October 2024

AFP CODE OF ETHICAL STANDARDS
SAMPLE CASES FOR ETHICS EDUCATION

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Public Trust and Transparency
The Parent, The Son, and The Updated Estate Plan

Ethical Dilemma:

You are a major gift officer. You have been working with a female donor (recently widowed) for nearly a decade. The donor's children live out of the area and see the donor once or twice a year, at most. The couple is a member of your planned giving society and has been for more than 5 years. The donor calls to tell you they are updating their estate plan. The donor asks you to participate in a meeting with the donor's attorney to make sure that their planned estate gift is appropriately structured and correctly worded. You attend the meeting with the donor in the attorney's office, provide the requested information, and document the visit in the donor's records. Several months after the plan is finalized, you receive a voicemail from the donor's son challenging your role in the estate plan and accusing you of diverting assets that had been intended for the heirs.

Who's involved:

- Donor - an individual you have been working with for nearly a decade.
- Donor Attorney - invited by the donor.
- Donor's Son – lives out of the area.

What are the possible ethical issues; who else might be impacted?

1. Are all your actions within the scope of your role, the boundaries of your role, and in your areas of expertise?
2. Could any of your actions have created a real or implied conflict of interest?
3. Could any of your actions be interpreted as using or possibly using undue influence over the donor?
4. Members of the donor's immediate or extended family could be impacted by the donor's decision.
5. Does the son who left you the voicemail message have legal standing such as power of attorney or prior permission from the donor to allow you to speak with him, or for you to return the call without the donor's knowledge or permission?

What are some possible considerations or solutions?

Internal Assessment:

Clarification and Documentation:

- Review the documentation of the meeting to ensure it accurately reflects your role and actions.
- Clarify your role and intentions with the donor's family, emphasizing that your participation was to ensure the donor's wishes were correctly documented.

Professional Boundaries:

- Assess whether you stayed within your professional boundaries and did not provide advice outside your competence.
- Ensure that in the future, such meetings include the necessary professionals (e.g., attorneys, financial advisors) to avoid overstepping your role.

Conflict of Interest:

- Reevaluate the estate plan to ensure there were no conflicts of interest and that the donor's best interests were considered, and intentions were honored without undue influence.
- Communicate transparently with the donor's family, if allowed, to address their concerns and demonstrate that the donor's wishes were respected.

Legal and Ethical Obligations:

- Consult with your organization's legal counsel to ensure all actions were compliant with legal and ethical standards.
- If necessary, arrange a follow-up meeting with the donor, their attorney, and possibly the family members to address and resolve any misunderstandings.

Do you inform the donor of the son's call?

- **Transparency**: Keeping the donor informed about all interactions related to their estate plan ensures transparency and builds trust.
- **Respect for Donor Autonomy**: The donor has the right to know about concerns raised by their family, as it may impact their wishes or decisions.
- **Context and Clarity**: Informing the donor allows them to provide context or clarify their intentions, which can help resolve any misunderstandings.

Do you have legal standing to engage with the son?

- **Donor's Consent**: If the donor has explicitly given you permission to discuss their estate plan with their family members, you can engage with the son.
- **Role and Limitations**: As a major gift officer, your primary role is to interact with the donor. You should be cautious about engaging with family members without the donor's consent or legal authority.
- **Legal Advice**: Consult with your organization's legal counsel to understand your legal standing and the appropriate course of action in engaging with the son.

<u>Related Ethics Standards:</u>

Standard 1: Not engage in activities that harm the members' organizations, clients, or profession or knowingly brings the profession into disrepute.

- Did my participation in the estate planning meeting harm the donor, the organization, or the profession?
- Was my role clearly defined and within the scope of my professional duties?
- Did my involvement influence the donor's decisions in a way that might be perceived as inappropriate or self-serving?

- Did I encourage the donor to communicate with their heirs? Did I document that?

Standard 3: Recognize their individual boundaries of professional competence and responsibility.
- Did I stay within my professional boundaries and areas of competence acting as a fundraiser, or did I overstep by providing advice that should have been given by a legal or financial professional?
- Was my involvement in the meeting appropriate for my role, or did it imply a level of expertise that I do not possess?

Standard 9: Avoid activities that conflict with or may conflict with their fiduciary, ethical and legal obligations to their organizations, clients or professions.
- Did my actions create a conflict of interest or the appearance of one such as a potential conflict between the donor's best interests and the interests of the organization?
- Did my involvement compromise my fiduciary duty to the donor or create a perception of undue influence over the donor's estate planning decisions?
- Did I document the meeting and my involvement accurately and transparently to avoid legal and ethical issues?

Steps you can Take:

1. **Inform the Donor:**
    - Explain the nature of the son’s call and his concerns.
    - Reiterate your role and the extent of your involvement in the estate planning process.
    - Ask the donor how they would like you to proceed in addressing the son’s concerns.
    - Document everything!
2. **Engage with Legal Counsel:**
    - Seek legal advice to ensure that any engagement with the son is within your legal rights and responsibilities.
    - Clarify any legal implications of your involvement in the estate planning process and the donor’s consent regarding family interactions.
    - Document everything!
3. **Engage with the son (if appropriate):**

    - If the donor consents and legal counsel advises it is appropriate, engage with the son to address his concerns.
    - Clearly explain your role and the nature of your involvement in the estate planning process.
    - Provide documentation of your interactions with the donor and the attorney, if necessary, to clarify your actions and intentions

What are the likely outcomes if nothing changes?

- Son decides to pursue legal action claiming you and the organization used undue influence on his “elderly and vulnerable” mother.
- The son backs off because he was trying to intimidate you and knew he had no standing or influence over his mother's decision.

What could have made the outcome(s) more ethical?

- Urge the donor to involve their family members as appropriate, and document in writing your strong recommendation that the donor include members of the family in the gift discussion.
- Document in writing, including courtesy copy to the donor’s attorney, your strong recommendation that the donor share any decisions with family members in advance of finalizing this, or any future gift.

Public Trust and Transparency
Not-So-Good Form

Ethical Dilemma:

You are a development officer in a three-person development office reporting to the VP for Development. One day while reviewing your organization's government-required federal revenue agency reporting form (such as the Form 990 in the U.S., or the T-3010 in Canada) you discover a sizable difference between the total amount of donations reported on the Form prepared by the audit firm, reviewed and approved by the board and the amount published in the institution's campaign publicity. When you ask the Chief Financial Officer about the discrepancy, the CFO replies, "Don't worry, the Form is only an informational return. The revenue agency does not audit it."

Who's involved:

- CFO
- Audit Firm
- Board of Directors

What are the possible ethical issues; who else might be impacted?

- The discrepancy itself does not reveal which, if either of the documents, is correct.
- Donors or donor advisors who review campaign material and compare them with the organization's online filings and discover the inconsistency may raise questions or develop doubts about the organization such as recordkeeping accuracy, reporting, and trustworthiness.
- The due diligence of the organization's staff, audit firm, and board of directors may be called into question.
- Questions may be raised by people such as prospective donors, donors, members of the news media, regulators, etc.
- A concern or scandal may damage the brand and presents risk to the organization's reputation.

What are some possible considerations or solutions?

- Request a meeting with your boss, the VP, to review the discrepancies.
    - Review the sources of the data reported on the audited form and the campaign material.
    - Discuss the implications for eroding prospective donor, donor, and donor advisor confidence in the agency.
- Considering reporting relationships, the VP of Development is responsible for taking the finding to the CEO (their boss) to develop an action plan:
    - If the reporting form is correct, develop an action plan to correct the posted campaign information.
    - If the reporting form is incorrect, the CEO & CFO must develop an action plan to be sure the corrections are made and amended form is filed.
- If the reporting form is incorrect and VP for Development reports the CEO & CFO do not want to take the necessary steps to correct and file an amended return, there may be alternate routes within the organization for you as well as the VP for Development such as:

- Using an internal confidential reporting process such as informing the Board chair of the discrepancy and that either federal law or an AFP Code violation exists.
- If organization leaders are unresponsive, you may consider reporting the case to Federal officials or going public, in which case you may be protected by the whistle-blower protections in your resident country.
- Evaluate whether you want to be a part of an organization that does not take accounting of its information seriously.

Related Ethics Standards:

Standard 2: Comply with all applicable local, regional, and national laws and regulations.

- Providing inconsistent financial data may raise questions about whether the organization violated federal laws by filing misstated financial returns.

Standard 8: When stating fundraising results, use accurate and consistent accounting methods that conform to the relevant guidelines adopted by the appropriate authority.

- Publishing incorrect or inconsistent investment data in the institution's campaign publicity violates these standards.

Steps you can Take:

4. **Engage with Your Colleagues:**
   - You have a responsibility to inform the VP for Development about the discrepancy and/or be sure the CFO knows of the discrepancy.
   - Document everything!
5. **Protect yourself and the Organization:**
   - If or when you see a discrepancy in the reporting of financial information, it is your responsibility to use channels within the organization to bring the organization into compliance with the federal laws, which are paramount to any ethical considerations.
   - Maintain documentation of your interactions with all parties, to clarify record your actions and intentions

What are the likely outcomes if nothing changes?

- It is possible nothing will happen … but more likely in this age of scrutiny of online information, a discrepancy will be found and called into question. Anyone who had a part in gathering and/or reporting information or who should have identified the errors and had them corrected may be caught in a public incident which may escalate to a media event or scandal.
- If the discrepancy to audited and filed reports eventually leads to legal action against the organization or the individuals involved with preparing and filing the report, the organization’s brand and reputation is at risk as well as the people involved.

