in this area is, if you are using a Donor Advised Fund family foundation, the overseeing 501(c)3 ministry will not allow gifts to be made to many of these types of organizations. However this would not prevent the family from moving the foundation away from these ministries and operating the DAF in connection with a secular organization that would permit support of these kinds of organizations.

Of course, the best way to ensure that this giving shift to the left does not happen is to make a concerted effort to inculcate in your children and grandchildren a commitment to spiritual causes that would prevent them from ever seriously considering supporting causes or organizations that would oppose those causes.

Question: What parts of our mission statement are non-negotiable and cannot be changed or modified by the family at a later time?

Deciding on Our Foundation's Giving Guidelines

Section IV

Section IV
Deciding on Our Foundation's Giving Guidelines

A. Learning to give sacrificially[1]

One of the most difficult challenges affluent Christians must face is how to experience the joy and blessing of *sacrificial* giving when they possess so much surplus wealth. We must not forget when Jesus sat down by the temple treasury and observed people putting in their offerings—the rich depositing their "large sums" and the poor widow dropping in "*two small copper coins*." Jesus offers a rather shocking assessment of what He saw. He said,

"Truly I say to you, this poor widow put in more than all of them; for they all out of their surplus put into the offering; but she out of her poverty put in all that she had to live on."

Luke 21:1-4

By this statement Jesus is setting up a new method for evaluating generosity. Here He is saying, "Your generosity is not based upon how much you give, it is based upon *how much you have left over after you give*." The giving of these rich men had absolutely no impact on their lifestyles whatsoever. It was entirely surplus wealth. But the widow's giving affected her lifestyle that very day.

The ancient concept of tithing is not really equal in that giving ten percent of $1 million is not the same as giving ten percent of $10,000. According to the Old Testament law of tithing, ten percent is ten percent regardless of the amount being tithed from. But with Jesus' new insights here, we now understand that sacrificial giving has more to do with the ninety percent than it does the ten percent. In other words, it would be far easier for a person to tithe $100,000 of their million-dollar income because they would still have $900,000 left over to "eek" out a living. While after tithing on $10,000, that person would only have $9,000 left to live on. This is the point Jesus is trying to make here: "Look at what you have left over to judge your generosity, not what you are giving."

I can tell you with certainty that a poor woman who chooses to sacrificially give $500 out of her meager $12,000 annual Social Security income is being substantially more generous than the businessman who is giving $50,000 of his $350,000 annual income, even though the woman is giving only four percent and the businessman is giving fourteen percent.[2]

Occasionally, I have been asked by affluent people, "How much should we be giving?" They sense that ten percent is no longer the right percentage for them and they are looking for someone to give them what that right percentage should be. My answer is always the same, "That is a very important question. Unfortunately, you are asking it of the wrong person. You need to ask that question to the One who owns all your stuff."

Many pastors I have talked with about generosity vs. tithing express the same gnawing concern. They fear that if they tell their congregation they are not required to tithe, the

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[1] The following section is from Jay's book, *To Whom Much is Given: Navigating the Ten Life Dilemmas Affluent Christians Face.*

[2] Much of the following section is from "Tithing: The Enemy of Generosity" in my book, *Spiritual Thoughts on Material Things*.

church's weekly offerings will collapse. I disagree. If believers were properly taught and really came to understand and live out the idea of *generous giving by faith* instead of *legalistic giving by math*, I believe that Christians' giving would explode. It may not happen overnight, because the church will have to overcome years of bad teaching, but once people really understand they need to go to their knees to decide how much to give instead of their calculators, we will likely see another outbreak of generosity that might compare to what the Israelites experienced in the construction of the Tabernacle. Their giving was so "over the top" Moses had to command them to stop giving. (See Exodus 35:20-36:7.)

I recently attended a meeting in which the speaker was enthusiastically telling about a financial advisor who had a wealthy client selling a $1.5 million asset, and the advisor had asked him about tithing on the sale price to the Kingdom, which he ended up doing. What struck me as unfortunate in this story is that the advisor did not ask his client if he personally needed any of the sale proceeds. Maybe he should have given one hundred percent of the sale proceeds to the Kingdom—and if not one hundred percent, how much might God want to use of these funds for His purposes? Possibly an even more challenging question for this client to ask himself would be, "How much of this $1.5 million would I have to give away for the gift to be a real, sacrificial act of faith on my part?"

The first option—the tithe—is clean, mathematically simple and requires little thought. The second—generosity—is neither clean nor simple and requires genuine soul searching, faith testing and "wrestling with God." In our struggle to find an amount right for giving each week, we might find ourselves feeling compelled to ask a similar question, "How much would I have to give to the Lord in order for my giving to be both generous and sacrificial?"

