

***Fan into Flame* Final Report to the 2013 Convention**

INTRODUCTION

Fan into Flame, an audacious five-year campaign to raise \$100 million in support of the Synod's *Ablaze!* mission goal of reaching 100 million people with the Gospel by Reformation Day 2017, concluded its active fund-raising phase on October 31, 2011. Delegates to Synod's 2010 Convention voted to extend the campaign eight months past its original timeline in order to conclude work in the 35 districts of the LCMS.

The campaign is now in a passive phase wherein contributors who made significant multi-year commitments continue to fulfill their pledges through periodic gift installments.

At the Synod's 2010 Convention in Houston, delegates approved Resolution 1-01 (ref. Attachment) which required that "a final report on the *Fan into Flame* campaign be provided to the next Synod convention. This report is intended to fulfill the 2010 Convention's expectation, as well as the expectation of all those who prayed for and took a personal interest in this endeavor.

It has been said that fund-raising campaigns can have very long 'tails.' To illustrate, the most recent gift for the Synod's two-year *Forward in Remembrance* campaign (1979-1981) was this past February as the 2013 Convention Workbook and this report were in final editing. So while Resolution 1-01 of the 2010 Convention calls for a "final report," the reality is that the impact of *Fan into Flame* through the many gifts and contributors who participated will not be fully realized for several years, if not decades. The true final report will likely be read in the historical logs of the Synod and its missionaries, and in the lives and legacies of those who heard the precious Gospel of Jesus and were called to faith by the Holy Spirit.

REPORT COMPONENTS

- Campaign Overview
- Participation
- Financial Overview: Revenues, Disbursements and Expenses
- Campaign Breakdown: Restricted and Unrestricted Support
- Expense (Cost) Ratios
- Current Status and Activities
- Attachment – Resolution 1-01 (2010)

Campaign Overview

Synod's *Fan into Flame* campaign was historic and unprecedented in its scope, vision and design. It provided substantial resources in support of the mission of The Lutheran Church—Missouri Synod to “vigorously make known the love of Christ.” People in our neighborhoods and around the world are hearing the Gospel through the efforts of the *Ablaze!* movement because of the support of LCMS members and households gave through *Fan into Flame*.

Genesis of the Campaign

The Lutheran Church—Missouri Synod's *Fan into Flame* campaign was officially adopted at the 2004 Synod Convention (Resolution 1-04, 2004) to develop \$100 million in financial support for the *Ablaze!* movement, an effort to reach 100 million people with the Gospel of Jesus Christ by 2017.

Components and Distribution Plan

Fan into Flame was designed as a unique approach to partnering with LCMS households, congregations and districts. For the first time, a portion of funds raised would be returned to participating congregations and districts as support for local and regional outreach efforts. The model for the distribution of raised funds was centered around Acts 1:8, “**...You will be my witnesses in Jerusalem, and in all Judea and Samaria, and to the ends of the earth.**” The verse framed a case for raising funds intended to benefit evangelism and outreach efforts by local congregations (Jerusalem), districts (Judea), coordinated nation-wide programs (Samaria), in addition to international mission and outreach efforts (ends of the earth).

Focus Areas	Defined Goals	%	Disbursements Plan*	%
Congregations (Jerusalem)	\$15,000,000	15%	\$ 13,500,000	13.5%
Districts (Judea)	\$15,000,000	15%	\$ 13,500,000	13.5%
National (Samaria)	\$20,000,000	20%	\$ 18,000,000	18.0%
International (Ends of the earth)	\$50,000,000	50%	\$ 45,000,000	45.0%
Fund-Raising Expenses/Recovery			\$ 10,000,000	10.0%
Total	\$100,000,000	100.0%	\$100,000,000	100.0%

*figures in this column reflect disbursement goals, including those to cover fundraising expenses.

Summary

Securing \$69 million in gifts and pledges, *Fan into Flame* stands as one of the largest, ambitious and most complex campaigns in Synod's history. When combined with the sustaining annual mission gifts received during the campaign's timeframe (February 2005 through this report), the amount contributed over a six-year period to carry out witness-related work exceeded \$150 million. While the financial goal of \$100 million was not realized due to a number of significant internal and external challenges, *Fan into Flame* did strengthen the global witness of The Lutheran Church-Missouri Synod. It is also providing critical information that will enable Synod to wisely evaluate recommendations for future fund-raising campaigns using lessons learned from this six-year effort.

Fan into Flame is still relevant to LCMS Witness and Mercy work. The gifts donors continue to provide as they fulfill outstanding campaign commitments (pledge receivables) is still needed and expected in the field. These resources will carry out and complete the authorized, mission-critical work intended to share the Gospel of Jesus Christ with the world through Synod's new structure.