What could have made the outcome(s) more ethical?

- All persons involved immediately and diligently work to correct what was an error and not a deliberate misstatement.
- Finance Department Operations policies clearly state that all fundraising communications shall be based upon audited and documentable results which mirror and reinforce these ethical practices.

- Development Office Operations policies including but not limited to gift solicitation and fundraising communication policies clearly state that all fundraising communications shall be based upon audited and documentable results which mirror and reinforce these ethical practices.

Public Trust and Transparency
Jane, ChatGPT, and a Winning Appeal

Ethical Dilemma:

Jane, a fundraiser at a nonprofit organization, uses ChatGPT to draft a compelling fundraising appeal. She then submits this AI-generated content to her supervisor as her own work. Her supervisor is impressed, and Jane's appeal is used in a very successful annual appeal. Jane receives accolades for her excellent work. However, her supervisor later discovers that Jane used ChatGPT without disclosing this.

Who's involved?

- Jane
- Jane's Supervisor

What are the possible ethical issues; who else might be impacted?

- Jane's integrity and professional reputation might be compromised.
- Potential damage to the organization's brand such as if any of the material was incorrect, misleading or protected intellectual property, and was relied upon causing readers/donors to take or consider taking action against the organization.
- Did Jane misrepresent her skills and abilities?

Related Ethics Standards:

Standard 1: Not engage in activities that harm the members' organizations, clients, or profession or knowingly brings the profession into disrepute.

- The organization relies on the authenticity and originality of the work produced by its employees. Jane's actions could undermine trust both internally and externally.
- If issues arise from the content (e.g., factual inaccuracies or legal issues), the organization wouldn't know that the content was AI-generated, potentially leading to unanticipated risks.

Standard 3: Recognize their individual boundaries of professional competence and responsibility.

- Misrepresentation of skills and abilities as Jane claimed the AI-generated content was her original work.

Standard 6: Refrain from knowingly infringing on the intellectual property rights of other parties.

- By presenting the AI-generated work as her own, Jane potentially infringed on the intellectual property rights associated with AI-generated content, depending on the terms of use of the AI service.

Steps you can Take:

Proactive ways to prevent the occurrence:

- Implement an organizational policy requiring employees to disclose the use of AI tools in their work, ensuring transparency.

- Implement an organizational policy which includes giving proper attribution to AI tools when they are used. This might involve stating that the content was AI-assisted.
- Establish guidelines on how to acknowledge AI contributions, ensuring that human creativity and AI assistance are appropriately credited.
- Provide training for employees on the ethical use of AI tools, emphasizing the importance of honesty, transparency, and intellectual property rights.
- Develop and enforce policies that clearly define acceptable uses of AI and the consequences of misrepresentation.
- Implement a review process for AI-generated content to ensure its quality, accuracy, and alignment with the organization's values and mission.
- Use AI detection tools to verify the originality of work submitted by employees.
- Implement systems that log AI usage, ensuring a transparent record of when and how AI tools are used in content creation.
- Encourage collaboration between humans and AI, where AI-generated drafts are refined and validated by human experts before use.

Steps to manage the occurrence:
- Absent the kinds of organizational steps above, the organization may have few if any options.

What are the potential outcomes if nothing changes?
- Continued use of AI without any boundaries can have far reaching negative consequences. Potential damage to the organization's brand and reputation, decreasing confidence in the professional staff, are only a few of the risks that need to be addressed and managed.
- The organization's ability to continue to serve the community effectively may be at risk.
- Confidence in the staff of the development office may also be significantly compromised.

What could have made the outcome(s) more ethical?
- Have and enforce policies related to use of AI in all aspects of the agency's work including but not limited to the fundraising staff.
- Consistently promote the AI policy, along with all other relevant policies, such as in employee orientation, onboarding, supervision, and evaluation to prevent similar situations in the future.

Public Trust and Transparency
I Just Need a Gift Receipt

Ethical Dilemma:

It is April 1st a few days before the annual income tax filing deadline. You are in your first month as director of development for a history museum. During your interview you met the chief financial officer, director of collections, director of operations, as well as the CEO. You have completed employee orientation and have spent a little time with them as well as other members of the senior staff. You get a phone call from the agency's largest donor. The donor is an officer of an influential local corporation who has given several million dollars to community organizations, including a local university which has a building named for him. He has recently become very involved with the museum, and the senior staff is very eager to be sure you continue building the relationship. The donor calls to ask you for one thing. The donor said their tax advisor says the donor needs to make another donation for the previous year and that the donor is sending over a check for $50,000. The donor asks you to prepare a letter of acknowledgment dated prior to last December 31. Before you can respond, the donor hangs up.

Who's involved:

- Donor
- Donor Tax Advisor
- CEO, CFO

What are the possible ethical issues; who else might be impacted?

- The request is a violation of tax laws.
- The request is a violation accounting standards.
- If the letter is provided, discovered, and eventually leads to legal action against the donor, the organization, and individuals involved with the organization, the organization's brand and reputation is at risk.

What are some possible considerations or solutions?

- Report the call and message to the CEO (your boss) and the CFO. Discuss the call and, if needed, explain why it not possible to comply with this request to provide a post-dated receipt. What the donor has proposed is a violation of the law, which is paramount – and inconsistent with accounting standards.
- If the CEO thinks this is "no big deal" and says they will draft the letter, try to gain the support of the CFO – as accepting these funds cannot have a clean paper trail to the prior year through the agency's financial records – and a future audit of the donor or agency would reveal this.
- Even though this is a relatively new donor to the museum the donor must be known to someone on the senior staff or board. Ideally the CEO or CFO makes the call, perhaps informed by the staff or board member who knows the donor.
- If the CEO won't make the call you must return the call yourself –make sure the CEO and CFO will support you if the donor calls to complain and ask for the letter.
- If later you learn that occasionally in the past the organization has done similar favors for some of its large donors what should you do?

What are some possible considerations or solutions?

Internal Assessment:

Policies and Documentation:

- Review development office operations policies and make sure the gift acceptance policy makes it clear that gifts are booked on the date they are received.
- Review development office operations policies and make sure the gift acknowledgement policy makes it clear that acknowledgements and receipts are compliant with laws and accounting standards.

Related Ethics Standards:

Standard 2: Comply with all applicable local, regional, and national laws and regulations.

- Providing the requested thank you letter would violate federal laws.

Standard 8: When stating fundraising results, use accurate and consistent accounting methods that conform to the relevant guidelines adopted by the appropriate authority.

- Providing the requested thank you letter would violate accounting standards.

Steps can you Take:

1. **Engage with External Auditor:**
    - Seek external advice, if needed, to confirm for the CEO and CFO that the donor's request cannot be honored.
    - Document everything!
2. **Reply to the Donor:**
    - Call the donor and inform the donor that you will not be providing a postdated acknowledgement letter, and the reasons why.
    - Document everything!
    - Provide documentation of your interactions with the donor and the attorney, if necessary, to clarify your actions and intentions

What are the likely outcomes if nothing changes?

- If you discover letters of this type have been provided in the past, you must take appropriate steps to educate relevant staff and volunteers as to why this practice cannot continue.
- If this specific request honored is discovered, and eventually leads to legal action against the donor, the organization, and individuals involved with the organization, the organization's brand and reputation is at risk.

What could have made the outcome(s) more ethical?

- Development Office Operations policies including but not limited to gift acceptance and gift acknowledgement policies, clearly prohibit these actions.
- Finance Department Operations policies mirror and reinforce these ethical practices.

Public Trust and Transparency
The Next Big Thing

Ethical Dilemma:

Economic factors are forcing the cost of donor acquisition ever higher and a new fundraising company bursts onto the scene. They are making grand promises as to the profitability of their new multi-channel fundraising technique, claiming a revolution in donor marketing. The organization generates significant traction through its marketing efforts, describes the limited availability of access to the technique, and is quickly closing many contracts, often signed within two weeks. Scarcity seems to be a driving force in its ability to secure contracts and investment more quickly than would otherwise be the case. The demand for a new selling technique to complement other, under-performing techniques is met. The technique out-performs expectations, and the clients are happy with the return on investment. Within a year of launching the service, the company notifies all existing clients that the existing contracts are cancelled. There is a grace period allowing renewal of the current contract with a 20% fee increase, payable upon the next billing cycle. Renewal of lapsed contracts will be subject to a 25% fee increase.

Who's directly involved:

- Sales reps of the new company
- Purchasers of the service

What are the possible ethical issues; who else might be impacted?

- The scarcity of the service itself does not create an ethical dilemma. If there was no actual limited availability, and it was a marketing technique, the result may have been artificial pressure to sign contracts due to fear of losing access.
- Negative client reactions or a scandal may damage the company brand and presents risk to the company's reputation.
- Did the company violate the contract terms? Do the contracts have a clear provision for contract cancellation and/or the re-negotiation of fees, and if so during what time frame?
- Did the subscribing organization do appropriate due diligence about the company? Were contracts properly reviewed and were the contract terms consistent with local laws and regulations?

What are some possible considerations?

- If you are a client, review the contract to confirm the terms and conditions or termination.
- Did the contract review and the signing process follow your organization's purchasing policy and procedure?
- Has the termination of the contract and renewal "options" violated any laws or regulations?