That may be why the Old Testament concept of tithing was replaced with a different criterion for giving in the New Testament. First, if we insist on following the letter of the Old Testament law, we need to understand that there were actually three tithes required. Two tithes were annual and another was every third year. So, the Old Testament tithing law actually required giving an average of 23.33 percent of annual increase. Second, these tithes were collected partially to underwrite Israel's theocratic governmental services. So, Old Testament tithing was a form of national taxation—they also had their own IRS (Israeli Revenue Service). Third, the Old Testament tithing amount was to be based upon the family's cumulative possessions (net worth), not just their annual earned income.

Then, of course, a good legalist will also need to answer a number of interesting questions such as,

- Do we tithe off our net or our gross? and

- When we sell an appreciated asset, since the money we used to invest in it was "after tithe" money, do we now need to tithe off the entire sale price or just the capital gain?

These kinds of questions are reserved for members of "Legalists Anonymous," but are totally irrelevant to the New Testament concept of giving.

The Old Testament concept is giving *by law*. The New Testament concept is giving *by faith*. The opposite of giving *by faith* is giving *by sight*. So, if you know you can afford to give a certain amount to the Lord, are you giving *by sight* or *by faith*? You can see the challenge here. For many wealthy Christians, it has been a very long time since they have given to the Lord by faith.

C. S. Lewis, the great Christian apologist and author of the well-known *Chronicles of Narnia* series, said in his book *Mere Christianity*,

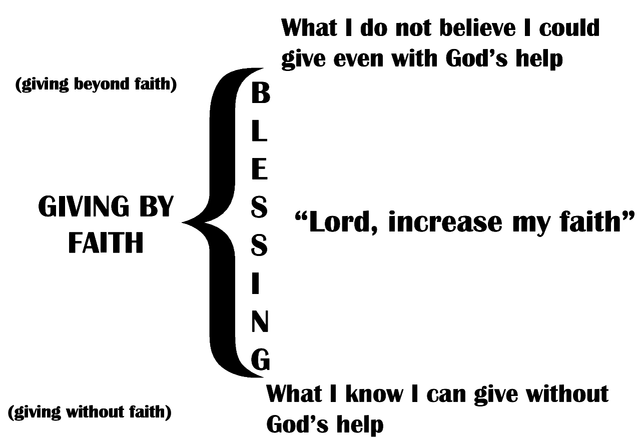
> I do not believe one can settle how much we ought to give. I am afraid the only safe rule is to give more than we can spare. In other words, if our expenditures on comforts, luxuries, amusements, etc. is up to the standard common among those with the same income as our own, we are probably giving away too little. If our charities do not at all pinch or hamper us, I should say they are too small.

The probing question confronting all of us with surplus wealth is, "If we stop giving by the law and start giving by faith, how do we decide how much we should give?" Let me ask you another question that might help clarify this. If I were to ask you to give one dollar a week to the Lord, would you be comfortable committing to do so? Obviously you would, because giving one dollar a week requires no faith on your part. You can give it entirely by sight. But what if I asked you to start giving $1 million a week to the Lord? You might swallow hard and admit that you really do not believe you can do that. You see, we have just moved beyond faith. We do not think we can give that much even with God's help. And trying to give beyond faith is just as futile as giving with no faith at all. So, the goal is for our giving to be at a level that requires us to trust God to take care of us while we concentrate on taking care of others.

And once we see that we have achieved giving at this new *by faith* level, something immediately changes. That new level of giving is now no longer *by faith*, because that level of giving has now become giving *by sight*. So now, how much do you need to increase your giving to be able to continue to give *by faith*? It is at this point that you will encounter the true blessing of giving—when it has stretched you to give more than just your unneeded surplus wealth.

The diagram below illustrates this concept of giving by faith and how God will not fully bless our giving without faith (because the amount is too little or too great). So, our prayer should be the same as the Apostles, "*Increase our faith*" (Luke 17:5).

Learning to Give by Faith



I learned this lesson about "by faith" giving many years ago from a ten-year-old boy named Jimmy Mitchell. One Sunday before church, I was standing up at the pulpit getting my sermon notes ready and Jimmy came running into the auditorium. He ran up to me with a dollar bill in his hand and said, "Jay, look what I've got." I said, "Jimmy, that's great. Where did you get it?" He told me that after he mowed his yard, he decided to go ahead and mow old Mrs. Brown's yard next door. "After I finished, she came out and gave me this dollar." He went on to say, "Jay, I'd like to give some of it to the Lord."

I replied, "Jimmy, I know the Lord would be so pleased that you would want to share some of that dollar with Him. How much do you think you would like to give?"

Even after roughly three decades, I still remember what he said to me like it was yesterday. He looked down at the dollar and then questioningly looked up at me and said, "Do you think He would mind if I kept a dime?"

His words still ring in my mind, "*Do you think He would mind if I kept a dime?*" Imagine what would happen to the kingdom of God if we were all to begin thinking and acting like Jimmy Mitchell.

Let me offer some challenging suggestions on how you might begin in at least some meaningful way to experience giving *by faith*.