Participation

This specific Convention report is not intended to provide a detailed listing of every participating household, congregation, group or district. The final campaign newsletter distributed in April 2012, and available online at the Synod's website (www.lcms.org/fanintoflame) offers information about participating congregations and district engagement through April. In addition, the LCMS did not and has not secured permission from participating LCMS households to publish a donor list.

What is important to note is that at least one campaign gift flowed out of every LCMS district, whether through a district effort such as that run by the Southeastern and Texas Districts, through related District special campaigns such as that conducted in the Michigan District, or from LCMS households and congregations with each district who gave direct to the campaign.

More than 10,000 LCMS households made direct gifts or multi-gift pledges in support of *Fan into Flame*, including a substantial number of donors giving a first gift-of-record to Synod. Bible classes, local Vacation Bible Schools, men's and women's groups, family foundations and even some corporations championed the cause of evangelism and outreach through sacrificial campaign gifts.

LCMS Individuals, congregations and Districts*	10,474
Private and family foundations, corporations	31
<u>Other (schools, VBS programs, LWMLs, men's groups, etc.)</u>	<u>93</u>
Total donors, grantors and contributors	10,598

Direct Participant Congregations

Congregations making direct gifts to *Fan into Flame*: 192

Direct Participant LCMS Districts

Districts making direct gifts to *Fan into Flame*: 16

* Under *Fan into Flame* tracking and reporting protocols, a district or a congregation was counted as an indirect participant so long as at least one gift came from a member household, or a group, within that congregation or district. The information is accurately only to the extent that a specific household or group can be linked directly to an LCMS congregation and the congregation's associated district. In some cases, Synod has no verifiable data to make this type of connection for reporting purposes.

FAN INTO FLAME FINANCIAL OVERVIEW

Revenues, Disbursements and Expenses (Unaudited) as of January 31, 2013

(Note: Slight errors in totals may exist due to rounding of exact figures to the nearest whole dollar)

Campaign Revenues

Cash Received by Synod for Outreach	\$40,456,817	
Cash Received by Synod for New Ablaze! NSM Missionaries	\$ 8,926,184	
Related District and Congregational Campaigns	<u>\$ 5,753,988</u>	
Sub-Total: Gifts		\$55,136,989
Sub-Total: Pledges		<u>\$14,174,732</u>
Total Revenues: Cash, Related Campaigns, Direct NSMs, Pledges		<u>\$69,311,721</u>

Campaign Disbursements (a detailed breakdown of the following disbursements is available as a PDF download at: www.lcms.org/fanintoflame)

Campaign Expense Recovery

Cash Used for Expense Recovery (per Campaign Policies)		
Expenses Recovered – Restricted Cash	\$ 4,049,935	
Expenses Recovered – Unrestricted Cash	<u>\$14,048,052</u>	
Sub-total: Cash Used for Expense Recovery		\$18,097,988

Campaign Outreach Disbursements Net of Expense Recovery

Cash Received by Synod Disbursed for Outreach		
Jerusalem (Congregational Outreach)	\$ 2,317,017	
Judea (District Outreach)	\$ 7,302,595	
Samaria (National Outreach)	\$ 3,321,057	
Ends of the Earth (International Outreach)	<u>\$ 8,161,623</u>	
Sub-total: Cash Received by Synod Disbursed for Outreach		\$21,102,293

Campaign Cash on Deposit with Synod

Jerusalem (Congregational Outreach)	\$ 102,346	
Judea (District Outreach)	\$ 88,132	
Samaria (National Outreach)	(\$ 24,528)	
Ends of the Earth (International Outreach)	<u>\$1,090,587</u>	
Sub-total: Cash on Deposit with Synod		\$ 1,256,537

Other Campaign-Related Disbursements

Related District and Congregational Campaigns-Disbursements	\$ 5,753,988	
New <i>Ablaze!</i> NSM Missionaries: Restricted Gift Disbursements	<u>\$ 8,926,184</u>	
Sub-total: Other Campaign-Related Disbursements		\$14,680,172

Balance of Pledges

Pledge Receivables	\$ 8,777,435	
Uncollectable Pledges (Write-offs)	<u>\$ 5,397,297</u>	
Sub-total: Pledges		<u>\$14,174,732</u>

Total: Expense Recovery, Disbursements, Cash on Deposit, Pledges \$69,311,721

Expenses

Expense Detail

Incurred Expenses by Category

Consultant (Community Counseling Service Co., LLC)	(\$ 8,237,421)	41.4%	
LCMS Foundation Services ¹	(\$ 2,113,023)	10.6%	
General and Administrative ²	(\$ 1,289,471)	6.5%	
LCMS Staff Wages & Benefits ²	(\$ 5,693,060)	28.6%	
Publications and Promotion	(\$ 753,579)	3.8%	
Travel and Events	(\$ 1,266,000)	6.4%	
Other ³	<u>(\$ 530,239)</u>	2.7%	
Sub-total: Incurred Campaign Expenses			(\$19,882,793)
Cash Applied to Campaign Expenses			<u>\$18,097,988</u>
Campaign Expense Deficit Borne by Synod			<u>(\$ 1,784,805)</u>