Steps you can take and potential solutions:

- **Steps to take to continue the relationship:**
- If the company is justifying cancellation and/or price increases citing contract language potentially confusing to clients, or the contract is silent or ambiguous on cancellation language or fee increases, take appropriate steps to try to work with the company to honor its promises.
- If contract laws have been violated, consider taking legal action.
- Maintain documentation of your interactions with all parties, to clarify and record your actions and intentions.
- **Internal Assessment:**
- Do you have an internal contract review and purchasing policy?
- Did the “scarcity” message cause you to shorten the due diligence process?
- Maintain documentation of your interactions with all parties, to clarify and record your actions and intentions.

What are the likely outcomes if nothing changes?

- Early clients are likely to become very disillusioned or angry. The resulting actions may range from non-renewal to class-action lawsuits for contract violations.
- Organizations may recommit to reexamine internal processes for contract review and purchasing procedures.
- Organizations that have no written procedure for contract review and purchasing procedures may develop policies and procedures where none existed.
- The company’s successful launch damages the brand in the long run.
- If the company is an AFP business member, it would be subject to the ethics inquiry, as well as possible sanctions.

What could have made the outcome(s) more ethical?

- Organizational operations policies clearly outline the contract review process and are properly followed.
- The company markets a “charter subscriber” discounted fee program to a limited number of clients – as an incentive – without implying scarcity.
- If a “charter subscriber” discounted fee program is offered, the preferential fee would be offered for a limited time with transparent language explaining the conversion timeline and rate increase.

Related Ethics Standards:

Standard 2: Comply with all applicable local, regional, and national laws and regulations.

- Violating contract law(s) is not only unethical, but also illegal.

Standard 5: Establish the purpose and scope of work at the beginning of any contractual relationship.

- The scope of work should include the terms and conditions of the initial and continued engagement between the company and client.

Conflicts of Interest
Just Trying to be Helpful

You are chief development officer for a youth organization. The organization hosts an annual Celebration Dinner which includes a program book which lists donors who have not asked to be anonymous. In action, donors are recognized on your website and in your annual report. Your board chair's son, Martin, whose company is an event sponsor, attended the Celebration Dinner. Several months after your Celebration Dinner you learn from a donor that Martin is calling donors to the organization to solicit business for his investment company. The donor got a call on their personal cell phone which, according to the donor, "is very hard to get." The donor expressed anger and dismay that a board member's son was "cold calling" donors to the youth organization. The donor accuses the youth organization of giving Martin the information – and says he is considering making a post on his social media accounts to warn the public that the youth organization is sharing confidential information randomly – and wonders if it was the board chair.

Who's directly involved:

- The event attendee
- The son, Martin
- The Board Chair

What are the possible ethical issues; who else might be impacted?

- What did/could the son's behavior imply?
- Did the son access or use any confidential information?
- Did the son imply or state that your board chair is somehow involved or supportive of these calls?

What are some possible considerations?

Internal Assessment:

Prospect information management:

- Do your solicitation materials make it easy for donors to identify and select an "I/We want to remain anonymous option?"
- Names that are in the public domain, such as digital or print donor lists, are not confidential. The Celebration Dinner list is not confidential.
- There are ethical ways to research individuals, including addresses and telephone numbers.

Policies and Procedures

- Does the youth organization have a conflict of interest statement, which includes confidentiality, signed by all members of the staff, board and volunteers.
- Does the youth organization have a data security policy and procedure which is carefully and consistently followed.
- If you have a prospect research program, and is implementation based only on publicly available information?

Steps you can take and potential solutions:

1. **Internal Steps:**
    - Inform your Executive Director. Develop a plan to review procedures, in case there may have been an internal breach of donor confidentiality.

- Given the relationship with the Board Chair, the Executive Director needs to be the point of contact.
    - The whole situation could be a coincidence. The activities in question are those of the son of the Board Chair which could give an appearance of impropriety or misconduct. It might be advisable to have Martin cease soliciting business for his investment company from donors, even those whose names are public.
- Determine who will call Martin, and the talking points.
    - Is Martin using the Celebration Dinner list for prospecting?
    - How did he access the telephone Numbers?
- Document everything!

2. **Call Martin:**
    - Discuss whether Martin is using one of the youth organization's donor lists as a prospect list.
    - If Martin reports yes, he is using one of the youth organization's donor lists, probe how he obtained telephone numbers.
        - If he confirms it was an external search, you have no breach, but the potential appearance of impropriety remains.
        - If he confirms it came from an internal list, he "saw" on a visit to the office, or got it from his parent, further action is mandated. The Executive Director must advise the Board chair that this practice is a violation of the Conflict of Interest Policy and Annual Statement which each Board member has signed, is unethical, and must stop.
    - Document everything!

3. **Call the Donor:**
    - Thank the donor for bringing the matter to your attention.
    - If the phone number was obtained ethically, do your best to explain that to the donor.
    - If the phone number was obtained inappropriately, apologize to the donor and assure the donor that all necessary steps are being taken to prevent this from happening again.

What are the likely outcomes if nothing changes?

- The donor develops the perception that the organization doesn't care about donor privacy, posts on their social media, and a much larger issue potentially damaging the organization's reputation and brand develops.
- The organization's fundraising declines because of the negative social media posts.
- If the board chair shared the information with Martin, the board chair never develops an understanding that the organization's reputation has been damaged because of this conflict.

What could have made the outcome(s) more ethical?

- Regularly and consistently reinforce the need to protect the organization's brand by making sure all people involved as staff or volunteers protect and safeguard information privacy including but not limited to donor information.

- Do not allow confidential information, such as phone numbers for a thank you program. to leave your building. Or, if it does, be sure the people receiving the information sign a confidentiality statement related to each specific document.

Related Ethics Standards:

Standard 10: Disclose all potential and actual conflicts of interest. Such disclosure does not preclude or imply ethical impropriety.

- Do you need to alter your sponsorship material to include a statement about information obtained as a result of sponsorship that may not be used for commercial purposes?

Standard No. 19: Protect from disclosure confidential information to unauthorized parties as defined by an organization's policies and procedures.

- Regardless of whether the information was obtained ethically or inappropriately, review your internal policies and procedures to make sure that everyone on the staff, board and volunteers are fully informed as well as sign an acknowledgement that they understand and will observe the conflict of interest statement and policy.
- Consider adding a document or event-specific confidentiality addendum to any materials being shared to remind the individuals receiving the information of the importance to protect the information being shared.

Solicitation and Stewardship of Philanthropic Funds
Everyone Wins

Ethical Dilemma:

You are the Vice President for Development of a large organization that has a moderately large geographic regional presence with nine satellite offices. Your staff of nineteen is located across the region. Your organization has worked to create a culture of philanthropy. And, your team encourages collaborative pursuance of funding opportunities.

Additionally, you are a volunteer leader with the local chapter of AFP and your organization has Organizational Membership which require all staff members to adhere to the Code of Ethics.

Your organization, We Act, We Serve (WAWS), is part of a diverse cohort of like-minded groups whose mission is to advocate for access to essential services. The program staff of your organization regularly collaborate with colleagues within the sector. Gloria, your organization's Director of Outreach, was approached by a sector partner whose organization recently received a very large grant from an anonymous donor. It was shared with Gloria that among other restrictions the donor has stated that the grant should not be used to pay any expenses toward their fall music concert. Undeterred, the sector partner accepted the gift and chose to use the funds for regranting opportunities to sector partners like your organization.

Gloria was told that WAWS is eligible to submit a proposal for a sizeable grant. The grant opportunity of $75,000 was presented to Gloria. The only requirement is that $25,000 of the funds should be set aside as a lead sponsorship for the fall concert being hosted by the sector partner. Excited for the opportunity, Gloria thanked the sector colleague, told her she thought this was something the organization could do, but would need to discussion this with her supervisor and would get back as soon as possible with an answer.

Who's involved:

- WAWS Program Staff
- Partner Organization

What are the possible ethical issues; who else might be impacted?

- Should Gloria have had the initial conversation without a Development team member present?
- Can an organization make the decision to regrant funds entrusted in their care?
- Who is the donor: the regranting organization or the original donor?
- What obligations, if any, does We Act, We Serve have with the original donor?
- Since the conversation regarding the original donor's wishes was informal, but not off the record, there could be shared accountability to honor donor intent.

What are some possible considerations or solutions?

- Is it the responsibility of WAWS to adhere to the wishes of the original donor if the donor is not directly connected to WAWS?

- Were there any professional boundaries crossed by the sector partner in sharing the details of the original donor's wishes?
- As an Organization Member of AFP, should this situation be reported to the AFP Ethics Committee?
- Consult with counsel if there is uncertainty about whether it is appropriate or not to accept the gift.
- If the gift is accepted without the restriction of using part of the gift to sponsor the event, does this move from being an ethical issue to a moral issue?
- What obligations, if any, does We Act, We Serve have with the original donor?
- Since the conversation regarding the original donor's wishes was informal, but not off the record, there could be shared accountability to honor donor intent.

Related Ethics Standards:

Standard 14: Affirm their primary responsibilities are to their organizations while also safeguarding the interests of the donors.

- All information shared (written or verbal) should be taken into consideration when seeking support of any kind.
- Consider what the impact would be on your organization if such an agreement was accepted.

Standard 15: Ensure contributions are used in accordance with donor intent and restrictions.

- While the original donor does not have a connection with WAWS, as an organizational member of AFP, it has a responsibility to ensure their organization adheres to all known and applicable wishes of the donor regarding use of funds.
- Consider that regranting could potentially obligate an organization to multiple donors, not just the regranting organization. In this scenario, information was informally shared about the original donor's restrictions. Should the gift be accepted, all organizations who accepted the funds could potentially be held liable for not honoring the donor's wishes.

Standard 17: Obtain explicit consent from donors, donors' successors, or appropriate legal counsel before altering the conditions of previously restricted financial transactions.