- ✓ Make your Kingdom giving proportional to what you personally consume on your lifestyle (i.e. for every dollar you spend on your personal lifestyle, you will give one dollar for Kingdom work).
- ✓ Reduce your current lifestyle consumption to increase current annual funding of Kingdom causes.
- ✓ Sell assets that you currently use for your lifestyle and give the proceeds to support Kingdom causes.
- ✓ Forego a planned purchase or expense and give what would have been the cost to fund the Kingdom.
- ✓ Purchase a less expensive product than you normally would and give the difference to support a Kingdom organization.
- ✓ Give all growth of your net worth over a specific amount to Kingdom outreaches annually.
- ✓ And if you really want to get radical, consider what Jesus said to the rich, young ruler, "*Sell all that you possess and distribute it to the poor, and you shall have treasure in heaven; and come, follow Me*" (Luke 18:22).

Remember what Jesus said, "*From everyone who has been given much, much will be required; and to whom they entrusted much, of him they will ask all the more*" (Luke 12:48). Are we giving *by faith* all that we should be giving from all that we have been given?

B. Important giving questions to be answered

Question: Should we limit our giving to only Christian ministries and Christian works or do we want to include support of secular charities as well? (If yes, how will we decide?)

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____
____

Question: Should we set no limits on who we will support?

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____

Question: What ministries have had the greatest personal impact on us and our family member's lives?

1. ____
2. ____
3. ____
4. ____

Question: Should any part of the foundation's <u>giving</u> <u>guidelines</u> continue unchanged after the founders have eternally relocated? (If yes, which ones?) [Maintaining some connection with the founders' giving intent]

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Question: Should we focus our giving to certain geographic areas? (If yes, where?)

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Question: Should we focus our giving to certain kinds of ministries/non-profits? (If yes, which ones?)

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Question: Should we focus our giving on certain kinds of projects? (If yes, what kind?)

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Question: Should we focus our giving on certain kinds of gifts? (If yes, what kind?) Making what kinds of gifts to ministries:

- Start up gifts for new ministries?
- One time project gifts?
- Operating overhead gifts?
- Multi-year gifts?
- Matching gifts?

Question: What kind of gifts should we make to individuals:

- Benevolent gifts (to meet people's needs)?
- Individuals serving in ministry (annual financial support)?

Question: Should we focus our giving on certain sizes of gifts ("Rifle shot" versus "shot gun": A lot to a few, or a little to many, or some combination of both?)

Question: Should we focus on building an endowment and then giving the endowment income away annually, or should we focus on giving the funds away as they come in, or some combination of both?

Question: Should we focus on making long-term, deferred gifts or short-term, immediate gifts or some combination of both?

Question: How often should we make our gifts? (i.e., monthly, quarterly, semi-annually, annually)

C. How will our foundation giving decisions be made?

Question: Should giving decisions be made by family consensus? (Seeking God's will for His wealth and not our will for our wealth.)

Question: Should we allocate to each family group or family member a designated amount of the giving funds to give as the Lord leads?

Question: Should we allocate to each generation (i.e. children/grandchildren) a specific amount of the giving funds for them to collectively give as the Lord leads?

D. Managing our foundation's funds

1. Money management issues

After deciding what to do with the funds you gift from your family foundation you will want to consider the impact this will have on how the funds should be invested. For example, if you are going to be distributing all of your foundation funds as they are received within a year or less, you would not want to lock up your funds in investments where there are penalties or fees charged to get into or out of these investments. In other words, if you are going to make distributions of all the foundation funds in six months, you would not want to buy a three-year CD. Likewise, if you plan to distribute only the income from your foundation investments, you will want those investments to generate the best possible total return (regardless of whether it is ordinary income, capital gain income or dividend income) since your foundation is a tax-exempt entity and will pay no Income taxes.

2. Portfolio design

If you are planning to retain all or some of your foundation assets to create an endowment, you will need an investment advisor who knows how to design an investment portfolio to take full advantage of the tax-exempt nature of your foundation.

Question: How much experience do you have designing and implementing investment portfolios for tax exempt entities/foundations?

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Question: Do you have access to and expertise in managing a "Christian Values" portfolio, i.e. one devoid of investments in companies whose activities do not coincide with biblical principles?

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Deciding on Our Foundation's Ministry Beneficiaries

Section V

Section V
Deciding on Our Foundation's Ministry Beneficiaries

A. Getting everyone personally involved in foundation efforts[3]

One of the most famous hymns of all time is "I Surrender All." The words are, "All to Jesus I surrender, all to Him I freely give." Easy to sing, very difficult to live. I think for most Christians, regardless of their economic station in life, we might more honestly sing, "*Some* to Jesus I surrender, *some* to Him I freely give…" This challenging idea of total surrender of all we are and all we have takes on new dimensions for those whom the Lord has blessed with substantial material possessions.

Affluent followers of Jesus often limit their involvement in Kingdom work to little more than financial support. And because wealthy Christians normally have far more money than anything else, when they consider how to best support Kingdom causes, they naturally look to their surplus wealth as an easy way to make the greatest difference. This mindset may be natural, but it is anything but supernatural.

