

# ECFA's New Leadership Standard Q&A

Michael Martin and Jake Lapp

#### **Today's Presenters**



Michael Martin
President & CEO
ECFA



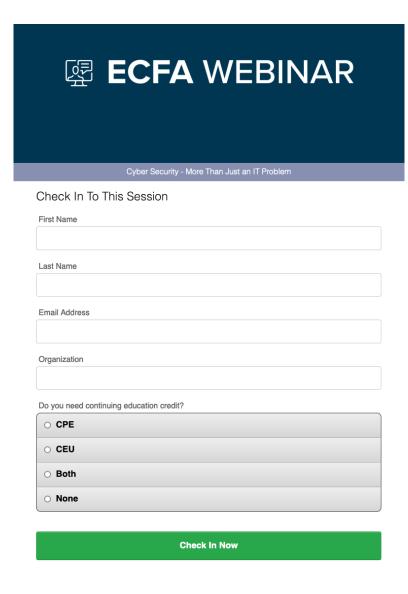
Jake Lapp
VP of Member Accountability
ECFA



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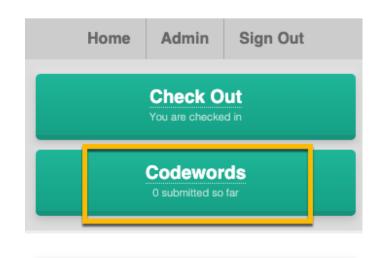




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#### The New Leadership Standard

Every organization shall proactively care for its leader and support the integrity of its leader in conformity with ECFA's Policy for Excellence in Supporting Leadership Integrity.



#### What Are We Hearing?

"Glad to see this CEO support. Realistic expectations need to be addressed, especially when you have a high functioning board."

"The proposed ECFA Leadership
Standard is an incredibly
important enhancement for those
in positions of spiritual leadership.
The demands and the stakes of
ministry are high, the trappings
and temptations many, and the
burdens are simply too heavy
to carry alone."



## What led ECFA to adopt this standard?





### **Integrity Standards Enhance Trust**



#### ECFA's Seven Standards of Responsible Stewardship™

#### Standard 1 - Doctrinal Issues

ECFA requires that each organization subscribe to a written statement of faith that affirms their commitment to the evangelical Christian faith.

#### Standard 2 - Governance

Ministry failures—or even worse, scandals, can almost always be traced to a breakdown in governance. ECFA requires each organization to have a strong and effective governing body to enhance accountability, maximize excellence in carrying out the Lord's work, and minimize susceptibility to structural breakdown.

#### **Standard 3** – Financial Oversight

The disclosure of the financial statements is key to transparency within the ministry, donors, and the public. ECFA requires each organization to engage with an independent certified public accountant to perform an annual audit, review, or compilation.

#### **Standard 4** – Use of Resources and Compliance with Laws

Accredited organizations must honor the public's trust by fulfilling fiduciary responsibilities. ECFA requires each organization to ensure that all funds are used in conformity with applicable laws and regulations and to fulfill the organization's exempt purposes.

#### Standard 5 - Transparency

Financial disclosure is the expected and required form of accountability in society, and this represents an even higher standard of openness for Christ-centered organizations. ECFA requires organizations to provide a copies of financial statements and project reports when requested, as well as providing other disclosures as the law may require.

#### **Standard 6** – Compensation-Setting and Related-Party Transactions

This standard assures donors and other supporters that the organization sets compensation and handles financial transactions in the ministry's best interests. ECFA requires every organization to exercise care and n determinations of compensation for the top leader, and integrity in all related party transactions.

#### **Standard 7** – Stewardship of Charitable Gifts

Donors often rely on information the organization provides when deciding whether to support a particular ministry or program. Therefore, organizations are responsible for truthfully representing the facts when communicating with givers. To accomplish this, ECFA requires every organization to anticipate how the typical reader will interpret information. The organization should avoid any words, pictures, graphs, or other information that might cause a typical prospective giver to reach an inaccurate conclusion.

# Why ECFA Cares About Healthy Leadership.

ECFA helps Christian nonprofits and churches maintain a healthy and trusted reputation to effectively reach the world for Christ.





#### **Rooted** in Scripture

"Carry each other's burdens, and in this way you will fulfill the law of Christ." (Galatians 6:2)



#### **Inspired** by ECFA Members

**94%** of senior leaders and board chairs told ECFA that leadership failures are negatively impacting trust.



#### **Validated** by Donors

**4 out of 5** Christian donors reported to Barna Research that it would help strengthen their trust in churches and ministries if they took steps to **proactively care for their leader's health and holistic integrity**.



#### **Enhanced** Accountability

The Leadership Standard requires that an organization's board engage with its senior leader at least annually to discuss holistic care for its leader and the leader's commitment to upholding biblical principles.



#### **Strengthened** Leaders

The Leadership Standard will give leaders much needed support to help them maintain healthy, Christ-centered leadership.

