

(Generic)

Partnership Agreement

between

Living Word International

and

NNN

Generic Partnership Agreement

This agreement is reached this _____ Day of _____ the year of _____ in _____ (city) UK and _____ (city country).

Between

LIVING WORD INTERNATIONAL of(Charity Address).....; herein referred to as “LWI”
And

On the other part _____ (project partner name); herein referred to as “NNN”

PURPOSE: This agreement is entered into for the purpose of establishing a partnership between two equal, legally separate organisations and setting out the way in which LWI and NNN will relate to one another. This partnership recognises that both LWI and NNN are uniquely gifted and valuable to God with neither being superior to the other.

Although both organisations have different though equally important roles, these are for the same mutual purpose; namely to bring glory to God as expressed in a joint statement of ministry aims, underpinned by joint statements of faith and core values and by mutual respect and love in Christ. (See appendices)

1. Aim and scope of partnership.

a) In this agreement both organisations and all Board members of both organisations commit themselves to:

- i. Confirming each year their continued commitment to the agreed Statement of Faith, Ministry Aims, and Core Values, as set out in the appendices.
- ii. Promoting Christ honouring thinking by asking questions and suggesting ideas to each other.
- iii. Building Christ honouring relationships of love, understanding and mutual respect.

b) LWI endeavours to assist NNN in their work to bring Christ glory by:

- i. Providing prayer, practical assistance, training and financial support.
- ii. Supplying ethical and financial accountability.

c) NNN commits to assist LWI in their work to bring Christ glory by:

- i. Providing information necessary for LWI to supply ethical and financial accountability for the work of NNN.
- ii. Providing information necessary for LWI to be able to pray for, assist and give to NNN in a Christ honouring way.

d) NNN endeavours to assist LWI in their work to bring Christ glory by:

- i. Raising financial support within *NNN's country* so helping to meet its own needs.

2. Implementation

1) Providing prayer, practical, training and financial support.

- NNN will provide to LWI a quarterly ministry report, detailing news, prayer requests and ministry plans for the forth-coming quarter.
 - NNN will provide to LWI an annual financial report, detailing income from all sources, expenditure broken down into agreed categories with comparison versus budget and financial projections for the following year in preparation for setting the budget for that following year.
 - NNN will provide to LWI monthly / quarterly financial reports, detailing income from all sources and expenditure broken down into agreed categories for the preceding month / quarter.
 - NNN will maintain open, regular and ongoing communication with LWI, primarily through the appointed point of contact.
 - NNN will seek to participate in the network of LWI projects to provide assistance and expertise, share best practice, resource and materials as and when appropriate.
 - NNN will make available to LWI any other material related to their ministry and financial activities that LWI may reasonably request.
-
- LWI will receive and collect financial gifts from NNN supporters in the UK, handle the administration necessary to comply with UK legal requirements, and transfer funds to NNN on an agreed basis.
 - LWI will provide assistance and expertise, share best practice, resource and materials as and when appropriate.
-
- LWI and NNN will inform each other in a timely manner of any necessary temporary changes to the financial, procedural or reporting requirements as detailed above with explanation for such temporary changes.
 - LWI and NNN will use their best endeavours to ensure that no funds collected or provided under the agreement are used for any improper purposes, or purposes unlawful in the UK or NNN's country, including money laundering, supporting terrorist activity, inappropriate benefit, or for political purposes; nor to assist or be in contact with any person suspected of such activities; and to report any such suspicions to the Boards of LWI and NNN as a matter of urgency.
 - In the event of LWI or NNN sub-contracting any aspect of their work to local partners, LWI / NNN as appropriate, must:
 - Before selecting a local partner, conduct appropriate due diligence to ensure that the partner has compatible values, and the capacity and expertise to perform the sub-contract.
 - Put in place a binding written agreement with the local partner containing terms and conditions that reflect those in this agreement.
 - Regularly monitor and review the local partner's implementation of the sub contracted work.

Financial Process

Every year based upon NNN's latest annual financial report, quarterly ministry reports and previous year's budget, along with any other aspiration objectives received from NNN with estimates of cost in writing, an aspiration "target" will be set for the level of support LWI will hope to provide to NNN. This target will in no way however constitute a definite pledge of funding for that period, for such funding may not be available. On receipt of this aspiration target NNN will draw up a proposed budget for the upcoming year. This will include a detailed breakdown of all expected income from all sources (not just LWI) and a detailed breakdown of all expected expenditure with a reasonable contingency fund (that is for unforeseen expenditure). It will then be passed to LWI who will ask questions and suggest changes to NNN as per the normative process as below until budget agreement between the two parties.