I have always been struck by Paul's comments about the Macedonian Church in 2 Corinthians 8:1-5. At that time the entire region of Macedonia was struggling through a multi-year famine that had wreaked devastating consequences for everyone, including the local church. Paul reports to us,

> *And now, brothers, we want you to know about the grace that God has given the Macedonian churches. Out of the most severe trial, their overflowing joy and their extreme poverty welled up in rich generosity. For I testify that they gave as much as they were able, and even beyond their ability. Entirely on their own, they urgently pleaded with us for the privilege of sharing in this service to the saints. And they did not do as we expected, but they gave themselves first to the Lord* (NIV).

Talk about "I surrender all!" Here we have believers who are struggling to just stay alive through extreme, desperate circumstances. Yet in the midst of that, their passion to advance the work of God so overwhelmed them that they ended up giving far more—from a worldly perspective—than they should have given. That, of course, is both impressive and inspiring for all of us. What really strikes me is not the amount of their giving, but what motivated them to that level of giving. In other words, how was it that they were so energized to give excessively of their meager material possessions? Paul tells us and this is the point I am trying to make here, "*they did not* [give] *as we expected, but they gave themselves first to the Lord*."

The greatest gift we have to give to the Lord of all our earthly possessions is *ourselves.* And for those with abundance, it is far too easy to think that donating a meaningful sum of financial treasure somehow permits us to opt out of most, if not all, personal involvement in ministry. We can easily afford the money, but the time and talents that God has blessed and entrusted to us seem far more costly.

This kind of erroneous thinking is similar to what happened with army conscripts during the Civil War. A person of means, if drafted, would simply hire someone else to take his place. In other words, he would simply buy his way out of the war. May I suggest that

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[3] The following section is from Jay's book, *To Whom Much is Given: Navigating the Ten Life Dilemmas Affluent Christians Face.*

Jesus is far more interested in our personal involvement in ministry (the war) than He is in our financial support of it, no matter how significant that financial support might be?

I am not at all suggesting that personal involvement in ministry should be disconnected from our God-given passions, talents, and life-experiences. To the contrary, these should be the very things from which our personal ministry flows. And God knows that whatever passions, talents, and life-experience He has given to us, there are a myriad of ministries that desperately need what we could personally bring to the table.

Ministries are in serious need of men and women who are visionaries, "out of the box" thinkers, movers and shakers, who can provide business expertise and financial savvy. These are abilities and experiences that ministries simply cannot buy.

It also seems that all too often affluent people who have substantial surplus wealth typically struggle to know how and where to give it (often because there is so much to give away). And this dilemma is present because they are not spiritually, emotionally, and physically connected in any significant way in giving of themselves to any particular Kingdom work.

Jesus said in Matthew 6:21, "Where your treasures are, there will be your heart also." I would add that the opposite is also true, "Where your heart is, there will be your treasures also." The point is – your money and your heart will find themselves abiding in the same places.

Knowing where to give, how to give, when to give, what to give to, and the host of other questions that we struggle to effectively answer will best be answered by asking one simple question: "Where do we want to personally invest our passions, our talents and our life-experiences to serve the Lord?" Once we answer where we want to invest our *life* in ministry, God will reveal to us very clearly where He wants us to invest our *money* in ministry.

The following are many Scriptures that hopefully will both challenge and enlighten you in regards to giving of your time, your talents and our treasures. Remember Hebrews 4:12, "For the word of God is living and active and sharper than any two-edged sword, and piercing as far as the division of soul and spirit, of both joints and marrow, and able to judge the thoughts and intentions of the heart."

1. **Giving of our time**

Ephesians 5:15-17, "Therefore, be careful how you walk, not as unwise men but as wise, making the most of your time, because the days are evil. So then do not be foolish, but understand what the will of the Lord is."

Psalm 90:12, "So teach us to number our days, that we may present to You a heart of wisdom."

Psalm 39:4-6a, "Lord, make me to know my end and what is the extent of my days; let me know how transient I am. Behold, You have made my days as handbreadths, and my lifetime as nothing in Your sight; surely every man at his best is a mere breath. Surely, every man walks about as a phantom;"

2. Giving of our talents

Romans 12:6-8, "Since we have gifts that differ according to the grace given to us, each of us is to exercise them accordingly: if prophecy, according to the proportion of his faith; if service, in his serving; or he who teaches, in his teaching; or he who exhorts, in his exhortation; he who gives, with liberality; he who leads, with diligence; he who shows mercy, with cheerfulness."

I Peter 4:10, "As each one has received a special gift, employ it in serving one another as good stewards of the manifold grace of God."

3. Giving of our treasures

Luke 21:1-4, "And He looked up and saw the rich putting their gifts into the treasury. And He saw a certain poor widow putting in two small copper coins. And He said, 'Truly I say to you, this poor widow put in more than all of them; for they all out of their surplus put into the offering; but she out of her poverty put in all that she had to live on.'"

Proverbs 3:9-10, "Honor the LORD from your wealth, and from the first of all your produce; so your barns will be filled with plenty, and your vats will overflow with new wine."