- Whether an organization making grants of any or an organization accepting grants, it is always best practice to seek legal advice and counsel to ensure clarity, accountability, and agreement on accepting grants.
- Consider including language in all grant agreements that include an option to change or alter conditions of restricted gifts in signed agreements. This can also be explicitly stated in the organization's gift acceptance policies.

Steps you can take:

- Talk with the partner organization about your adherence to ethical fundraising practice and how the funding as proposed is incongruent to ethical practice.
- Provide more training and even role playing to program staff or others within the organization to help with how to deal with these types of fundraising dilemmas.

- If there are gaps in your gift acceptance policies regarding these types of situations, be sure to refresh your policies.

What are the potential outcomes if nothing changes?

- Should the donor become aware of the arrangement of the sponsorship kick-back, all organizations who knowingly accepted grants could be held accountable for breach of agreement.
- The entire sector could be negatively impacted by the action of a few bad actors.

What could have made the outcome(s) more ethical?

- The organization could forego accepting a grant. A sponsorship could still be made to support the concert. Then the two organizations could look for other ways to partner that avoid potential ethical conflicts.
- The WAWS could accept a grant and agree to help the partner organization to raise other sponsorship support.

Solicitation and Stewardship of Philanthropic Funds
High Dollar List for Sale

Ethical Dilemma:

Sean is the Director of Development for a small organization who is about to launch their first ever capital campaign. The organization is making plans to commence building a new headquarters. Sean's team is small, but mighty. There are four people on the team and while they have good experience and do a great job supporting the annual fund, he realizes that it will take more expertise in the acquisition of major gifts to successfully achieve the ambition goal of $10 million needed for the project.

With the support of the CEO and board, Sean is given the green light to hire a fundraising consultant to help plan and shepherd the project. The chair of the board is eager to assist in the effort by recommending someone he knows that owns a local fundraising consultancy. The consultant in question knows wealthy donors who believe in their mission. She says the donors want to gift the organization mid-6 figure gifts. Excited by this possibility, Sean and the CEO are leaning toward hiring her when they see that her contract includes a 5% commission on all funds raised. In addition, it is discovered that the consultant is a good friend of the board chair.

Who's involved:

- Staff
- Consultant
- Board

What are the possible ethical issues; who else might be impacted?

- By not disclosing that the consultant in question is a personal friend, there could be a potential conflict of interest.
- Commissions based on amount raised are not allowable and is considered unethical practice.
- Asking questions regarding how the names of the potential 6-figure donors were acquired is important to avoid unintended breach of donor privacy.
- Many regulatory bodies require transparency and accountability in how nonprofits raise and allocate funds. Using commission-based compensation models may lead to scrutiny or challenges in meeting compliance standards.
- There could be legal implications. In some jurisdictions, paying fundraisers a commission based on funds raised may violate legal guidelines governing nonprofits, as it could be seen as an inappropriate use of charitable funds. Organizations/fundraising professionals should familiarize themselves with their state and local guidelines governing this issue.

What are some possible considerations or solutions?

- Create clear gift acceptance policies that are approved and regularly reviewed by the board of directors. This will ensure alignment with staff and board as to how manage such issues when they arise.
- Were there any professional boundaries crossed by the chair of the board to offer assistance in identifying potential consultants for the project?
- How could such arrangement undermine donor trust?
- Consider how this type of arrangement might compromise confidentiality of your own donor data.
- Use resources that help to determine industry standard for selecting, hiring, and negotiating compensation for fundraising consulting companies.

Related Ethics Standards:

Standard 24: Decline receiving or paying finder's fees, commissions, or compensation based on a percentage of funds raised.

- Percentage-based compensation can shift focus from cultivating meaningful, mission-driven relationships with donors to prioritizing personal financial gain.
- Tying compensation to fundraising results can create conflicts of interest. Fundraisers may become incentivized to pressure donors or seek quick, large donations without considering the long-term relationship or mission alignment. It can also create lack of sustainability for the organization.

Standard 19: Protect from disclosure confidential information to unauthorized parties as defined by an organization's policies and procedures.

- Consultants can gain access to donor names and other sensitive information. Organizations must safeguard against consultants acquiring donor name and information for use outside of and beyond the contracted project. While not specifically stated how the consultant in this example compiled their "list of wealthy donors", there could be a change that this list was generated from other projects.
- Ethical fundraising practice requires that organizations and fundraising professionals ensure that prospect and donor information is collected lawfully, used lawfully, and presented factually
- Data management policies should clearly outline how records and files will be kept confidential.

Standard 20: Recognize information created on behalf of an organization, including donor and prospect information, is the confidential intellectual property of that organization and may not be taken, shared with, or transferred to other entities.

- This standard specifically states that members employed by or working on behalf of an organization, shall not transfer or utilize donor and prospect information except on behalf of that organization or client.

Steps you can take:

- Refuse to engage with the consultant by citing Ethical Standard 24 which prohibits receiving or paying finder's fees, commissions, or compensation based on percentage of funds raised.

- Create a process for accepting project proposals from several consulting firms so that the organization to have more options from which to choose. This will create a fair, comprehensive, and thoughtful process.
- Talk with the chair of the board about the dilemma. Explain the policy. Thank the board member for their willingness to help. Invite the chair to help review all candidates under consideration.

What are the potential outcomes if nothing changes?

- Engaging the consult is in direct violation of Standard 24. The organization or fundraising professional could be reported to AFT for violating the Code of Ethics.
- Donors might lose trust in the organization because they fear their names might also be added to the consultant's list and share with other organizations.
- Relying on generated lists for prospecting may only result in a single gift if any. This type of fundraising does little to build a strong and sustainable fundraising program.

What could have made the outcome(s) more ethical?

- Letting the consultant and board member know upfront the policy of not using commission or compensation based on percentage of funds raised.
- Creating a process of inviting consultants to submit a proposal.

Donor Privacy
Privacy and the Lottery Winner

Background

The Helping Hands Foundation (HHF) is a nonprofit organization dedicated to providing food, shelter, and support services to homeless individuals. For the past decade, HHF has relied on public and private donations to expand its services and increase its reach in the community. Recently, HHF was approached by a potential donor, Ms. Janet Thompson, who had just won $150 million in a state lottery.

Ms. Thompson, a private individual who had previously lived a modest life, was overwhelmed by the sudden influx of wealth and decided that she wanted to use a large portion of her winnings to support charitable causes. She expressed interest in donating $10 million to HHF but made it clear that she wanted the donation to remain completely anonymous. Ms. Thompson is concerned about public scrutiny, the attention she might receive as a new millionaire, and the potential for her philanthropic activities to attract unwanted attention from media, opportunists, and other organizations.

While HHF is grateful for the donation, its leadership team faces an ethical dilemma regarding donor privacy. HHF regularly recognizes major donors in public reports and events, which helps build relationships and attract further donations. They now face the challenge of balancing the donor's desire for privacy with the organization's usual practice of transparency and donor recognition.

Ethical Dilemma

The ethical dilemma revolves around whether HHF should respect Ms. Thompson's wish to remain anonymous, given the size of the donation and the foundation's standard practice of public acknowledgment of major contributors. On one hand, honoring the donor's privacy aligns with ethical standards around donor autonomy and privacy. On the other hand, the organization risks losing the potential positive impact of publicly announcing such a significant contribution, which could inspire other donors and increase public support.

Further complicating the situation is the potential public interest in the lottery winner's activities. If Ms. Thompson's donation were to be revealed, she could face media attention and requests from other charities and individuals, infringing on her privacy and making her a target for unsolicited demands.

Who's involved:

- Ms. Janet Thompson: The lottery winner and potential donor. Her primary concern is maintaining anonymity while contributing significantly to causes she cares about. She wishes to avoid the public attention and scrutiny that could come with being identified as a major donor.
- Helping Hands Foundation (HHF): The nonprofit organization that stands to benefit from Ms. Thompson's donation. HHF is committed to transparency and public recognition of major donors, which helps them build credibility and attract additional support.

- HHF’s Board of Directors The board members have a fiduciary responsibility to ensure the financial health and ethical conduct of the organization. They must weigh the benefits of the donation against the potential risks of deviating from their established practices.
- Other Donors and Supporters: HHF’s regular donors and supporters may be impacted by the foundation’s decision. Publicly recognizing Ms. Thompson’s gift could inspire further donations, while secrecy might create uncertainty around the source of large funds.
- The Public and Media: As a lottery winner, Ms. Thompson’s activities may attract media attention and public curiosity. If the donation becomes public, she could face unwanted scrutiny, and HHF could be thrust into the spotlight, affecting its operations.

Possible Ethical Issues

- Donor Privacy vs. Organizational Transparency: Ms. Thompson’s request for anonymity conflicts with HHF’s practice of recognizing donors publicly, raising ethical questions about balancing the donor’s right to privacy with the organization’s commitment to transparency. HHF must consider how to respect her wishes while maintaining its standards of accountability to other stakeholders.
- Trust and Public Perception: Large anonymous donations may lead to public speculation about the donor’s identity and intentions. If the donation is kept secret, it could create a perception of hidden motives or unethical dealings, which could damage HHF’s reputation.
- Precedent for Future Donations: If HHF grants anonymity in this case, it may set a precedent for future donors who request the same. The organization must consider how this decision might influence its long-term policies and practices around donor transparency.
- Media and Public Pressure. Given the public interest in lottery winners, the media and public may attempt to uncover the source of the donation, which could lead to Ms. Thompson’s privacy being compromised. If the media discovers her identity, the negative attention could reflect poorly on HHF as well.
- Ethical Use of Funds: Even if Ms. Thompson’s donation is anonymous, HHF must ensure that the funds are used ethically and that they maintain transparency with their beneficiaries and stakeholders about the source and purpose of their financial support.