Then each month / quarter on receipt of the NNN monthly / quarterly financial report detailing income and expenditure for that month / quarter, LWI will then pledge an amount for the upcoming month / quarter only depending on the funds available, which it will honour in full. With each month / quarter this process will be repeated with the aim of LWI to meet or exceed the annual "target" set at the time of drawing up the NNN budget, but NNN accepts that LWI cannot guarantee such a target or indeed any funding beyond what is pledged on a month by month / quarter by quarter basis. NNN must not rely on any continuing flow of funds from LWI other than those agreed for the next month / quarter. The successful payment of funds over a period

of time therefore will not constitute a constructive obligation to continue funding by LWI to any future date.

2) Promoting Christ honouring thinking by asking questions and suggesting ideas.

Both LWI and NNN are committed to Christ honouring thinking and will reflect on any issues raised by the other organisation where requested to do so or where required to do so under the terms of this partnership agreement.

Both LWI and NNN will suggest ideas to the Board of the other organisation with regard to the activities of that other organisation to further the glory of God through that organisation.

The suggestion of such ideas will have no binding force on the subsequent activities of either organisation, with the exception of items coming under “supplying ethical and financial accountability” as below and for activities required to allow LWI to comply with UK Law, and for activities required to enable NNN to comply with the law of NNN’s country.

3) Supplying ethical and financial accountability.

In order for LWI to supply ethical and financial accountability regarding both the activities of NNN and the process by which the decisions are made for those activities, this partnership agreement:

- a) Allows for a representative of LWI to be present and welcomed at any events carried out in the name of NNN for observation purposes.
- b) Requires the full co-operation in any audit requested or carried out by LWI or its nominated independent auditor for this purpose. This will necessitate the disclosure of all relevant bank statements and receipts for all items of income and expenditure and other reasonable documentation required.
- c) Describes a “discussion and decision making process” to be adhered to by both organisations when making certain decisions as listed below:

Decisions necessitating “Discussion and Decision Making Process”

“Discussion and Decision Making Process” is the agreed normal means by which decisions are made in major areas of policy, finance, planning or removal of staff. This includes:

- i) Any change to the joint statements of “Statement of Faith”, “Ministry Aims” or “Core Values” by either party.
- ii) The forced removal of a Board member from the Board of NNN by the Board of NNN.
- iii) The forced removal of a member of teaching or management staff of NNN by the Board of NNN.
- iv) The setting of annual budgets for NNN.
- v) Anything regarded as “considerable change to the activities of NNN” by the Board of NNN or the Board of LWI by majority vote or “considerable change to the activities of LWI” by the Board of LWI or the Board of NNN by majority vote.
- vi) Anything else regarded as “important” by either the Boards of NNN or LWI by two thirds majority such as a perceived or actual breach of this agreement, the publication / advertising / selling / donation of teaching material or any other material deemed inappropriate for whatever reason or failure to comply with the “discussion and decision making process.”

Discussion and Decision Making Process:

On identification of a possible issue requiring discussion and a decision as above the “discussion and decision making process” would be:

- a) The Boards of LWI and NNN are informed by whoever identifies the possible issue.
- b) The Board which is responsible for the proposal(s) identified as requiring the “normative process” gathers information, discusses and writes up their plans / concerns and proposed actions and submits these to the other Board. (At this stage the Board responsible for the proposal(s) may also wish to ask for advice / suggested course of action from the other Board.)

- c) The Board receiving this correspondence then asks any necessary questions to the Board responsible for the proposal(s) for clarification and to promote Christ honouring thinking and suggests any changes to the proposed course of action.
- d) The Board proposing the change in activity then replies to these questions and suggested changes accordingly and may alter its proposed course of action if deemed appropriate.
- e) This process of reasoned Christ honouring discussion continues until either agreement has been reached or a refusal to change by either Board is reached.