Proverbs 14:31b, ". . . He who is gracious to the needy honors Him."

Proverbs 19:17, "He who is gracious to a poor man lends to the LORD, and He will repay him for his good deed."

Matthew 25:35-40, "For I was hungry, and you gave Me something to eat; I was thirsty, and you gave Me drink; I was a stranger, and you invited Me in; naked, and you clothed Me; I was sick, and you visited Me; I was in prison, and you came to Me." Then the righteous will answer Him, saying, "Lord, when did we see You hungry, and feed You, or thirsty, and give You drink? And when did we see You a stranger, and invite You in, or naked, and clothe You? And when did we see You sick, or in prison, and come to You?" And the King will answer and say to them, "Truly I say to you, to the extent that you did it to one of these brothers of Mine, even the least of them, you did it to Me."

Proverbs 21:13, "He who shuts his ear to the cry of the poor will also cry himself and not be answered."

Proverbs 21:26b, ". . . The righteous gives and does not hold back."

Proverbs 28:27, "He who gives to the poor will never want, but he who shuts his eyes will have many curses."

1 Timothy 6:18-19, "Instruct them to do good, to be rich in good works, to be generous and ready to share, storing up for themselves the treasure of a good foundation for the future, so that they may take hold of that which is life indeed."

(The primary motivation and fundamental purpose for accumulating material wealth should be so we can enjoy the privilege of giving it away.)

Malachi 3:8-10, “Will a man rob God? Yet you are robbing Me! But you say, How have we robbed Thee? In tithes and offerings. You are cursed with a curse, for you are robbing Me, the whole nation of you! Bring the whole tithe into the storehouse, so that there may be food in My house, and test Me now in this, says the LORD of hosts, if I will not open for you the windows of heaven, and pour out for you a blessing until it overflows.”

Acts 4:34-35, “For there was not a needy person among them, for all who were owners of land or houses would sell them and bring the proceeds of the sales, and lay them at the apostles’ feet; and they would be distributed to each, as any had need.”

Exodus 35:21- 36:7, “And everyone whose heart stirred him and everyone whose spirit moved him came and brought the LORD’s contribution for the work of the tent of meeting and for all its service and for the holy garments. Then all whose hearts moved them came and brought (jewelry) . . . of gold to the LORD. And every man, who had in his possession . . . brought them. Everyone who could make a contribution of silver and bronze . . . brought it. And all the women whose heart stirred with a skill spun the goats’ hair. . . The Israelites, all the men and women . . . brought a freewill offering to the LORD. . . And they still continued bringing to him freewill offerings every morning. And all the (workers) said to Moses, “The people are bringing much more than enough" . . . So Moses issued a command, and a proclamation was circulated throughout the camp, saying, “Let neither man nor woman any longer perform work for the contributions of the sanctuary.” <u>Thus the people were restrained from bringing any more. For the material they had was sufficient and more than enough for all the work, to perform it.</u>”

Luke 6:38, “Give, and it will be given to you; good measure, pressed down, shaken together, running over, they will pour into your lap. For by your standard of measure it will be measured to you in return.” (“God will get it **to** you, if He can get it **through** you.”)

2 Corinthians 9:7-12, “Let each one do just as he has purposed in his heart; not grudgingly or under compulsion; for God loves a cheerful giver. And God is able to make all grace abound to you, that always having all sufficiency in everything, you may have an abundance for every good deed; as it is written, He scattered abroad, he gave to the poor, His righteousness abides forever. Now He who supplies seed to the sower and bread for food, will supply and multiply your seed for sowing and increase the harvest of your righteousness; you will be enriched in everything for all liberality, which through us is producing thanksgiving to God. For the ministry of this service is not only fully supplying the needs of the saints, but is also overflowing through many thanksgivings to God.”

Matthew 5:42, “Give to him who asks of you, and do not turn away from him who wants to borrow from you.”

Matthew 6:2-4, “When therefore you give alms, do not sound a trumpet before you, as the hypocrites do in the synagogues and in the streets, that they may be honored by men. Truly I say to you, they have their reward in full. But when you give alms, do not let your left hand know what your right hand is doing that your alms may be in secret; and your Father who sees in secret will repay you.”

The Greatest Gift You Have to Give[4]

Have you ever wondered why a poor, old woman living in the slums of Calcutta, India, who devoted her life to the mundane task of caring for unwanted, starving children was internationally known and revered and even awarded the distinguished Nobel Peace Prize? What did she do to deserve such impressive notoriety? Who was this woman? You and the rest of the world knew her. She was Mother Teresa.

By our materialistic, American standards, Mother Teresa was a miserable failure. She never owned her own home. She had no money set aside for retirement, had not built a successful business or had much of an income. She did not own a car and wore the same style of clothes every day.

There was no reason why this fragile woman living in the inner city of an obscure, economically struggling country, working with hundreds of seemingly insignificant children should have earned such worldwide respect and prestigious accolades.