Who Else Might Be Impacted

- Other Major Donors: Existing major donors to HHF may be impacted by the foundation’s decision to grant anonymity to Ms. Thompson. If the donation is kept secret, these donors might question the organization’s transparency or feel that their own contributions are not being treated with the same level of recognition.
- Beneficiaries of HHF’s Services: The donation would greatly enhance HHF’s ability to provide services to the homeless community, but any scandal or perception of secrecy could jeopardize public trust, leading to a decrease in donations and resources for the organization’s beneficiaries.

- Other Nonprofits: Ms. Thompson’s decision to give anonymously to HHF could affect other organizations that may have hoped for donations. If her anonymity is compromised, she may be inundated with requests from other charities, impacting her ability to manage her philanthropic efforts.

Possible Considerations or Solutions:

- Ensuring Anonymity Through a Third Party: HHF could explore ways to process the donation through a donor-advised fund (DAF) or a third-party foundation that specializes in maintaining donor anonymity. This would allow HHF to receive the donation while protecting Ms. Thompson's privacy.
- Private Recognition: HHF could offer to recognize Ms. Thompson privately, either through a confidential letter or personal meeting, instead of publicizing her gift. This would honor her contribution without exposing her to public scrutiny.
- Clear Communication and Legal Agreements: HHF should engage in clear and transparent communication with Ms. Thompson, ensuring that her request for anonymity is respected. A formal legal agreement outlining the terms of the donation, and her privacy could help protect both parties.
- Policy Development for Anonymous Donations: HHF could use this opportunity to develop formal policies around anonymous donations. These policies could provide guidelines for how to handle future cases and ensure consistency in decision-making

Likely Outcomes if Nothing Changes

If HHF decides to respect Ms. Thompson's request for anonymity without implementing safeguards, several outcomes could occur:

- Positive Impact on Programs: The immediate effect of accepting the donation would be a substantial increase in HHF's financial resources, allowing it to expand its services and positively impact the homeless community.
- Potential Media Exposure: Given the public interest in lottery winners, there is a significant risk that the donation could eventually be traced back to Ms. Thompson, compromising her privacy and potentially damaging HHF's reputation if it appears that they mismanaged the situation.
- Future Donor Confusion: If HHF does not clearly communicate its reasoning for accepting anonymous donations, other donors might be confused about why some donations are publicly recognized while others are kept private. This could lead to a sense of inconsistency or mistrust.
- Loss of Control Over Narrative: If Ms. Thompson's donation is revealed without the organization's control, HHF might lose the ability to shape the narrative around the donation, leading to misunderstandings or negative public perception.

What Would Have Made a More Ethical Outcome?

- <u>Clear Policies on Donor Privacy</u>: A more ethical outcome would have involved HHF having clear policies on anonymous donations prior to Ms. Thompson's gift. If HHF had formal guidelines for handling such requests, the organization could have navigated the situation more smoothly and transparently.
- <u>Transparent Donor Communication:</u> HHF should have initiated open and respectful conversations with Ms. Thompson from the outset, ensuring that both parties understood the importance of maintaining privacy while upholding transparency and accountability. This could include options for private recognition or using a third-party entity for the donation.

- <u>Public Accountability</u>: HHF could have publicly announced the receipt of a major anonymous donation without revealing the donor's identity. This would maintain transparency with the public and other stakeholders while protecting the donor's privacy.
- <u>Formal Agreements</u>: Legal agreements protecting Ms. Thompson's anonymity and ensuring the ethical use of the funds could have provided both parties with clarity and security. This would ensure that HHF upholds its ethical obligations to the donor, its beneficiaries, and the public.

Conclusion

The case of Ms. Janet Thompson and the Helping Hands Foundation underscores the complex ethical issues surrounding donor privacy and anonymity in philanthropy. Balancing a donor's right to privacy with an organization's commitment to transparency requires thoughtful consideration, open communication, and the development of clear policies. In this case, protecting the donor's anonymity while ensuring public trust and ethical use of the funds is key to achieving a positive outcome for both the donor and the nonprofit.

Related Ethical Standards

Giving is a personal choice. In relationships with donors, fundraisers have access to information about individuals and their giving that they must respect. Organizations have an obligation to ensure donors' right to privacy.

Donor Privacy
Donor Privacy in Philanthropy

Background

The Children's Health Foundation (CHF) is a well-established nonprofit organization focused on providing healthcare services to children from low-income families. Over the years, CHF has successfully raised significant funds from a broad range of donors, from small individual contributors to large corporate sponsors. Recently, a wealthy anonymous donor made a substantial contribution of $5 million to support a new children’s hospital wing. This donation came with a single request: to remain completely anonymous, with no public acknowledgment of their contribution.

CHF has always prided itself on transparency and frequently celebrates its major donors by highlighting their generosity in public campaigns, donor recognition events, and through media. Public acknowledgment has also been a key element in building relationships with donors and encouraging others to give. The anonymous donor’s gift was particularly important because it represented one of the largest contributions in CHF’s history, and the organization was eager to use this momentum to inspire additional large donations. However, the leadership team at CHF was concerned that keeping this donation confidential might limit their ability to leverage it in future fundraising efforts.

Ethical Dilemma

The ethical dilemma in this case centers around whether CHF should honor the donor’s request for anonymity or disclose the donation in some capacity to benefit future fundraising efforts. The leadership team knows that sharing the story of a major gift could inspire others to give, but doing so risks violating the trust of the donor who asked for privacy.

The challenge lies in balancing the organization’s mission-driven need to maximize fundraising efforts with respecting the donor’s personal wishes. Should CHF find a way to discreetly promote the donation without identifying the donor, or should they honor the donor’s request, potentially foregoing an opportunity to raise even more funds?

Key Stakeholders

- Anonymous Donor: The anonymous donor has requested that their identity and the amount of their contribution remain confidential. They expect their wishes to be respected by CHF and are concerned about privacy or unwanted attention.
- Children’s Health Foundation (CHF): The organization stands to benefit significantly from sharing the news of this donation, which could potentially inspire other large gifts. However, their relationship with this donor and their reputation for integrity could be at risk if they fail to honor the donor's request.
- Potential Donors and Public: Other potential donors may be inspired by hearing about large donations to CHF. If the contribution is kept secret, this opportunity to inspire further philanthropy could be lost.
- Board of Directors: The board is responsible for overseeing CHF’s ethical and financial decisions, ensuring that the organization operates with transparency while protecting donor relationships.

- Beneficiaries (Children and Families): The ultimate recipients of CHF's work are the children and families who depend on the services CHF provides. They may be indirectly affected if CHF loses fundraising opportunities by withholding information about the donation.

Possible Ethical Issues and Other Potentially Impacted Parties

- Donor Rights and Privacy: The donor has explicitly requested anonymity, and violating this request could harm the donor's trust in CHF and potentially in other nonprofits as well. This could also discourage future gifts from this donor and others who value their privacy.
- Transparency: CHF has a longstanding policy of transparency in its fundraising and operations. Keeping such a major gift secret may be perceived as a lack of transparency, which could harm its reputation with other donors and the general public.
- Fundraising Ethics: The use of large donations to encourage others to give is common practice, but there is a fine ethical line between encouraging philanthropy and exploiting confidential donor relationships for organizational gain.
- Beneficiary Impact: If CHF chooses to honor the donor's request for anonymity, they may miss out on an opportunity to raise additional funds for the children and families who benefit from their work.

Possible Considerations or Solutions

- Full Anonymity: CHF could honor the donor's wishes completely and keep both the identity and the amount of the donation private. This approach respects donor privacy but might limit future fundraising potential.
- Partial Disclosure: CHF could disclose the fact that a large anonymous donation was made without revealing any identifying information. This approach respects the donor's anonymity while allowing the organization to promote the impact of the donation to inspire others.
- Private Conversations: CHF could reach out to select major donors in private settings, without making a public announcement, to share the impact of the anonymous donation and encourage them to give as well. This maintains some confidentiality but might still violate the spirit of the donor's request.
- Donor Engagement CHF could also reach out to the anonymous donor and explain the potential positive impact of disclosing the donation, asking for permission to share some non-identifying details. If the donor agrees, this would resolve the ethical dilemma.

Likely Outcomes If Nothing Changes

If CHF chooses to fully honor the donor's request for anonymity, they may miss out on an important opportunity to leverage the donation to inspire other major gifts. This could result in less overall funding for the new children's hospital wing, limiting the organization's ability to serve the community. However, the anonymous donor would likely appreciate the discretion and could feel more inclined to make future contributions.

On the other hand, if CHF were to disclose the donation in some form without the donor's consent, the organization risks alienating this significant donor and potentially harming its relationship with other donors who may also value privacy. The breach of trust could result in negative publicity and future fundraising challenges, as donors may feel uncertain about the organization's commitment to their preferences.

What Would Have Made a More Ethical Outcome?

A more ethical outcome would involve clear communication between CHF and the anonymous donor from the outset, with a mutual understanding of the potential implications of anonymity for the organization's fundraising strategies. Before accepting the donation, CHF could have clarified whether the donor's anonymity request was flexible in certain scenarios—such as disclosing a major gift without naming the individual donor.

