

# Fundraising Ethics

by Dr. Adrian Sargeant



# Introduction to Ethics

Adhering to ethical standards in fundraising is especially important because the success of an organization's mission rests on trust: the trust of clients, volunteers, donors, and the community served. Stewarding the public's trust is therefore a critical role for fundraisers to perform. To do this well the fundraiser must look beyond their own immediate needs and behave in a manner consistent with the values of their profession and of the sector as a whole.



Independent Sector (2002) the national voice of the nonprofit sector, tells us:

“ Those who presume to serve the public good must assume the public trust. ”

To this we would add:

“ and those who assume the public trust must hold themselves to a higher set of standards. ”

Strong ethical standards build public trust in the nonprofit sector. Through transparency, full-disclosure and self-regulation, fundraisers can position their own organization as trustworthy in carrying out its mission and in so doing benefit the wider sector too.

Ethics operate at a different level from the laws of a particular society since laws frequently provide only for minimum standards of behavior. They deal with the worst excesses and with aspects of that behavior that are of greatest public interest and concern.

Most States, for example, now have laws governing the use of professional fundraising firms; imposing reporting requirements on these organizations to prevent fraud and making it clear to the donor what payments will be deducted from their gift before it is passed to the nonprofit.



# Obedience to the Unenforceable

Independent Sector, the nonprofit leader in public policy and innovation in management, encourages the highest standards of ethical practice. Its publication, 'Obedience to the Unenforceable,' was first developed and adopted in 1991 and revised in 2002 as a way to set forth values and expectations for behavior. The title of the publication refers to the extent to which individuals uphold self-imposed standards.

## How was your experience?

- Excellent
- Amazing
- Fantastic
- Incredible

The report begins:

“Public trust is the most important asset of the nonprofit and philanthropic community. Donors give to and volunteers get involved with charitable organizations because they trust them to carry out their missions, to be good stewards of their resources, and to act according to the highest ethical standards. Most fundamentally, voluntary and philanthropic organizations abide by the highest ethical standards because it is the right thing to do.”

More recently, Independent Sector convened sector leaders to develop recommendations for good governance for the nonprofit community. It organized the Panel on the Nonprofit Sector in 2004 as a response to increased Congressional scrutiny and media reports of nonprofit wrongdoing.

In 2007 the Panel published 'Principles of Good Governance and Effective Practice: A Guide To Maintaining The Highest Standards of Transparency, Good Governance and Accountability. Of the thirty-three principles the guide outlines, seven specifically outline responsible fundraising practices.

Among them are truthful solicitation materials (in print or in person), maintaining donor intent and privacy, following IRS guidelines for charitable deductibility, developing a policy for gift acceptance, and developing a process to handle gifts that could compromise the organization.



# Resources

Additional materials on nonprofit ethics can be found at:



The Ethics Resource Center (ERC) is a private, nonprofit organization that conducts independent research and promotes ethical standards in private and public institutions. ERC serves as a resource for the public exchange of ideas on ethics and ethical behavior.



The Association for Practical and Professional Ethics was founded in 1991 with support from Indiana University and the Lilly Endowment. The Association promotes communication and joint ventures among centers, schools, colleges, business and nonprofit organizations and individuals regarding ethics and ethical behavior.



Independent Sector publishes a wealth of resources supporting good ethical practices within the nonprofit sector.

# Resources



Governance Matters provides nonprofit leaders with the governance resources needed to strengthen their boards and serve their communities. Located in New York, Governance Matters provides resources, advocacy and chances for individuals in the industry to connect and discuss pertinent issues.



This report presents survey findings from over 5100 participants, discussing: relationships between public policy and governance, factors that promote or impede boards' performance of basic stewardship responsibilities, board composition and factors associated with board diversity, and recruitment processes, including the difficulty experienced by many nonprofits in finding members.



The Center for Ethics, Governance, and Accountability (CEGA) is an Internet-based provider of compliance documentation, policies, and recommendations for the non-profit sector.

# Resources



The AFP Code of Ethics and the Donor Bill of Rights are the foundation for all fundraising activity in the United States. They provide a structure that fundraisers can use to help guide them as they take what can frequently be difficult decisions about the nature of their day-to-day practice.

Readers may find it interesting to compare the Donor Bill of Rights produced in the U.S. with the Fundraising Promise developed in the U.K. Fundraising Promise.

Additional Resources on managing ethical dilemmas:

**Managing Ethical Dilemmas in Non-Profit Organizations**

# Dr. Adrian Sargeant

Adrian Sargeant is the Robert F Hartsook Professor of Fundraising at Indiana University. He is also a Professor of Nonprofit Marketing and Fundraising at Bristol Business School (UK) and an Adjunct Professor of Fundraising at the Australian Centre for Philanthropy and Nonprofit Studies, Queensland University of Technology, Brisbane, Australia.

He is one of the world's foremost authorities in the domain of nonprofit marketing and fundraising. He was the founding Managing Editor of the International Journal of Nonprofit and Voluntary Sector Marketing and is the author of numerous books including Fundraising Principles and Practice and Marketing Management for Nonprofit Organizations published by Jossey Bass and the Oxford University Press, respectively.