The fact is that as a country, specifically, and as a world, generally, we have drifted quite far from our original moral, ethical, and religious moorings. However, we have not drifted so far from them that we do not still deeply respect people who are willing to sacrificially give of themselves to help the helpless. Deep down, each of us knows that in so doing we will experience the highest level of personal fulfillment and spiritual joy even though this reality is seldom part of our daily consciousness. Sadly, we often find ourselves so busy in our headlong pursuit of living life that we actually end up missing the true essence of life.

It is not enough to simply read the biographies of great men and women who throughout history have happily traded a life of prosperity, luxury, and comfort for one of toil, sacrifice, disease, and even death to help those who cannot help themselves. You may be inspired by their great religious and humanitarian efforts, but you will never experience their tremendous blessing. They would all acknowledge that the fulfillment they found surpassed everything they voluntarily gave up in the trade.

A group of twelve youth and adults traveled to Juarez, Mexico to build a home for a needy family.

The husband of the family, for whom the group was to build the home, worked sixty hours each week to earn $30. Their current home was a tiny, one-room shanty constructed out of shipping skids and wrapped in tar paper. Their three-year-old daughter was an invalid and had major respiratory problems. She could only go outside for a few minutes at a time.

The campsite where the group pitched their tents was an old cow pasture located across the road from a pigpen. The restrooms were pit toilets where it seemed half the flies in all of Mexico resided. If the flies did not drive you out, the smell would. The other half of the flies in Mexico swarmed over their food as they tried to eat. They slept on the ground, and from about 2 AM on they were serenaded by a chorus of roosters making a sound night's sleep impossible. They cleaned up each day by pouring buckets of water over their heads. It was a challenging week for this group in many ways.

[4] The following section is from "The Greatest Gift You Have to Give" in Jay's book, *Spiritual Thoughts on Material Things.*

Yet, in spite of all of this, the group seized the challenge of building a humble dwelling for this needy family with the unity and zeal you might expect only from those who were building a grand palace for a king.

On the second day, as the team enthusiastically raised the walls to the new home, the mother stood by crying. All who saw her wept too. At that moment the group was reminded that they were not just building a house, they were helping people.

Seeing that woman's tears of joy made enduring all the discomfort of the trip wholly inconsequential. The group had again come to appreciate the words of Jesus, "*It is more blessed to give than to receive*" (Acts 20:35b). In this very small act of kindness, they had been reminded of this enduring truth.

What is interesting is that this group came home richer than they were before the trip. Some left their wives and children to go. Some took a week off work. They all spent money to go and they all endured physical discomfort. Yet, they came home richer. How? The answer cannot be explained in physical terms because it transcends the realm of the physical. It can only be explained in spiritual terms. And the explanation is this: *You will always make a profit, when you give yourself away to others.*

Let me suggest that the personal delight of giving massive sums of money away is decidedly minuscule in comparison to the joy you will realize by giving *yourself* away to a worthy cause.

The story of the rich young ruler expresses this truth perfectly. Jesus was not really interested in this young man's wealth. In fact, Jesus told him to give it all away to the poor. What Jesus really wanted was the *young man himself*.

What is the greatest charitable gift you have to give? *Yourself*! Why not make a gift of yourself to a worthy Kingdom cause? You will be all the richer for it.

B. Identifying possible beneficiaries

1. The needs of the world are too great and the number of ministries is too vast for any individual or family to support everything and everyone.

2. Therefore, we must narrow the number of possible beneficiaries of our giving.

Question: Do I want to develop a fixed list of approved ministries we will support?

Question: Do I want to develop a fixed list of ministry types/categories that we will support?

Use this checklist below to direct and stimulate your thinking regarding the types/categories of ministries for which you are passionate.

- Mission Ministries
  - Home or foreign ___
  - Medical ___
  - Feeding/Nutrition ___
  - Evangelistic ___
  - Church Planting ___
  - Education/Discipleship Training ___
  - Agricultural/ Self-sufficiency ___
  - Missionary Training ___
- Christian Education Ministries
  - Primary ___
  - Secondary ___
  - College ___
  - Seminary ___
  - Domestic/International ___
- Youth Ministries
  - Evangelistic ___
  - Discipleship ___
  - Athletics ___
  - Camping ___
  - Foster Care ___
- Family Ministries
  - Marriage ___
  - Divorce Recovery ___
  - Parenting ___
  - Men ___
  - Women ___
  - Children ___
  - Abortion ___
  - Family Values ___
  - Domestic/International Adoptions ___
  - Domestic Violence ___
- Bible Teaching Ministries
  - Local Church ___
  - Radio ___
  - Study Guides/Books/Training Tapes ___
  - Bible Distribution/Printing ___
  - Apologetics ___
- Prison Ministries
  - Evangelistic ___
  - Job Search ___
  - Re-entry ___
  - Inmate Family Support ___
- Other ministries
  - _________________ ___
  - _________________ ___

3. Being able to say, "No" to a need and/or ministry without feeling guilty

One of the serious frustrations for many affluent families is being constantly approached by a large number of ministries who have learned one way or another that you have money to give. Saying "No" to worthy Christian causes with legitimate financial needs can be very difficult to do.