Notes

1. The LCMS Foundation serviced the campaign with gift and pledge processing, direct marketing expertise, database management, and constituent research
2. LCMS World Mission fundraising staff expense and G&A were allocated 100% to the campaign (atypical of industry standards, which would allocate personnel by percentages between ongoing, sustaining operational requirements and the campaign). Removing these would lower the campaign costs by as much as \$6,982,531 to \$12,900,262. The rationale for industry standard practice is that the organization would still incur most if not all of these costs even if the campaign were not conducted simply to carry out regular, sustaining fund-raising in support of annual operations.
3. Comprises campaign expenses which do not fall into any of the other six categories.

Campaign Breakdown – Restricted and Unrestricted Support

(Note: Slight errors in totals may exist due to rounding of exact figures to the nearest whole dollar)

	Restricted	Unrestricted	Total
Cash: Outreach Disbursements			
Jerusalem-Outreach (Congregations)	\$ 2,317,017	\$ --	\$ 2,317,017
Judea-Outreach (Districts)	\$ 8,221,438	\$ --	\$ 8,221,438
Samaria- Outreach (National)	\$ 3,321,057	\$ --	\$ 3,321,057
Ends of the Earth-Outreach (International)	\$ 7,711,539	\$ 450,084	\$ 8,161,623
Ablaze! NSM Direct Missionary Support	\$ 8,926,184	\$ --	\$ 8,926,184
Related Congregation and District Campaigns	<u>\$ 5,573,988</u>	<u>\$ --</u>	<u>\$ 5,573,988</u>
Total Cash Disbursements – Outreach	\$35,332,380	\$ 450,084	\$35,782,464
Cash: Fundraising Releases			
Jerusalem (Congregations)	\$ 267,724	\$ (9,850)	\$ 257,873
Judea (Districts)	\$ 822,144	\$ 8,566	\$ 830,710
Samaria (National)	\$ 555,587	\$ 1,661,218	\$ 2,216,805
Ends of the Earth (International)	\$ 1,463,120	\$13,329,479	\$14,792,599
Ablaze! NSM Direct Missionary Support	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Total Cash: Fundraising Releases	\$ 3,108,574	\$14,989,413	\$18,097,988
<i>Related Congregation and District Campaigns</i>	<i>\$ Not known</i>	<i>\$ Not known</i>	<i>\$ Not known</i>
Cash: Deposits Held by Synod			
Jerusalem (Congregation Outreach)	\$ 102,346	\$ --	\$ 102,346
Judea (District Outreach)	\$ 88,132	\$ --	\$ 88,132
Samaria (National Outreach)	\$ (28,528)	\$ --	\$ (28,528)
Ends of the Earth (International Outreach)	\$ 1,071,269	\$ 19,317	\$ 1,071,269
Ablaze! NSM Direct Missionary Support	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Total Cash: Deposits Held by Synod	\$ 1,237,220	\$ 19,317	\$ 1,256,537
Pledges			
Outstanding Pledges			\$ 8,777,435
Uncollectable Pledges (Write-offs)			<u>\$ 5,397,297</u>
Sub-Total: Pledges			\$14,174,732
TOTALS:	<u>\$39,678,174</u>	<u>\$15,458,814</u>	<u>\$69,311,721</u>

Expense (Cost) Ratios

If used appropriately, fund-raising expense ratios can be a useful management and diagnostic tool to assess fundraising effectiveness and efficiency, evaluate the impact of external and internal influences beyond the direct control of the fund-raising staff, and to establish baselines against which future efforts can be measured. It is important to understand that the non-profit sector has not yet reached a definitive consensus on how to best calculate expense ratios in a way that accurately reports fundraising performance. The following are presented to show the wide range of possible ratio variables that can be used to assess performance. The ratio in bold (direct campaign expense ratio) is closest to the approach which directly correlates fundraising effort against relevant returns. It should also be noted that popular perception of what is considered to be 'acceptable' ratios is currently under close scrutiny as common benchmarks have been built on misleading information. The Better Business Bureau's acceptable maximum of 33% is a standard based upon the most current research covering non-profit cost ratios.

