Ethical Considerations in Fundraising
Ethics Case Exercises

- We will explore a few ethical dilemmas/case exercises at the conclusion of our remarks. As you consider the best solution for each case, ask yourself:

  If you use this solution…
  - Will you be able to look in the mirror and feel proud?
  - Can your organization stand tall in front of donors?
  - Would it stand up under scrutiny of the press?

*Remember this: Winning at all costs may be good for business, but rarely good for non-profits.*
Ethics: What is it?

- Start with what ethics is NOT
  - Ethics is not the same as feelings
  - Ethics is not religion
  - Ethics is not simply following the law
  - Ethics is not following socially accepted norms
  - Ethics is not science

Why are Ethics Important in Philanthropy?

- “Ethical standards and principles are the foundation for maintaining public trust” AFP

- “The foundation of philanthropy is ethical fundraising” AFP

- The fundraising sector has therefore created industry standards, self-assessments, and watchdog organizations to help realize, maintain, and improve its transparency, accountability and good governance.

- These initiatives are on top of the legal code and are fundamental in this mission-driven sector.
Why do we need a Code of Ethics?

- Field of Philanthropy has grown dramatically, resulting in
  - Large membership campaigns
  - Systematic solicitations
  - Sophisticated programs
  - Competition for funds
  - Need for prospect information

- Growth has spurred associations to draft formal statements about ethics regarding issues arising in the course of their work
Industry Standards

- **Industry Standards**
  - Giving Institute’s Standards of Practice and Code of Ethics (1935)
  - CASE’s Statement of Ethics (1982)
  - Donor Bill of Rights (1993)

- **Self-Assessment**
  - AFP’s Ethics Assessment Inventory (2011)

- **External Assessment/Watchdogs**
  - Charity Navigator
  - Guidestar
  - GiveWell
  - Better Business Bureau
The Giving Institute (formerly the American Association of Fundraising Counsel) was created to enhance the professionalism of a field that was disorganized and sometimes misunderstood and mistrusted.

- Its first act in 1935 was to develop a fair practice code.

- Known today as the Standards of Practice and Professional Code of Ethics, it is widely accepted as a model for professional ethics in the field.
AFP Code of Ethical Principles and Standards

- The **Association of Fundraising Professionals** (AFP) exists to:
  - Foster the development and growth of fundraising professionals and the profession
  - **Promote high ethical behavior in the fundraising profession**
  - Preserve and enhance philanthropy and volunteerism

- **In 1964, AFP adopted a Code of Ethical Principles and Standards**

- Amended in 2007 and updated in 2009, AFP members (individual and business) subscribe to this Code. This includes recognizing their responsibility to ensure that:
  - needed resources are vigorously and ethically sought
  - the intent of the donor is honestly fulfilled
The Council of Advancement and Support of Education (CASE) is an international association serving educational institutions and their advancement professionals.

Adopted in 1982 by the CASE Board of Trustees, its Statement of Ethics aims to guide and reinforce professional conduct in all areas of institutional advancement.

The statement also aims to stimulate awareness and discussion of ethical issues that may arise in professional activities.
Developed by industry experts AFP, AHP, CASE, and the Giving Institute in 1993 for charitable donors.

The Bill aims to ensure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the nonprofit organizations and causes they are asked to support.

Industry-accepted; all quality non-profits should subscribe to this.
Donor Bill of Rights

1. To be informed of the Organization’s mission
2. To be informed of those serving on the governing board
3. To have access to the organization’s most recent financial statement
4. To be assured their gifts will be used for the purposes for which they were given
5. To receive appropriate acknowledgement and recognition
6. To be assured that information about their donations are handled with respect and confidentiality
7. To expect professional relationship with individuals representing organization
8. To be informed whether those seeking donations are volunteers, employees or hired solicitors
9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share
10. To feel free to ask questions when making a donation
The Partnership for Philanthropic Planning (formerly NCPG) is an international association serving the charitable gift planning community and their advancement professionals.