However once you have a clearly defined mission statement and have decided on your giving guidelines, being able to say "No" to ministries that are not in alignment with your foundation becomes much easier. You can simply share with them that even though you appreciate their ministry and understand its importance to the Kingdom, it is not where your family foundation is focusing its attention and giving efforts.

Giving Wisely

I have periodically heard over the years, stories from frustrated donors who made a gift to a ministry only to realize their gift didn't end up doing what they intended for it to do. Maybe the most extreme example was a client who told me that his former pastor approached him about donating $50,000 to the church to underwrite a mission project, but once the funds were donated the church ended up using those funds to install an elaborate chandelier in the church foyer. The unhappy client told me, "That's the last money that church will ever get from me!" And rightfully so.

We saw the same thing happen during the Katrina disaster where concerned Christian families donated millions of dollars to Habitat for Humanity to help rebuild New Orleans. The problem was that Habitat did not have an operational model to do mass home renovation, demolition and reconstruction projects like this. Their model is to build one home at a time using volunteer labor. These compassionate donors had a great idea and great intentions, but the money they donated to Habitat did very little to achieve what their gift was intended to achieve – help Katrina victims.

I hear from affluent Christians, with some regularity, that they are not entirely satisfied with their giving outcomes. For the most part not really knowing if what their gift was given to do actually did end up getting done, which would lead them to become, at best, quietly frustrated with many of the charitable gifts they made.

So, unfortunately, we cannot assume that just because we made a gift directly to some reputable ministry that the gift really ends up accomplishing what we gave it for.

To help give us some guidance on effectively making impactful gifts to ministry, I contacted my friend and colleague, Al Mueller, President of *Excellence in Giving*, and asked him for some insight on this matter of ministry giving. His organization assists high-capacity donors in making strategic and effective gifts to ministries. Al suggested that there are four questions a donor should ask as guidelines before making a gift to a ministry.

1. Do I have a clear idea of what I want my gift to actually do?

You have heard the old saying, "If you don't know where you want to go, any road will get you there." The first task in making a gift is in knowing exactly what you want your gift to accomplish. If prior to your gift you do not have a clear sense of what outcome you want this gift to produce, you can expect it will "miss the mark." If we want our giving to be more than just giving for the sake of giving; if we want our giving to do something that really matters, we first need to be clear on what we want our giving to do.

2. Is there a reasonable probability that this ministry can use my gift for the purpose for which I am giving it?

The Habitat example above is a good example of generous people wanting to help others following this natural disaster. Unfortunately, they choose to give to a ministry whose model of operation was not conducive to helping with this kind of disaster. It was the right idea, but the wrong organization to do the job. Many times folks will make a gift to a ministry they like and ask them to do something with their gift that they either do not or cannot really do.

3. Is this ministry both effective and efficient?

We must assess prior to our giving whether a ministry is both effective (they are doing the right things) and efficient (they are doing them well). I think we would agree that the most efficient ministries are not necessarily the best promoters of themselves and the best promoters are not necessarily the most efficient. The organization that has the most professional brochure may not necessarily have the most efficient operation. It would be wise to look past the promotional "window dressing" of a ministry and drill down further to discover, "How much of what I give to this organization will actually do what I am making this gift to do?" The answer may surprise you.

4. Does the ministry have a core competency in the area I want my gift to impact?

Is what I want my gift to accomplish the core competency of the ministry I am considering making this gift to? Most ministries have one core competency and then a number of other peripheral competencies – other things they can do, but not their primary focus. The best way to ensure that your gift will do what you want it to do is to find a ministry whose core competency is what you want to support - your "main thing" is their "main thing".

When is a gift really a gift? When it does what you gave it to do. Giving is easy. Giving wisely, now that's another story!

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C. Conducting appropriate due diligence on ministries being considered for gifts

1. Do you want someone else to help you in your family's giving due diligence?
    - If you have significant funds to distribute, working with a Christian organization like Excellence in Giving to help your family find and/or evaluate various ministries to determine which ones are having the greatest impact may be of tremendous value to you (www.excellenceingiving.com).
    - You would be able to have them research ministries that you are currently supporting and evaluate how to best make a major gift to them. You may want them to find organizations that are having a great impact in a certain area of ministry that your family is interested in supporting.
    - In either case, they will perform comprehensive due diligence and give you a full report on their findings allowing your family to make giving decisions that are strategic and effective as well as in keeping with your family's ministry passions.

2. If you prefer to perform your own due diligence on the ministries you want to support, you will want to be in contact with the following organizations.
   - Consult with the Evangelical Council on Financial Accountability (ECFA). Their website, www.ecfa.org, will tell you how financially effective each ministry's operations are.

Question: Does the organization have a clear and strong commitment to a certain project or area?

Question: Is there an independent board that accepts responsibility for the activities of the organization and oversees its operations?

Question: Are the financial records audited annually by certified public accountants?