Creating a policy that respects donor privacy while maintaining some level of transparency could also provide a framework for handling similar situations in the future. In this case, CHF could present options to the donor, such as the possibility of disclosing a non-specific anonymous gift, to balance their needs with the organization's mission-driven goals. Finally, having an established donor privacy policy that is communicated to donors upfront would ensure both parties understand the ethical boundaries regarding how donations will be managed and promoted.

Conclusion

The ethical tension between honoring donor privacy and maximizing fundraising potential is a significant issue in philanthropy. Nonprofit organizations like CHF must navigate these challenges carefully, balancing the need for transparency with respect for donor wishes. In this case, the most ethical approach would involve clear, respectful communication with the donor, while exploring alternative ways to honor their privacy without sacrificing fundraising opportunities. Ultimately, building trust and maintaining integrity should remain at the forefront of every decision, ensuring that donor relationships are preserved while serving the organization's mission.

Related Ethical Standards

Giving is a personal choice. In relationships with donors, fundraisers have access to information about individuals and their giving that they must respect. Organizations have an obligation to ensure donors' right to privacy. This includes but is not limited to data protection standards and list management practices.

Donor Privacy
Capacity for an Elderly Donor

Ethical Dilemma

Imagine a scenario involving the Benevolent Care Foundation (BCF), a nonprofit organization that provides support and services for low-income seniors. For many years, one of their largest donors, Mr. Edward Wallace, an elderly philanthropist, had generously contributed to BCF's programs. Mr. Wallace was passionate about the foundation's mission and had pledged a significant sum in his will. However, in recent months, Mr. Wallace's health had rapidly deteriorated, and his cognitive abilities had diminished to the point where he was declared legally incapacitated by his physician.

Despite this, Mr. Wallace's appointed power of attorney (POA), his niece Sandra, recently authorized a large donation to BCF on his behalf, transferring $1 million from his estate to the foundation. While the organization was grateful for the donation, questions quickly arose about the ethics of accepting this contribution, particularly given Mr. Wallace's incapacitation.

The ethical dilemma revolves around whether BCF should accept the donation, knowing that Mr. Wallace is no longer able to make decisions for himself and may not have consented to this gift in his current state. Though the POA has the legal right to manage Mr. Wallace's finances, the foundation's leadership is concerned that accepting the donation could violate Mr. Wallace's donor intent or even amount to financial exploitation.

Who is Involved

- Mr. Edward Wallace: The incapacitated donor whose wishes and prior philanthropic support are central to the ethical dilemma.
- Sandra, Mr. Wallace's Niece: As Mr. Wallace's power of attorney, Sandra is legally authorized to make financial decisions on his behalf. However, questions arise about whether her decision reflects Mr. Wallace's true wishes or her own interests.
- Benevolent Care Foundation (BCF): The nonprofit organization benefiting from Mr. Wallace's long-term support and the recent donation authorized by his POA. The foundation must weigh the potential benefits of the donation against the ethical implications of accepting it.
- Board of Directors at BCF: The board members are responsible for ensuring that the foundation operates ethically and in line with its values. They must decide whether accepting the donation aligns with their mission and ethical standards.
- Legal and Financial Advisors: Both Sandra and BCF may consult legal and financial professionals to assess the validity and ethical soundness of the donation.
- Other Beneficiaries of Mr. Wallace's Estate: Family members or organizations who were designated to receive portions of Mr. Wallace's estate may be affected by the large donation and may question whether it aligns with his overall intentions.

Possible Ethical Issues

- Donor Capacity and Consent: Mr. Wallace’s incapacitation raises concerns about his ability to consent to the donation. While the POA can legally authorize financial transactions, the question remains whether this action aligns with Mr. Wallace’s personal wishes or prior philanthropic intent.
- Donor Intent: Throughout his life, Mr. Wallace expressed clear philanthropic goals, but those intentions may have changed as his condition deteriorated. Determining whether the $1 million donation reflects his true wishes in his current state is difficult, especially without direct input from him.
- Potential for Exploitation: There is a risk that Sandra, acting as the POA, may not be acting in Mr. Wallace’s best interest. If she benefits financially from managing his estate, there could be a conflict of interest in making large donations on his behalf, potentially leading to questions of financial exploitation.
- Conflict of Interest for the Foundation: BCF stands to gain financially from the donation, which could create a conflict of interest. While the funds could greatly benefit the organization and its mission, accepting the donation without thoroughly considering the ethical implications may reflect poorly on the foundation’s integrity.
- Legal and Fiduciary Responsibilities: Sandra, as Mr. Wallace’s POA, has a fiduciary responsibility to act in his best interest, including managing his finances in accordance with his prior wishes. If her actions diverge from this, legal challenges could arise, affecting both her and the nonprofit.

Who Else Might Be Impacted

- Other Donors and the Public: BCF’s decision on whether to accept the donation may influence public perception of the organization. If the donation is viewed as exploitative or unethical, it could damage the foundation’s reputation and its relationships with other donors.
- Mr. Wallace’s Family: If other family members or heirs are aware of the donation, they may challenge Sandra’s decision and the foundation’s acceptance of the gift, arguing that it does not reflect Mr. Wallace’s wishes or that it diminishes their rightful inheritance.
- Future Donors: How BCF handles this situation may set a precedent for future donations from elderly or incapacitated donors. If the foundation is perceived as taking advantage of vulnerable individuals, it could lose credibility and support from future donors.

Possible Considerations or Solutions

- -Consulting Legal Counsel: BCF should consult legal experts to confirm that the donation was authorized properly under the terms of Mr. Wallace’s POA and that there are no legal concerns related to capacity or potential exploitation. This would help ensure that the foundation is acting within legal bounds.
- Conducting a Donor Intent Review: BCF could review prior communications and documentation from Mr. Wallace to ensure that the donation aligns with his previously expressed philanthropic goals. This could involve checking any prior agreements, donor intent statements, or historical records of his giving to BCF.
- Engaging Sandra in a Conversation: The foundation might engage Sandra in a conversation about Mr. Wallace’s philanthropic wishes. This could help clarify whether she is acting in accordance with his values or whether there are personal motivations involved.

- Establishing a Donation Policy BCF could develop or review an internal policy on accepting donations from incapacitated donors or those with diminished capacity. This policy could guide future decisions and prevent similar ethical dilemmas.

Steps to Take

- Legal Consultation: BCF should seek legal advice regarding Mr. Wallace's incapacitation and the authority of the POA. Legal counsel could help determine whether the donation was made in good faith and if there are any red flags that need to be addressed.
- Donor Intent Documentation: The foundation should review its documentation related to Mr. Wallace's previous gifts and intentions, looking for any written or verbal commitments that reflect his long-term philanthropic goals.
- Contacting the Niece (POA): BCF should have a formal conversation with Sandra to understand her motivations for the donation and whether she has considered Mr. Wallace's interests. If possible, the foundation could ask for written confirmation of her fiduciary role.
- Board Involvement: The board of directors should be involved in the decision-making process, discussing the potential ethical and legal implications and ensuring that the foundation's values and policies are followed.
- Evaluate Long-Term Consequences: BCF should consider the long-term implications of accepting or rejecting the donation, both financially and reputationally, and prepare for potential public scrutiny.

Likely Outcome if Nothing Changes

If BCF proceeds with accepting the donation without further scrutiny, several negative outcomes could arise. Other family members or beneficiaries may contest the donation, leading to legal challenges and claims of financial exploitation or mismanagement of Mr. Wallace's estate. This could damage BCF's reputation and cause public distrust, particularly if the media or other donors perceive the foundation as having taken advantage of an incapacitated elderly donor.

Additionally, if it becomes evident that Sandra acted in her own interest, rather than in Mr. Wallace's, the foundation may find itself embroiled in legal disputes or accusations of unethical behavior. This could harm the nonprofit's credibility, leading to donor attrition and diminished support for its mission.

What Could Have Made the Outcome More Ethical?

Several steps could have led to a more ethical outcome in this situation:

- <u>Proactive Donor Policies</u>: BCF could have had clear policies in place for managing donations from elderly or incapacitated individuals, ensuring that donor intent is always prioritized, even in cases where a POA is involved.
- <u>Advanced Donor Planning:</u> Early in Mr. Wallace's relationship with the foundation, BCF could have encouraged him to establish a clear philanthropic plan or donor intent document. This would have provided guidance to both Sandra and the foundation, ensuring that his wishes were respected even if he became incapacitated.
- <u>Greater Transparency</u>: BCF could have sought greater transparency from Sandra regarding the decision to make the donation, perhaps asking for additional

documentation or reassurance that Mr. Wallace's wishes were being honored. This would help ensure that all parties are acting in good faith.
- Regular Ethical Review: Establishing a committee or framework for regular ethical reviews of major donations, particularly from vulnerable individuals, would help ensure that decisions align with the foundation's mission and values.

In conclusion, the case of Mr. Wallace and the Benevolent Care Foundation illustrates the ethical complexity surrounding donor privacy, capacity, and the role of legal proxies. For a nonprofit to operate with integrity, it must carefully consider donor intent, engage in clear communication with all stakeholders, and prioritize transparency to ensure ethical decision-making in all circumstances.

Related Ethical Standards

Donor intent and conflict of interest: Transparency should always be a focus when communicating with donors.