With failure to reach agreement LWI and NNN will then normally employ the services of an independent arbiter agreed by both parties to help facilitate a resolution to the highlighted issue(s)
 In the regrettable instance of an ongoing unresolved issue between the two boards despite arbitration, it is acknowledged that NNN and LWI remain two separate organisations in law. Consequently NNN retains the right in law to ignore the advice of LWI, but the continuity of and terms within the Partnership Agreement would then need to be reviewed.

3. Liability

This agreement with the supplementary explanatory notes (appendix 4) constitutes the whole agreement between the organisations as to the subject matter hereof and no agreement, representations or warranties between the organisations regarding the subject matter hereof other than that set out herein are binding on the organisations. Consequently LWI and NNN hold no liability whatsoever for the actions of the other party.

4. Duration and termination

This partnership agreement shall become effective upon signature by the authorized officials from LWI and NNN on, and will remain in effect for This agreement is subject to 5 yearly reviews by both organisations and changes to this agreement shall be made by mutual consent between both organisations.

In cases of disagreement, the organisation wishing to terminate the agreement shall, wherever possible, give 21 days written notice of its intention to do so to the other organisation.

In addition within the notice period both parties are required to write to any stakeholders, such as financial donors and prayer supporters, and provide a copy of such correspondence to the other party.
 In order to facilitate this correspondence, both parties pledge to provide any necessary correspondence addresses to the other party and LWI is to inform NNN of any donors who have recently made donations to the NNN designated fund which have not yet been passed on to NNN.

In this correspondence both parties are required to:

- a) Explain in a Christ honouring manner why the decision to end the partnership agreement has been taken.
- b) Explain to any financial donors that have recently donated to the NNN designated fund where their funding has not at that time been passed on to NNN, that they may now chose to either ask LWI to pass their donation on to NNN as previously specified or reallocate the funding to another fund within LWI. LWI will then honour their request in full. Should a donor not reply to this correspondence the funds will by default be sent to NNN.
- c) Explain the future arrangements for how to continue to support NNN where known to that party.

In witness whereof, the duly authorized representatives of the organisations hereto have affixed their signatures in their names below.

Thus done and signed aton this day of.....2019

Name:

Name:

Signature:

Signature:

.....

.....

Chair of Trustees LWI
Address:

Trustee LWI
Address:

.....
Name:

.....
Name:

Signature:

Signature:

.....
Chair of Board NNN
Address:

.....
Director NNN
Address:

.....
As witnesses: For LWI

Witness 1
Name:

Signature:

Address:

.....
Witness 2
Name:

Signature:

Address:

.....
As witnesses: For NNN

Witness 1
Name:

Signature:

Address:

.....
Witness 2
Name:

Signature:

Address:

Appendix 1 to agreement - Statement of Faith

The parties to this agreement abide by the truths set out in the widely recognised Doctrinal Basis of the Universities and Colleges Christian Fellowship (UCCF).

Doctrinal Basis

The basis of the Fellowship shall be the fundamental truths of Christianity, as revealed in Holy Scripture, including:

- a. There is one God in three persons, the Father, the Son and the Holy Spirit.

- a. God is sovereign in creation, revelation, redemption and final judgement.
- b. The Bible, as originally given, is the inspired and infallible Word of God. It is the supreme authority in all matters of belief and behaviour.
- c. Since the fall, the whole of humankind is sinful and guilty, so that everyone is subject to God's wrath and condemnation.
- d. The Lord Jesus Christ, God's incarnate Son, is fully God; he was born of a virgin; his humanity is real and sinless; he died on the cross, was raised bodily from death and is now reigning over heaven and earth.
- e. Sinful human beings are redeemed from the guilt, penalty and power of sin only through the sacrificial death once and for all time of their representative and substitute, Jesus Christ, the only mediator between them and God.
- f. Those who believe in Christ are pardoned all their sins and accepted in God's sight only because of the righteousness of Christ credited to them; this justification is God's act of undeserved mercy, received solely by trust in him and not by their own efforts.
- g. The Holy Spirit alone makes the work of Christ effective to individual sinners, enabling them to turn to God from their sin and to trust in Jesus Christ.
- h. The Holy Spirit lives in all those he has regenerated. He makes them increasingly Christ-like in character and behaviour and gives them power for their witness in the world.
- i. The one holy universal church is the Body of Christ, to which all true believers belong.
- j. The Lord Jesus Christ will return in person, to judge everyone, to execute God's just condemnation on those who have not repented and to receive the redeemed to eternal glory.