Question: Are copies of the audited financial statements provided to anyone who requests them?

Question: Is information provided to donors about any program that the donors have supported?

Question: How does the organization avoid conflicts of interest?

Question: What are its guidelines and standards for fund-raising?

Question: Is there a review procedure to assure compliance with fund-raising standards and guidelines?

- Consult with Wall Watchers, (A Morning Star type financial rating service for ministries (www.ministrywatch.com)

3. Visiting ministry headquarters

Question: Have we personally visited the ministry headquarters?

Question: Have we personally met the Founder/President/CEO of the ministry?

Question: How does their project fit with our foundation's mission?

Question: Who will actually be supervising/administering this project?

4. Make a personal site visit

Question: What is our purpose for making a personal site visit?

Question: How important is this site visit to our giving decision?

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5. Accepting grant proposals

Some foundations will actually solicit grant requests from ministries and others do not. This is just another decision that needs to be made by the family based upon what they want to do and how they want to do it. If your family does want to receive grant proposals, we can provide you with grant proposal templates for ministries to make application.

Question: Do we want to entertain unsolicited individual and ministry grant proposals for support from our family foundation?

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Question: If so, what do we want to see in a grant proposal?

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D. Conducting effective follow up

One of the most important aspects of giving and an aspect of the family foundation that can be very fulfilling to the family is to follow up and track the results that have been achieved by your family giving. All of us would like to see the fruit that comes from our capital "investment" in a ministry.

1. Holding the ministries accountable

If you are performing all the due diligence yourself, it is very important that someone in the family be charged with the responsibility of reporting back to the family the outcome of their foundation gifts. This will become a major component of the annual family meeting in the report of what has come about as a result of the families past giving.

2. Requiring written reporting from ministries on the giving done

It is also appropriate to ask the ministry to provide the family with a written report on how your donated funds were used and what has been accomplished as a result of the gifts.

Question: Who could we charge with the responsibility of follow up reporting and accountability from the ministries we support?

Question: What kind of reporting should we ask for from those we support?

Deciding on Our Foundation's Life Expectancy

Section VI

Section VI
Deciding on Our Foundation's Life Expectancy

The idea of creating a family foundation that will continue to exist forever, allowing future generations to support and impact the world for the cause of Christ, has a tremendous appeal. In a perfect world, it would be the perfect legacy. Unfortunately we do not live in a perfect world; and all of our heirs are not going to be perfect people – i.e. living a committed Christian life and anxious to do all they can to impact the world with the Gospel.

You do not have to do much research to see blatant examples of family foundations gone bad. It would be safe to say that what these family foundations are supporting is so contrary to the wishes of the founder that he or she would be "rolling over in their grave" if they knew what their wealth was supporting today.

The following questions highlight the things that can and have gone wrong in perpetual family foundations for your consideration:

A. The dangers of a perpetual family foundation

Question: Could our original charitable intent eventually be lost as unsympathetic distant relatives and/or professional staffs assume leadership of the foundation?

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Question: Could these newer "board" members' core values and personal character be entirely contrary to our core values and personal character?

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Question: Could we see future generations either rewriting or re-interpreting the foundation's mission statement in a way that would lead to gifts being made that would cause the founder to "roll over in his or her grave?"

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Question: If the ministries that the family initially supported slowly drift away from their original purpose or simply cease to exist, is there a danger in enabling future generations of family members to select other ministries/charities which may not have a similar mission, purpose or close adherence to the authority of the Word of God?

Question: Is it possible that future generations may not be adequately prepared financially, emotionally or spiritually by their parents to continue the heritage of the family foundation? Or might they not have the talent and/or the passion to continue to run it?

Question: Could future family members be more dedicated to growing the foundation than giving from it?

Question: Could the foundation grow so large that it becomes too powerful or too cumbersome for the family to manage it effectively?

Question: As time passes and the amount of wealth each descendant possesses fluctuates, could getting on the "payroll" of the foundation become a compelling financial decision, not a philanthropic one?

Question: Could the larger the foundation grows the more potential influence and power family members will have, which could lure them into any number of sinful attitudes or behaviors?

Question: Since it is all but impossible to make effectively long-term foundation plans for generations yet to be born that will be "foolproof" in every way, should we consider some safeguards against some of these potential problems?

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B. Solutions to the possible problems of a perpetual family foundation

If these above dangers of a perpetual family foundation concern you, the following alternatives may reduce the possibility of your family foundation being adversely affected by any of the dangers mentioned.

Question: What would you think about limiting the number of years your foundation will exist? It might terminate after…

- …the death of the last founder (both spouses)
- …the death of the last child of the founders
- …the death of the last living family member who personally knew the founders
- …when no direct decedent of the founder is willing or able to continue to run the foundation

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Question: What would you think about setting a maximum size to which the foundation can grow? For example, anything over that maximum size would be distributed annually to ministries.

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Question: Would you consider creating a list of long-term, preferred ministries to receive the benefits of your remaining funds once it is ultimately terminated?

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