Gross Campaign Expense Ratio – through January 2013

Incurring Expenses	\$19,882,793
Total Cash & Pledges	\$69,311,721
Gross Expense Ratio	0.287 (28.7%)
Gross Campaign ROI	\$ 3.49

Direct Campaign Expense Ratio, excl. Related Cong./District Campaigns – through January 2013

Incurring Expenses	\$19,882,793
Synod Cash & Pledges, incl. Ablaze! NSM Direct Support	\$63,914,424
Related Expense Ratio	0.311 (31.1%)
Related ROI	\$ 3.21

Current Campaign Expenses Ratio – through January 2013

Incurring Expenses	\$19,882,793
Synod Cash (Only), incl. Ablaze! NSM Direct Support	\$49,383,001
Current Expense Ratio	0.402 (40.2%)
Current ROI	\$ 2.48

Deployed/Deployable Cash Campaign Expense Ratio – through January 2013

Incurring Expenses	\$19,882,793
Synod Cash Disbursed for Outreach, Ablaze! NSM, Cash on Deposit	\$31,285,014
Deployable Expense Ratio	0.636 (63.6%)
Deployable ROI (Net ROI)	\$ 1.57

Current Activities following Restructuring

Between October 31, 2011, the last day of the active fund-raising phase, and June 30, 2012, Synod's fund-raising unit saw the departure of the last senior campaign leader and two senior gift officers who had been intimately involved in the fund-raising effort. Several fund-raising staff members from LCMS World Mission continue to serve in the restructured advancement unit; however, their previous roles in *Fan into Flame* were support-focused rather than decision-making. The new executive director of Synod's new Mission Advancement unit started, purely by coincidence, the same day the active phase concluded.

Effective July 1, 2012, Mission Advancement employed just one full-time staff member tasked solely with providing dedicated *Fan into Flame* support, primarily for processing quarterly disbursements back to congregations and districts. Pledge fulfillment support efforts draw upon staff resources allocated to other aspects of Synod's advancement work. These staff members are in areas associated with missionary support and other pledge-based programs, allowing Synod to leverage their expertise for the benefit of *Fan into Flame* fulfillment efforts.

The passive phase of *Fan into Flame*, which focuses on supporting participants as they complete multi-gift and multi-year commitments, will continue until all outstanding pledges have either been fulfilled or written-off as uncollectable. In addition, Mission Advancement is responsible for processing the disbursement requests which direct campaign funds back to participating congregations and districts as additional cash and pledge payments are received. Progress reports are submitted to both the Chief Mission Officer of Synod and, via quarterly reports, to Synod's Board of Directors.

To date, \$5,397,297 in pledges have been written-off as uncollectable due to donor deaths, changes in personal circumstances which prevent donors from fulfilling a pledge, or because donors have been unresponsive to pledge fulfillment support efforts. Synod's policies do not treat outstanding pledges as a bill that must be paid in the face of some demonstrable consequence or aggressive collection effort.

This report was prepared by Mission Advancement with support from Synod Accounting and the LCMS Foundation. Questions may be directed to:

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Attachment

**To Celebrate *Fan into Flame* Blessings
and Commit to Its Completion**

RESOLUTION 1-01

Overture 1-01 (CW, p. 149)

WHEREAS, The 2004 LCMS convention adopted Res. 1-04, which called for the Synod to commit itself to supporting the major fund-raising effort approved by the Board of Directors of the Synod and administered by the Mission Support Unit, with a goal of raising \$100 million above the regular LCMS World Mission budget in time for a celebration of God’s blessing by the 2010 Synod convention; and

WHEREAS, This effort, named the *Fan into Flame* campaign, was begun in earnest in 2005; and

WHEREAS, The Mission Support Unit was tasked with the engagement of each district in a local and national effort in order to raise support for mission activity in local congregations, districts, throughout the United States, and around the world, using a case model that incorporated Jesus’ charge to His disciples in the Book of Acts 1:8 (“... in Jerusalem and in all Judea and Samaria, and to the end of the earth”); and

WHEREAS, Three-quarters of LCMS districts have completed their district efforts to date; and

WHEREAS, One-quarter of the districts may require additional time to complete their efforts; and

WHEREAS, Approximately \$40 million in major gift requests are pending; and

WHEREAS, \$57 million has been raised, 8,000 new donors have been added to the ranks of mission supporters, 19,000 gifts have been generated, and 1,100 congregations have participated; and

WHEREAS, A number of *Ablaze!* projects and initiatives of the Synod and her districts and congregations have been undertaken as a result of the *Fan into Flame* campaign; therefore be it

Resolved, That the Synod in convention celebrate God’s blessings through the *Fan into Flame* campaign, which has raised over \$57 million as of May 2010 for mission work in local communities, across the country, and around the world; and be it further

Resolved, That the congregations of the Synod celebrate the formal completion of the campaign on Reformation Day of 2011; and be it further

Resolved, That *Fan into Flame* campaign support mechanisms remain in place until the remaining districts and congregations of our Synod complete their campaign efforts and all pending gift requests have been closed; and be it finally

***Resolved*, That a final report of the *Fan into Flame* campaign be provided to the next Synod convention**

Action: Adopted (8)

(Res. 1-01 was adopted as presented, without debate [Yes: 819; No: 221].)