In addition to this positive statement of faith Living Word International also affirms the “Akropong Statement on Prosperity Teaching 2009.”

Ref: <https://www.christianitytoday.com/ct/2009/decemberweb-only/gc-prosperitystatement.html>

Appendix 2 to agreement – Ministry Aims

The parties to this agreement seek to glorify God through six ministry aims:

1. To develop among students:
 - a) A greater appreciation of the benefits of faithful exegesis and expository preaching.
 - b) A greater appetite for training in the skills of faithful exegesis and expository preaching.
 - c) An atmosphere in which gifted students are encouraged and supported to pursue such training.
2. To equip students with the principles of faithful biblical exegesis and exposition, in order that God may be glorified in their own contexts as they:

- a) Feed personally from God's living word.
- b) Teach and preach the word of God faithfully to others.
- c) Correct and rebuke error where necessary.
- d) Teach others these principles and encourage further training in their understanding and application.

3. Unite like-minded individuals and organizations committed to the faithful exegesis and exposition of God's word so that:

- a) Such individuals and organizations are strengthened and kept accountable by each other in their work.
- b) A more co-ordinated approach among those involved is developed in this great task.
- c) Amongst such people, Christ's love is manifested across denominational, geographical, tribal and other boundaries.

4. To support new initiatives across the world through partnership agreements between LWI and like minded local indigenous organisations with the purpose of furthering the first three aims.

5. To intentionally evolve and develop the work so that the first four aims are maintained with long term and local sustainability.

6. In our implementation of all the above aims, to be committed to personal and corporate obedience to the Word of God, so that by God's grace, we bear the fruit of transformed Christ-like lives in ourselves and encourage such Christ-likeness in others.

**Note that "students" refers to any Bible student linked to any training event or programme, not just people of student age.*

Appendix 3 to agreement - Core Values

The chief end of the work of the parties to this agreement is to glorify God: We do this by being:

Committed to Biblical Truth

We are committed to biblical truth and joyfully affirm historic, evangelical Christianity as summarised in the historic Creeds and our statement of faith.

Dependent on God

In faith we depend on God for the provision of all our needs. We will demonstrate diligence, integrity, sharing, transparency and accountability in cultivating and using the resources God provides.

A People of Prayer

Prayer is foundational in our life and ministry. By prayer we praise God, seek his direction, request resources, and call upon the Holy Spirit to empower our ministries.

Making and Maturing Disciples of Christ

We are committed to the urgent and unfinished task of making and maturing disciples of Jesus Christ in all nations. In doing this we desire to work in loving, trusting, interdependent relationships with churches and other partners who share our vision.

Church-Centred

We are committed to the equipping of the local church to be the expression of Christ in their communities and to reach out with cross-cultural missionary vision and action.

Concerned About Human Needs

We humbly acknowledge that the ultimate human need is to know God the Father and the saving work of Jesus Christ. However we also believe that he has called the Church to compassionate, holistic service in this broken world by alleviating suffering, fostering development, and effecting change in society.

A Christ-like Community

We desire to be a transforming community dedicated to becoming like Christ in love, servant hood, holiness, and obedience to the Father. We believe that following Christ's example means sacrifice, sometimes hardship, and perhaps even death.

A Learning, Growing Community

We believe in the worth and giftedness of each person in LWI, its partner organisations and of those we seek to serve. We practise the giving and receiving of discipleship, life-long learning, consultative leadership, mutual development, and training as enduring disciplines.

Strengthened Through Diversity

We are intentionally interdenominational, international, and multiethnic. We believe this expresses the unity of the body of Christ in the world. We believe we will be more effective in ministry as we incorporate the richness of cultural diversity in LWI and its partner organisations and celebrate our oneness in Christ.

Responsive to Our Times

We will respond with creativity and courage to evolving needs and opportunities under the guidance of the Holy Spirit. To be effective and relevant, our ministries, priorities, and structures are subject to ongoing evaluation and adaptation.

Appendix 4 to agreement: Supplementary explanatory notes

The purpose of these supplementary notes is to help explain the need for and contents of the “Partnership Agreement” as detailed above, a document that formally describes the relationship that Living Word International seeks with its partner organisations.