Donor Privacy
Tainted Money

Ethical Dilemma

Community Resources is a local nonprofit providing community services in California. Carl has been the Executive Director of Community Resources for ten years. He attended an ethics workshop presented by the local AFP chapter. You are the presenter, and you provide consulting services, including ethical leadership, to nonprofits. You are a well-known, respected professional.
After your presentation, Carl approaches you with a confidential ethical dilemma.
It is a national election year. A recent article in the local news reported that Mr. X, known for his significant contributions to various candidates, has been found to be a fugitive having been charged with fraud and laundering money, and now living in Florida (Florida does not extradite for misdemeanor convictions committed in another state). Mr. X was named as a donor to several statewide candidates.
Bart S. is a county supervisor up for re-election and he received a donation from Mr. X. Bart has been a long-time supporter of Community Resources. Bart S. told Carl, the ED that he was giving Mr. X's contribution to Community Resources, as it wouldn't look good if his constituents discovered a campaign contribution from a known felon and fugitive.

Carl took the check from Bart and asked you, the ethics consultant, for advice. You advise Carl to inform your board of directors and explain the situation. You offer to talk to the board, pro bono.

Carl met with the executive committee and extended your offer to consult at no expense. Carl calls you that evening and tells you that the executive committee decided to accept the check, but to wait a few days before depositing it, to make sure Community Resources isn't named in the news as a recipient of the donation. They also declined to talk to you.

Who's Involved

- Mr. X the fugitive donor
- Carl, Executive Director, Community Resources
- Bart S., county supervisor
- You, the ethics consultant

What are the possible ethical issues; who else might be impacted?

- Reputational damage to Community Resources
- Appearance of impropriety – the decision of the Executive Committee to wait for a few days before depositing the check.

What are some possible considerations or solutions?

- Does Community Resources have a gift acceptance policy they can refer to?
- Decline to accept the check from Bart S.

Steps you can take

- Follow up with Carl; offer to talk with the board about transparency. Nonprofits must maintain transparency with their donors, volunteers, and clients. Full disclosure allows for informed decision-making and helps maintain trust.

What are the likely outcomes if nothing changes?

Discuss

What could have made the outcome(s) more ethical?

Discuss

Related ethical standards

We earn the trust of the public for our work – and ensure its effectiveness – by adhering to the highest standards of integrity, honesty, and respect.

Donor Privacy
Breach of Donor Privacy

Ethical Dilemma

You are the Executive Director of a mid-size arts nonprofit. With a staff of fewer that 10 employees, fundraising is one of your major responsibilities, including managing the various grants made to your organization.

You are aware of AFP's Code of Ethics and your organization has adopted the Donor Bill of Rights.

Your organization recently received a generous donation from a prominent art collector, to fund a special exhibition showcasing local artists. This donor's contribution was instrumental in supporting the organization's mission to promote local art and culture. However, during a fundraising event, a staff member mistakenly included the donor's name and amount of the donation in a public acknowledgment speech without the donor's prior knowledge and consent. This inadvertent disclosure of donor information caused embarrassment and discomfort to the donor, who valued her privacy.

Who's Involved

- Donor
- You, the fundraiser
- The staff person who included the donor's name and gift without prior consent

What are the possible ethical issues; who else might be impacted?

- Breach of donor privacy

What are some possible considerations or solutions?

- Ensure that donors give permission prior to announcing donor name or amount of gift

Steps you can take

- Implement an opt-in/opt-out policy where donors must either agree to have their name/gift publicized; or opt out where donor information cannot be shared without prior permission.

What are the likely outcomes if nothing changes?

- Organization loses donor respect, and possibly future giving
- Organization is seen as careless, not respectful of donor intentions.

What could have made the outcome(s) more ethical?

- Maintain high standards of proofreading
- Apologize to the donor
- Don't make individual gift amounts public. Use gift ranges.

Related ethical standards

Donor privacy: Giving is a personal choice. In relationships with donors, fundraisers have access to information about individuals and their giving that they must respect. Organizations have an obligation to ensure donors' rights to privacy. This includes but is not limited to data protection standards and list management practices.

Donor Privacy
The Appearance of Impropriety

Ethical Dilemma

Hope for Tomorrow (HFT) is a prominent nonprofit organization dedicated to providing mental health services and support to underserved communities. It relies heavily on individual donations and grants to fund its initiatives, utilizing a comprehensive donor database containing sensitive information, such as donation amounts, donor contact data, and personal notes about donor preferences and interests.

You are the chief development officer for HFT, and you've been approached by a tech company, offering a substantial grant to HFT in support of mental health programs. This company proposes a partnership where they would provide both financial support and advanced data analytics services to help HFT optimize its fundraising strategies.

While this company's offer is attractive, they have recently been involved in a data privacy scandal where they were accused of mishandling clients' user data. Accepting this grant could lead to public perception issues and potentially damage HFT's reputation.

Who's Involved

- HFT board of directors
- You, the chief development officer
- The tech company providing data services
- HFT donors
- Media

What are the possible ethical issues; who else might be impacted?

- Privacy concerns: Partnering with a company with a questionable track record in data privacy could put donor information at risk and violate privacy agreements.
- Appearance of Impropriety: Accepting the grant might create an appearance of impropriety, leading stakeholders to believe that HFT condoned or overlooked the company's past privacy issues. This could undermine public trust and tarnish HFT's reputation.
- Reputational damage: a journalist investigating nonprofits' partnership with tech companies uncovered HFT's involvement with the company. An article was published highlighting the privacy concerns and questioning HFT's decision to partner with a company implicated in a data scandal.
- The article sparked public outcry, with donors and stakeholders expressing concerns about the security of their personal information. HFT's reputation took a significant hit, leading to a drop in donations and loss of trust.

What are some possible considerations or solutions?

HFT's board found that you, the chief development officer, had not adequately communicated the potential risks and failed to seek proper approval, leading to your dismissal.

Steps you can take

- HFT could launch an internal investigation to understand the decision-making process leading to the partnership.
- HFT board revises its policies to ensure more rigorous vetting of potential partners. Implement stricter data privacy protocols and require transparent communication of potential risks associated with partnerships.
- Leadership changes: You have been asked to step down due to a failure to uphold HFT's ethical standards. A new chief development officer is hired who is committed to restoring public trust and adhering to stringent ethical guidelines.

What are the likely outcomes if nothing changes?

- Reputational damage to HFT.
- Reputational damage to you the chief development officer.
- Loss of trust, donations

What could have made the outcome(s) more ethical?

- Transparency and disclosure: Nonprofits must maintain transparency with their donors, clients about potential risks associated with partnerships. Full disclosure allows for informed decision-making and helps maintain trust.
- Due diligence: thorough vetting of potential partners is crucial, especially when dealing with organizations that have a history of ethical or legal issues. Nonprofits should conduct comprehensive background checks and risk assessments.
- Protecting privacy: Ensuring the protection of donor data is paramount. Implement robust data privacy measures and regularly audit data handling practices to safeguard donor information.
- Manage public perception: Consider the potential impact on reputation when forming partnerships. The appearance of impropriety can be as damaging as actual misconduct, so maintaining a high ethical standard is essential.

Related ethical standards

Donor privacy: Giving is a personal choice. In relationships with donors, fundraisers have access to information about individuals and their giving that they must respect. Organizations have an obligation to ensure donors' rights to privacy. This includes but is not limited to data protection standards and list management practices.

Donor Privacy
Privacy and Conflict of Interest

Background

GreenFuture is a nonprofit organization dedicated to environmental conservation and sustainable development. It relies heavily on fundraising from private donors, corporate sponsorships, and government grants to support its initiatives. GreenFuture has a robust donor database containing sensitive information, including donor names, contact details, donation amounts, and personal interests.

Emma Clark, the Chief Development Officer at GreenFuture, was tasked with leading a major fundraising campaign to support a new project aimed at reforesting urban areas. The campaign's success was critical, as it would significantly expand GreenFuture's impact and reach.

Simultaneously, Emma had recently started a consulting firm, Eco Fund, which provided fundraising strategy services to various nonprofits, including GreenFuture's competitors. Eco Fund was struggling to gain traction, and Emma saw an opportunity to leverage her position at GreenFuture to benefit her firm.

Dilemma

To bolster EcoFund's client base, Emma decided to use GreenFuture's donor database to identify potential clients for her firm. She began reaching out to these donors, offering EcoFund's services to enhance their own fundraising efforts. This unauthorized use of donor information was done without informing GreenFuture or obtaining consent from the donors.

Who is involved

- Emma C., Chief Development Officer at GreenFuture
- Emma C., Consultant
- Board of Directors, GreenFuture
- Eco Fund, Emma’s consulting company
- GreenFuture donors
- Eco Fund clients
- Mark D., Executive Director, GreenFuture

Considerations

A donor, surprised by the unsolicited contact from Eco Fund, reported the incident to GreenFuture's Executive Director, Mark Davis. An internal investigation was launched, revealing Emma's misuse of the donor database and her undisclosed ownership of EcoFund.

Disciplinary Measures: Emma was immediately terminated from her position at GreenFuture. The organization reported the incident to the relevant authorities, as the misuse of donor information could have legal ramifications.

Policy Revisions: GreenFuture strengthened its conflict-of-interest policies, requiring employees to disclose any external business activities. The organization also enhanced its data privacy protocols, ensuring that donor information was accessed and used only for its intended purpose.

Rebuilding Trust: The breach of trust necessitated a comprehensive effort to reassure donors of GreenFuture's commitment to protecting their privacy. The organization issued a public apology and outlined the steps it was taking to prevent future incidents.

What are some possible ethical issues; who else might be impacted?

- Privacy Concerns: Emma had access to GreenFuture's extensive donor database, which included sensitive personal information. Using this data for her own firm without donor consent would constitute a severe breach of privacy and trust.
- Conflict of Interest: Emma's dual role as the Chief Development Officer at GreenFuture and the owner of Eco Fund created a significant conflict of interest. Her responsibility to GreenFuture conflicted with her personal interest in growing her consulting business.