Adopted in 1991 and revised in 1999 by the Board of the National Committee on Planned Giving and the American Council of Gift Annuities (ACGA), its Models Standards of Practice for the Charitable Gift Planner aims to encourage responsible gift planning.

The statement also aims to stimulate awareness and discussion of ethical issues that may arise in professional activities.
External Watchdogs

- Charity Navigator
- Guidestar Exchange Initiative
- GiveWell
- Better Business Bureau (BBB) Wise Giving Alliance’s National Charity Seal Program
Self-Assessment

Association of Fundraising Professionals’ Ethics Assessment Inventory

- **Online voluntary survey launched by AFP in 2011; results are anonymous.**

- AFP members can examine the alignment between:
  - their personal ethical performance
  - that of the organizations in which they work
  - their AFP peers

- Asks fundraisers to rate how well they:
  - keep current with fundraising best practices
  - make decisions based on the best interests of their organization and its donors
  - foster transparency
  - adhere to the AFP Code of Ethical Principles and Standards
Other Ethics Guidelines and Tools

- AFP Social Media Guidelines
- Giving Institute Code of Ethics and Standards
- Partnership for Philanthropic Planning Model Standards for Gift Planners
- AFP Ethics Assessment Inventory
  
  (Available at [http://afpnet.org](http://afpnet.org) for members)

- AFP and PPP websites contain a plethora of ethics materials, cases studies and articles.

- *Advancing Philanthropy* has a page for current topics in each issue
Online References

- Giving Institute’s Professional Code of Ethics and Standards of Practice

- AFP ethics materials, case studies and articles
  - AFP’s Code of Ethical Principles
    - [http://www.afpnet.org/Ethics/EnforcementDetail.cfm?ItemNumber=3261](http://www.afpnet.org/Ethics/EnforcementDetail.cfm?ItemNumber=3261)
  - AFP’s Social Media Guidelines
  - AFP Ethics Assessment Inventory
    - [http://www.afpnet.org/Audiences/MemberNewsDetail.cfm?ItemNumber=5754](http://www.afpnet.org/Audiences/MemberNewsDetail.cfm?ItemNumber=5754)
  - Advancing Philanthropy has a page for current topics in each issue
    - [http://www.afpnet.org/Publications/CurrentIssue.cfm](http://www.afpnet.org/Publications/CurrentIssue.cfm)
  - Donor Bill of Rights
References for further reading


Case Study

You are a Director of Development at a New York City private school, preparing for an upcoming capital campaign. A *New York Times* article has just come out, outlining the high levels of competition for philanthropic dollars within the NYC private school realm.

Your Board Chairman wants to hire as Campaign Director a highly seasoned, successful sales person, who was the top sales person at GE for a decade. This candidate is clearly the best option. However, she will only work on a percentage-based compensation plan. You are confident that you can surpass the school’s established goal.

Do you:

a) Decide not to interview the candidate, stating that your school strictly adheres to a base pay compensation model?

b) Offer to interview the candidate, to see what this percentage-based compensation plan would look like?

c) Accept the idea with gusto!
**Ethical Dilemmas**

1. A hospital foundation CHAIR and capital campaign co-chair (same person) said he will make a $500,000 gift to the campaign IF the hospital parent company will consider moving their investment portfolio to the financial investment firm that he owns.

2. A donor says that he will consider a $250,000 gift to the campaign if their institution will hire his sister, who is actually fully qualified for the position, for a nursing role within the hospital.

3. Tobacco company will consider a major gift to the hospital to support, in part, a smoking deck for hospital personnel and guests.

4. Top donor recommends an un-qualified student for acceptance.

5. Donor pledges to make a transformational gift but she asks that it is to fund something that is not supported by the organization’s mission.

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**Sample Cases For Discussion**

1. “The Big Favor”

2. “Building on Principle”

3. “Finder’s Fee”