Ethos of the Partnership Agreement

Above all, Living Word International seeks a relationship of mutual respect, trust and love in the Lord Jesus with its partner organisations reflecting our relationship in Christ to the glory of God. Whereas the different partners will have different roles, we are of equal importance before God. Each has its particular strengths and weaknesses, gifts and needs and all will flourish best under God as we recognise this and work in partnership.

Cross-cultural partnerships are not easy. Therefore, for the glory of Christ, every effort must be made to agree to intentionally face each other’s biases and brave the challenges that culture brings, in the confidence that our unity in Christ will lead us to overcome any difficulty.

Much of the content of the “Partnership Agreement” is based upon guidelines from the UK Charities Commission and “Stewardship” a Christian organisation that provides support to UK Christian charities to ensure that they comply with the requirements of the UK Charities Commission, necessary to become and continue to be a UK registered charity. Consequently some of the phrases may seem unnecessary or even insulting such as the statement of not supporting terrorist activity. Such phrases are included as a requirement, not because of any genuine belief that this would be the activities of the partner organisations.

The need for the partnership agreement is three fold:

- 1) To positively state what both parties endeavour to provide and commit to as necessary for the flourishing of the partnership relationship of mutual respect and trust to the glory of God.
- 2) To state clearly the boundaries of what is and what is not acceptable to both parties so that should any disagreements exist between the parties there is a previously signed document to which both parties can refer and appeal which describes both these boundaries and the process of dispute resolution.
- 3) To satisfy the requirements of the UK Charities Commission.

What follows is a series of “frequently asked questions” with answers that it is hoped will address any concerns from prospective local partner organizations. Living Word International welcomes any further questions to help clarify any uncertainty as to what partnership will entail.

Dr. Stuart Creed
February 2019

Frequently Asked Questions

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Managerial Questions

What are the benefits of Living Word International being a UK registered Charity?

There are two principle benefits of being a UK registered charity:

- a) Being a UK registered charity enables Living Word International to claim 25p from the UK Government for every £1 that is donated by a UK taxpayer. Consequently a £100 donation in effect means that £125 can be passed on to a partner organisation.
- b) Being a UK registered charity submits Living Word International to a process of careful and extensive accountability to ensure that all donations received are passed on in accordance with our stated charitable aims.

What powers are associated with the accountability provided by Living Word international?

According to the law of both the UK and the partner's country, Living Word International and the partner organisation are two separate legal entities with neither holding any liability for the other or legal powers over the other.

As such the partnership agreement simply describes the partnership between the organisations. A breach of the partnership agreement by either party will therefore have consequences for the relationship between the two parties, but will not affect the legal status or legal rights of either organisation.

Why does the partnership agreement specify that there is a requirement for a “normative process” to begin before the forced removal of a member of staff or Board member of a local partner organisation?

Fundamental to the success of the relationship of mutual respect, trust and love between Living Word International and its partner organisations are the relationships between the individuals concerned especially at Board level, but also at staff level, particularly senior staff.

As such to protect those relationships and those individuals from inappropriate forced removal from their positions, the partnership agreement specifies the need for a “normative process” before a forced removal occurs if the partnership agreement is to flourish. It is hoped that this additional accountability and support for the partner organisation will ensure that the process itself and any action taken is appropriate and so honouring to God.

What representation will the partner organisation have on the Board of Living Word International?

Living Word International regards good representation on its Board from each of its partner organisations as extremely important. Legally a single board member cannot in UK law have specific responsibility or executive powers towards a specific partner organisation. Consequently each partner organisation will have a “Principle Point of Contact” a person who is responsible for providing good communication with the specified partner and who will serve as an advocate on the Board for that partner organisation. They will also implement decisions made by the whole Board regarding the organisation for which they are the principle point of contact.

What is meant by “support” in the fourth aim of Living Word International from the perspective of a partner organization?

The fourth aim of Living Word International is “To support new initiatives across the world through partnership agreements between Living Word International and like minded local indigenous organisations with the purpose of furthering the first three aims.”

By signing their agreement to this fourth aim of Living Word International local indigenous partner organisations are only pledging their support for this particular aim in principle. Such support does not require

the local indigenous partner organization to support with finance or practical support, though should such be offered from one local indigenous partner organization to another this would be welcomed by Living Word International working towards a network of mutually supportive like minded Word training organisations.

What are the requirements for partnership with Living Word International?