#### What the New Leadership Standard is NOT

- NOT about policing or regulating the behaviors of ministry leaders.
- **NOT prescriptive** in its requirements.
- NOT a legalistic demand for perfection out of leaders or boards.



### **About the New Leadership Standard**

- Focused on supporting healthy leadership through the board's proactive care for the integrity of the leader as a whole person.
- ECFA-accredited church and ministry boards will purposefully come alongside senior leaders to establish biblical character expectations and to be proactive in offering care for them.
- Strong support across the diversity of leaders and ministries of ECFA.





How will ECFA
hold members
accountable to the
Leadership Standard?





# Is the Leadership Standard already a requirement?





## Will ECFA now have eight Standards?



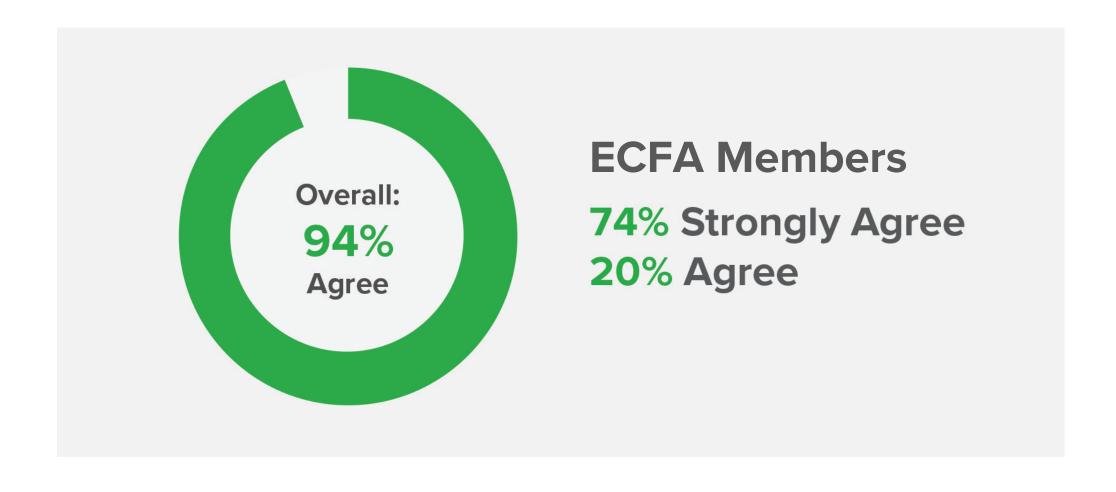


How does the Leadership Standard fit into the mission of ECFA?





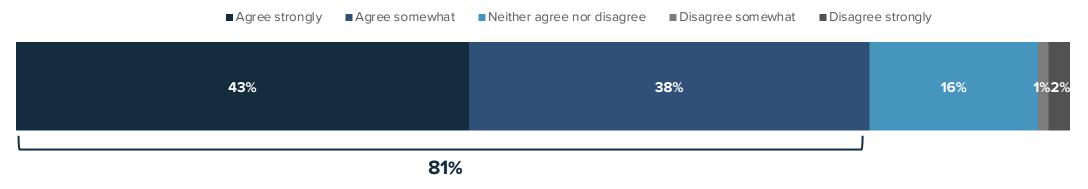
#### Impact of Integrity Failures on Trust





#### Leader Care Strengthens Donor Trust

"As a donor, it would help strengthen my trust in churches and ministries if they took steps to proactively care for their leader's health and holistic integrity.



n=191 U.S. Protestant adults with 2023 charitable giving of >\$500, 31 - February 5, 2024;





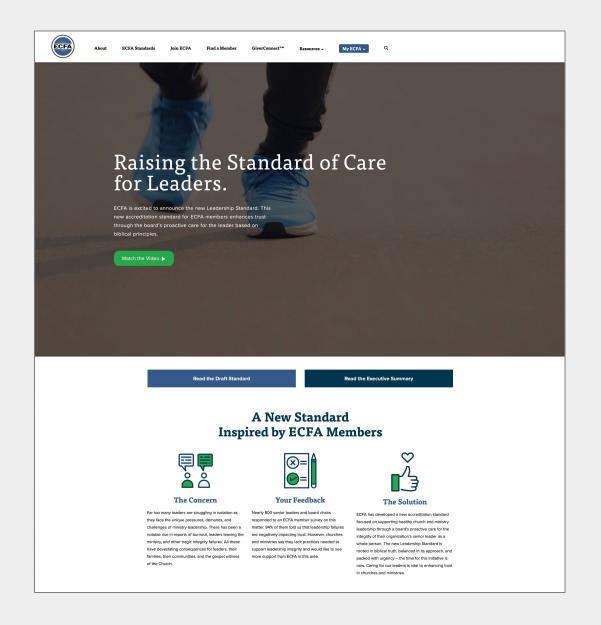
# Can we adopt the Leadership Standard early?





## Leadership Standard Landing Page





#### Questions

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