What are some possible considerations or solutions?

- Organization policy on self-dealing
- Donor privacy protection

Related Ethics Standards:

1. Not engage in activities that harm the members clients, organizations, or profession or knowingly brings the profession into disrepute.

19. Protect from disclosure confidential information to unauthorized parties as defined by an organization’s policies and procedures.

Fair, Equitable, and Transparent Compensation Practices
Everyone Benefits, Right?

Dilemma:

You are a relatively new Development Associate for an organization dedicated to providing services to low-income individuals and families. The organization is beginning its annual fund drive which you are working on and the Development Committee is having its first planning meeting. You are at the meeting along with the Director of Development and the Committee members which include a couple Board members. During a break, one of the Board members who is new to the Board and Committee approaches you with a recommendation to hire a telemarketing firm to help with the drive. The Board member owns several Michelin star restaurants in the area. She says this telemarketing firm is fantastic and all they are asking for would be their standard fee plus a small percentage of funds raised. The Board member would like to receive a finder's fee for bringing the firm to the organization, and she'd love to comp you several dinners at one of her restaurants as a thank you.

Who's directly involved:

- Development Associate
- The Board Member
- Director of Development

What are the possible ethical issues; who else might be impacted?:

- The Development Associate has an obligation to bring the Board member's suggestions to the Director of Development. If they do not and they move forward with hiring the telemarketing firm, they will be in violation of the AFP Code of Ethical Standards.
- How could this affect the Development Associate, the Board, and the organization as a whole?
- If the percentage based compensation is allowed, could this result in the telemarketing firm seeking funds for personal gain over and above the organization's mission?
- By the Development Associate receiving special considerations when selecting the firm, could this compromise the integrity of the organization?
- If other Board members learn of the recommendations, could this compromise the integrity of the Board, if the recommendations are allowed, especially the recommendation that the Board member will receive a finder's fee for bringing in the telemarketing firm?
- What if the Director of Development "endorses or approves" the idea and says so in the meeting in front of you and the Board?

What are some possible considerations?:

- What is the organization's development services policy when it comes to vendors? Does it include paying finder's fees, commissions, or compensation based on the degree to which a service meets the stated goals such as the percentage of funds raised?

- Does the organization have an onboarding process for employees and does it include discussion of development policies such as gift solicitation and gift acceptance?
- Does the organization have an orientation and/or onboarding process for Board members and does it include discussion of development policies such as gift solicitation and gift acceptance?
- Does the organization have a Conflict of Interest policy for its Board members?
- Are the Board members aware of the AFP Code?
- If the Board were to learn about the behavior of the other Board member, could it harm the reputation of the Board as well as negatively affect the working relationships of the Board?
- If the public were to learn about the details behind the telemarketing firm's selection, could it damage the reputation of the organization? Donors' trust could also be broken.

Steps you can take and potential solutions:

- The Development Associate could thank the Board member for her suggestions. Can/should he/she/they raise the issue immediately for discussion? Be sure to document everything.
- Is the Director of Development a member of AFP? If so, they sign the AFP Code annually. If not, inform the Director of Development that compliance with the AFP Code means vendors cannot be compensated based on the amount of funds raised, that finder's fees are not allowed, and that special considerations, such as complimentary meals, cannot be given either. Explain how these actions could compromise the integrity of the organization and its brand as a whole.
- The Director of Development can review the organization's development services policy to ensure it does not conflict with the AFP Code. If there is no development services policy, one should be created and implemented.
- The Director of Development should also bring the AFP Code to the attention of CEO.
- The Director of Development should connect with the CEO to alert them about the conversation between the Development Associate and the Board member. It might be good to assume there was no ill intent by the Board member, since they are new.
    - The CEO should then reach out to the Board member delicately explaining Board policies.
- If the CEO likes the telemarketing firm, explain the firm could charge a fee for each call completed as the fee would be charged based on the work the firm proposes to do and not based on percentage of funds raised. This fee would not be a violation of the Code.
- The organization may want to make sure development services policies are part of the employee's onboarding experience.
- The Director of Development could work with the CEO regarding educating the Board on the AFP Code and the hiring of vendors.
- Make sure those involved document everything that transpires.

What are the likely outcomes if nothing changes?:

- The Board may put or appear to put their self-interests and profit motive ahead of the mission of the organization.
- The integrity and reputation of the Board could suffer. The effectiveness of the Board could be questioned.
- The organization could suffer great reputational and brand damage which could greatly affect fundraising numbers as well as the effectiveness of the organization.
- If someone learns about the Development Associate's actions, they could file a complaint against them with AFP.

What could have made the outcome(s) more ethical?:

- Ensure that the organization has a development services policy in place that is aligned with the AFP Code.
- Ensure that the AFP Code is imbedded (as an appendix) in the Board packet under Development policies such as solicitation policies.
- Ensure that when Board members are oriented and onboarded, they are aware of development policies, which include the AFP Code and the development services policy.
- Ensure all Board and staff members read and sign the Conflict of Interest policy annually.
- Educate the Board on the best fundraising practices, including the AFP Code of Ethical Standards.
- Educate the Development team on the AFP Code and best practices for working with Boards of Directors.

Related Ethics Standard:

Standard No. 24: Decline receiving or paying finder's fees, commissions, or compensation based on a percentage of funds raised.

- The Board member's suggestions of paying compensation on a percentage of funds raised and being compensated with a finder's fee for bringing in the telemarketing firm if allowed, is a violation of the Code, and could compromise the organization's brand.

Standard No. 25: Refrain from offering or accepting payments or special considerations for the purpose of influencing the selection of products or services.

- Any person receiving special considerations that influences the selection of the telemarketing firm could also compromise the organization's brand.

Standard No. 9: Avoid activities that conflict with or may conflict with their fiduciary, ethical and legal obligations to their organization, clients or professions.

- Benefits transactions in any forms can raise questions about things such as favoritism and undue influence.

Standard No. 11: Decline personal benefits such as invitations or personal gifts that arise as a result of relationships with donors, prospects, volunteers, or clients.

- Accepting the offer of complimentary dinners is a personal gift which arose due to the professional relationship

Fair, Equitable, and Transparent Compensation Practices
Compensation for a Job Well Done

Dilemma:
You are the Director of Development of a nonprofit organization dedicated to marine conservation. You and your team spent the last year working on a campaign to raise money for reforesting coral reefs. The campaign has ended and the numbers have been tallied. This campaign surpassed its fundraising goals by more than 50% making it the most successful campaign in the organization's history. The Board of Directors learns of the results and thinks you and your team should be rewarded for the outstanding performance during the campaign. In Executive Session, the Board votes unanimously to give each team member a one-time bonus based on 1.3% of the amount raised by the campaign.

Who's directly involved:
- Development of Director
- Board
- CEO

What are the possible ethical issues; who else might be impacted?:
- If the bonus is allowed, what does it mean for other employees who are not in the Development Department? How will they be impacted?
- Will this create conflict or disharmony with the other employees not on the team?
- Will this lead to employees being motivated by personal gain/self-dealing over the organization's mission?
- Will this compromise the integrity of the Board?
- Are there legal implications to consider if one area of the organization is given preferential treatment?

What are some possible considerations?:
- What is the organization's compensation policy? Does it include bonuses, merit pay, or percentage-based compensation? Is the HR department aware of the AFP Code?
- Has the CEO been made aware of the Board's decision?
- If the public were to learn about the details of the team's compensation, it could damage the reputation of the organization. Donor's trust could also be broken.
- Seek legal counsel to ensure the organization is abiding by fair employment practices.

Steps you can take and potential solutions:
- Review the organization's compensation policy to ensure it does not conflict with the AFP Code. If there is no compensation policy, one needs to be created and implemented by HR.
- Is the CEO a member of AFP? If so, are they aware of the AFP Code? If not, inform the CEO that one-time bonuses based on a percentage of funds raised is

a violation of the Code. Explain it could compromise the integrity of the Board and the organization as a whole.
- Suggest to the CEO that if the Board wishes to compensate the team, they be compensated with a flat rate bonus, rather than a percentage of the amount raised.
- Hold a meeting with the Development Team to straighten out any misunderstanding or miscommunication.
- If necessary, hold an organizational wide meeting to go over the compensation policy of the organization.
- Make sure you've documented everything.

What are the likely outcomes if nothing changes?:

- If the team ends up being compensated in this way, and donors find out, there may be a perception that the organization and development team may be motivated by profit rather than mission. Donors' trust could be compromised.
- The organization could suffer great reputational damage which could greatly affect fundraising numbers as well as the effectiveness of the organization.
- If the development staff are the only ones rewarded, will staff quit when they learn of the preferential treatment the Development team was given?
- Will the integrity of the Board suffer?
- Will the organization set itself up for potential lawsuits from staff?

What could have made the outcome(s) more ethical?:

- Ensure that HR has a compensation policy in place that is aligned with the AFP Code.
- If it is the prevailing practice of the organization, the Development team may have received a one-time bonus that is not based on percentage of funds raised.
- Educate the Board on the best fundraising practices, including the AFP Code of Ethical Standards.

Related Ethics Standard:

Standard No. 23: Support fair and equitable compensation, which may include bonuses or merit pay in line with organizational practices but may never be based on a percentage of funds raised.

- In an effort to celebrate a great success, the board has triggered an action that may compromise the organization's brand.
- In accepting a position in a development office, proactively explore all compensation standards including whether there is a structure who address situations such as this, regardless of department.