Before entering into partnership with Living Word International, the following are requirements for each Local Partner Organisation. They must:

- a. Be registered as a legal entity in their local country according to the law of that country.*
- b. Have Articles of Association or a Constitution or similar document that describes the legal framework for its administration that is acceptable to LWI.
- c. Have a separate bank account into which funds may be received. This must be in the name of the organisation, not an individual.*
- d. Be composed of a board of at least 3 board members with all board members committed to the statement of faith, core values and aims of LWI.
- e. Have provided its agreement to the person to be appointed as the “Principle Point of Contact” for their organisation on the Board of Living Word International.
- f. Be willing to sign the partnership agreement with Living Word International which outlines the relationship between that organisation and LWI.

Notes:

In addition to the “Statement of Faith” of Living Word International the partner organisation may have additional clauses to its statement of faith. Such additional clauses are welcomed by Living Word International, but all must be unanimously acceptable to every Board member of Living Word International.

In addition to the “Core Values” of Living Word International the partner organisation may have similar core values or similar principles stated in a separate document that is recognised as foundational to the functioning of that organisation. Living Word International similarly welcomes this, but any such documentation must also in its entirety be unanimously acceptable to every Board member of Living Word International.

Living Word International recognises that partner organisations may also have aims in addition to those of Living Word International as specified in the partnership agreement. Again such additional aims need in their entirety be unanimously acceptable to every Board member of Living Word International. However in addition it should be noted that the provision by Living Word International of prayer, practical assistance, training and financial support and the supply of ethical and financial accountability as specified in this agreement will only be towards the aims of Living Word International specified in the agreement.

*LWI recognises that in certain countries around the world legal registration as a Christian organisation is either not possible or dangerous for those people concerned. Where this is the case, legal registration and an organisational bank account are not requirements, but in such circumstances, LWI will need to provide additional accountability beyond the standard set in the generic partnership agreement. Each specific application will be examined on a case by case basis.

The five fold development model envisages the “Pioneer in Ministry” becoming the “Staff Team Leader” and then “National Director”. Is there scope for the person in that role to change between stages of development?

Yes. Once the Local Board is in place the appointment and removal of staff will always be the role of the Local Board, though it should be noted that the removal of teaching or managerial staff is subject to the conditions laid out in the partnership agreement if the partnership agreement is to continue.

Why are points ii and iii included (forced removal of a Board member / teaching or

management staff) included in the list of items requiring a normative process to be followed?

The reason this clause exists is not to interfere with the local management's authority, for only the local partner organisation has the power to forcibly dismiss staff and this must always be the case.

But, if a Board member or member of teaching or managerial staff is forcibly removed, it will by definition, affect the relationship between LWI and its partner organisation. Many of our donors give on the basis that they have met individual Board members or staff members and so have confidence in them. Much of LWI's fundraising is motivated by the fact that LWI has confidence in those individuals. The forced removal of a Board or teaching / managerial staff member without any explanation would therefore dramatically affect the LWI / NNN relationship. Because LWI is a steward of other people's money LWI would then be obliged to inform them of this as many have given on the basis of their relationship with the individual(s) concerned. As such they might want to stop their pledged support which was based on the strength of that relationship. The partnership agreement therefore requires that LWI is informed of a proposed forced removal before it happens for the sake of our ongoing relationship. Regardless of the outcome, the activity of informing / understanding / asking questions / suggesting ideas etc. (the "normative process") will support our ongoing relationship. If LWI was only able to raise a concern after someone was forcibly removed, then it would probably be too late for the relationship damage will have already been done.

Financial Questions

Why is there a requirement for the partner organization to provide regular ministry and financial reports?

Our aim at Living Word International is to provide the best level of support that we can for our partners. Consequently good communication is necessary to facilitate that support, be it in up to date prayer, fund raising for needs or providing good accountability for financial management. As such the partnership agreement does specify a minimum frequency of reporting and some specific details for that reporting to enable this to happen.

Why is there a requirement to provide a record of all income from all income sources in

the regular financial reports?

Fulfilling the 5th aim namely “to intentionally evolve and develop the work so that the first four aims are maintained with long term and local sustainability” will mean that in time partner organizations will raise a growing proportion of the income they require for sources other than LWI. Nevertheless LWI continues to require its partner organisations to declare other income sources and amounts in the interest of good transparency and accountability. It is recognized for example that an expenditure item could be allocated to both LWI’s funding and that of another donor so satisfying both income providers, whilst at the same time the money provided by one of the providers is misappropriated.

Why is the “financial process” for the annual budget as it is in the partnership agreement?

At first reading the financial process can appear complex and lead to questions such as why can Living Word International simply not pledge the amount to be given?

Please note that the exact wording in this section has been carefully constructed so that the requirements of the UK Charities commission can be met. Living Word International cannot legally pledge money that it doesn’t actually hold in a bank. This wording therefore is balanced legal language to allow for the possibility of failure to raise the aspiration target to protect Living Word International, yet at the same time still provide the partner organization with reassurance that Living Word International will make every effort to achieve their aspiration target. In practice Living Word International will be conservative in their aspiration targets and aim to hold a reserve. Furthermore, if there are any perceived difficulties regarding meeting their aspiration target Living Word International will inform their partner organisations of as soon as these become evident.

How will cash flow work practically given the requirement for regular financial reports in the partnership agreement?

At the same time as the annual budget is proposed by the partner organisation (using the aspiration target made by LWI) the partner organisation will also propose, as part of their budget, a 12 month plan outlining the payments to be made each month/ quarter based upon the expected outgoings for each month / quarter. LWI encourages partner organisations to work with a working reserve capital of 12 weeks to ensure that any unexpected expenses or any delays in money transfer do not adversely affect their cash flow.

Should a partner organisation wish to alter the annual payment plan at any stage, LWI requires a written explanation of why this is necessary to provide good accountability. Such an adjustment would however not be unreasonably withheld by LWI.

How does Living Word International calculate the amount of the annual aspiration targets that it then passes on to its partner organisations?

The process for determining the annual aspiration target is complex. First the needs of the individual partner organisations are assessed based on their financial reports, ministry reports and previous year’s budget, along with any other aspiration objectives received from specific partner organisations.

Secondly the likely funding is assessed for all designated funds by categorizing all giving into three categories, pledged, probable and possible based on previous donations from particular individuals / churches / trusts and what they have said (if anything) about future donations. Other factors are taken into account such as the current balance in the designated fund, opportunities for fundraising and the current and projected strength of the UK economy and the British pound.

The LWI will then compare the needs and the provisions for each partner as well its own financial needs to run in the UK. After this funding from the LWI general fund may be transferred if available to any of the designated

partner organization funds depending on need, priority and strategy to arrive at the aspiration target for each partner organization.

The Board of LWI reviews the financial position of every designated fund on a quarterly basis with cash flow estimates up to 15 months in advance. LWI will inform its relevant partner organizations as soon as any concern arises regarding the ability of LWI to reach its aspiration target for that partner organisation. LWI will also inform its partner organizations if there are considerable additional funds compared with what is expected and seek ideas from the relevant partner organization regarding appropriate use of such additional funds. It should be noted that LWI has no right in UK Charity law to use NNN designated funds for anything other than passing on to their designated recipients, with one exception, namely that of paying for UK expenses when there is no money in the LWI General Fund.

Will partner organizations be informed of the current value of their respective designated funds?

Yes. On a quarterly basis each partner organization will be informed of:

- a. The current bank balance in their respective designated fund.
- b. The value of the creditors and debtors for that fund.
- c. The reserves for that fund that are being held (the LWI target is 3 months of normal funding for that partner organization.)
- d. Any other money kept aside within that fund for a specific project.
- e. The working capital for that fund (that is the sum that is left after points 2-4 are taken into account)
- f. The cash flow projections for that fund for at least 12 months.

How is money in the partner organisation's designated fund divided up / allocated to different projects?

Unless mutually agreed by both LWI and the respective partner organisation no funds in that partner's designated fund will be allocated to any specific items / projects not ordinarily in the annual budget. As such, the aspiration payments that LWI pass on to its partner organisations will be spent in line with the agreed budget established at the start of the financial year. The partner organisation has an obligation to keep its expenditure to budget as well as it is able within all the agreed budget lines, but LWI recognizes that certain budget items may be under or over spent depending on specific circumstances. Should specific budget lines be considerably under or over spent, LWI would expect an explanation for such to be part of the regular reporting to LWI.

If mutually agreed certain funds can be held back for a particular expenditure item. Any donations received requesting that they be put towards this particular expenditure item will be honoured unless that donation is needed to ensure LWI reaches its aspiration payment for that partner organisation for that financial year.

In setting the annual budget why can the partner organization not set their aspiration target based on the objectives it seeks to achieve and then share these with Living Word International to then provide towards that budget?

Living Word International strongly supports its partner organisations setting their own budgets and realistic aspirations for development. However Living Word International alone can determine how much money it can aspire to pledge, for it is best placed to judge this based on its bank balance, pledges of support and possible additional support within the UK.

Consequently it is our believe that by beginning with the aspiration target from Living Word International the partner organization can most easily draw up a realistic budget. By starting with the aspiration target of the partner organization there is the possibility of Living Word International being able to provide more than was requested, so limiting the ministry of the partner organization; or the partner organization asking for more than could be provided so straining relationship and bringing disappointing to the vision of the partner organization. It should also be noted that in addition to its regular financial support, Living Word International very much welcomes additional written requests for funding coming from the aspirations of its partner organisations for specific developments for their ministries. These will each be considered on merit and Living Word International will endeavour to support these requests where possible, bearing in mind other similar requests from other partners or additional demands upon the resources of the charity.

Under the 5th aim, what would happen if a partner organisation were to fail, even in the long term, to become locally sustainable and so a net contributor to the network?

The 5th aim of the LWI network states that partners will “intentionally evolve and develop the work so that the first four aims are maintained with long term and local sustainability.”

Whereas achieving this aim is desirable, it is very much recognised that to do so, even in the long term, may not prove possible for some of our partners because of the particular contexts in which they work. It is therefore as aspiration rather than a requirement. Where organisations struggle to progress in their local sustainability others in the network should seek to help rather than be quick to criticize or pass judgment.

Are there additional benefits or charges that are made by LWI on funds donated?

LWI will recover gift aid on all eligible donations from the UK Government (currently at 25% of the donations) and allocate these to the same designated funds into which the donation is received. However, a 10% allocation to the general fund from the donation received (not 10% of donation + gift aid) will made on all donations. This money in the general fund will be used for the UK expenses. Annually, the general fund will be reviewed and where budgeting allows will be allocated according to need to one or more of the designated funds at the discretion of the LWI trustees.

What will happen to any funding that a partner organisation is already receiving from supporters in the UK once they enter into partnership with LWI?

LWI has a series of designated funds, one for each of the partners it supports. Any pre-existing donors should therefore be contacted and asked to donate instead to the particular designated fund at LWI for the partner concerned

All donations that the new partner organization is already receiving when it begins its partnership with LWI will not be subject to any deductions from the general fund. Additional donations to these however may be subject to a charge to the general fund. Currently that charge is 10% of the donations received.

In calculating the percentage of funds going to any one organisation from LWI for classification regarding the five operational stages such funds will be counted as not coming from LWI.

Does Living Word International hold “restricted funds”? If not, why not?

LWI does not hold any restricted funds; that is funds from which only one specific partner organisation can legally benefit.

Instead LWI holds “designated funds” for each partner it supports as well as a General Fund which will be used where available to cover UK expenses. As the name suggests, every effort will be made to designate the funds as directed by the donors, but in the event that the General Fund does not hold sufficient funds to pay for UK administrative expenses the designated funds will be used to pay for these expenses in proportion to the previous 12 months of income of the various designated funds.

Restricted funds would not allow this flexibility and in the unlikely event of a partner organisation failing for whatever reason, a restricted fund would not allow the donated money it contains to be used for any other cause. Designated funds on the other hand would allow for this reallocation. Consequently in this scenario the individual donors would as far as possible, be contacted and asked to re-designate their donations. Failing that the funds would be transferred to the General Fund.

What is the long term vision for how Living Word International will relate to its indigenous partner organizations?

Our conviction at Living Word International is that the purposes of God are best served as the body of Christ works together as each part does its work according to its means. In the long term this means that Living Word International seeks be strengthened by local indigenous organisations through prayer and by learning from them and endeavours to strengthen local indigenous organisations through financial, prayer and logistical support. Over time it is our belief that by these means such partnerships should facilitate the further development of both parties. As the Lord enables, this would mean that the local indigenous partner becomes financially independent of Living Word International and that Living Word International becomes more honouring to Christ in its work, so that as soon as is appropriate both parties can offer their support to other similarly minded organisations across the world to the glory of God.