



Ethics and Stewardship in Fundraising

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President,
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October 12, 2023



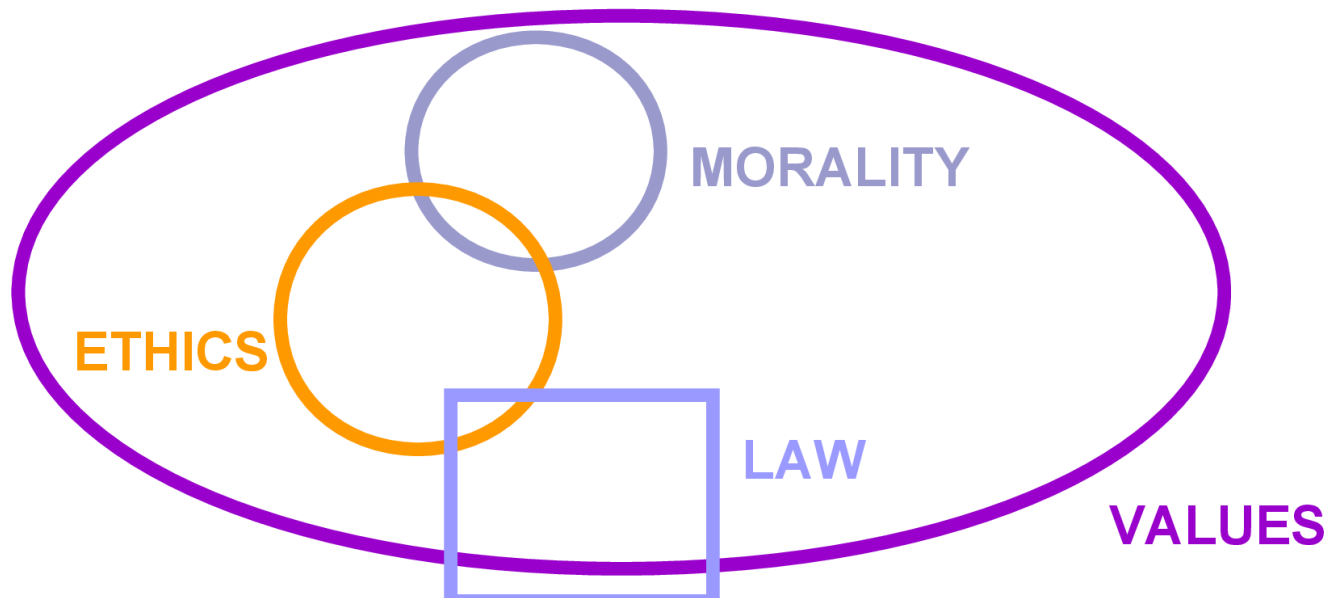
Let's answer these questions together:

- What Ethics?
- Why Ethics?
- How Ethics?
- What Stewardship?
- Why Stewardship?
- How Stewardship?



What is Ethics?

- Moral principles that govern a person's or group's behaviour.
- The moral correctness of specified conduct



What is Ethics NOT?

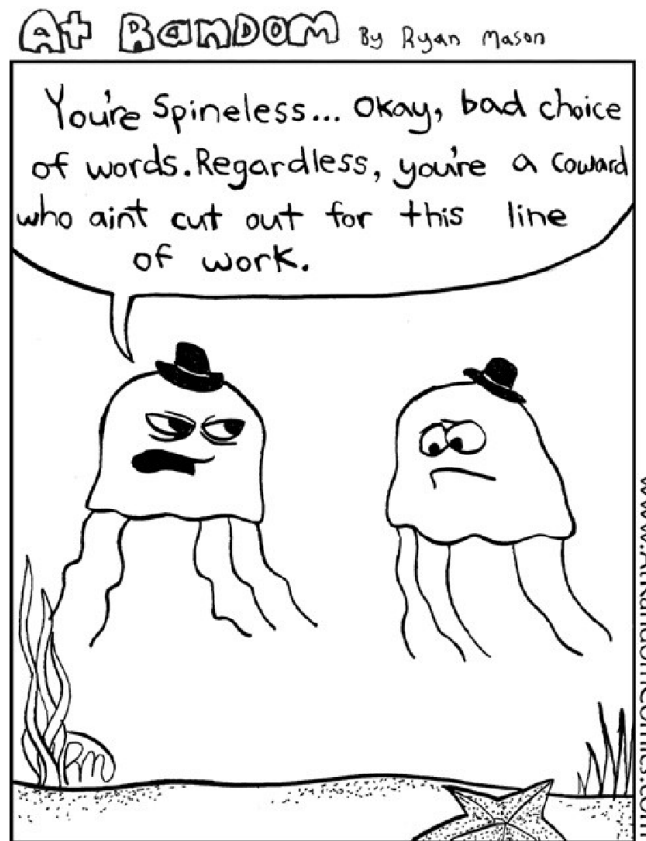
- Not the same as “legal”.
- Not “religious”.
- Not defined by social acceptance.
- **Should not be defined by one person.**

What is Ethics NOT?

- Not only for the “big matters”
 - Ethics is a matter for consideration during the course of even the most “routine” transactions
- Just because it’s “legal” doesn’t mean it’s ethical
 - Same goes for CRA – doesn’t make it ethical
- Sometimes none of the choices is “wrong” – you must just choose the one that is most right
 - The idea is not to scrape by with something that can be construed as ethical, it is to commit to the highest ethical standard

What is Ethics NOT?

. . . For the faint of heart



Why Ethics?

- Ethics is important on several levels.
 - On a personal level most people feel better working for an ethical organization. If the organization truly values fairness, honesty, and integrity, employees are more likely to enjoy their work and take pride in the organization.
 - At the professional level ethically oriented codes of conduct are common. Professions recognize that their credibility rests not only on technical competence, but also on public trust.
 - At the organizational level, ethics is good business. Several studies have shown that over the long run ethical businesses do better than unethical businesses.
 - At the societal level, the public often has different expectations from organizations that receive public/charitable funding.

Why Ethics?



- Demonstrates to donors and the public that your organization is committed to ethical fundraising and financial accountability.
- Assures donors that you value their contribution and will steward their donations to ensure they have the greatest impact.
- Provides you with a baseline against which you can evaluate your practices.
- Enhances awareness of fundraising and financial accountability among staff members, board members, and volunteers.

Why Ethics?

It is not good enough the Canadian charities just follow the law but there are important ethical considerations as well as standards that Canadian nonprofits and charities need to be aware of.



Ethics and Stewardship



SEPTEMBER 29, 2023

Charity gets in trouble with Office of the Privacy Commissioner of Canada (OPC) for inadequate consent for sharing of mail list

The Office of the Privacy Commissioner of Canada (OPC) released on September 19, 2023 a finding that a Canadian charity had an inadequate process for...

SEPTEMBER 27, 2023

Chronicle of Philanthropy “With 200,000 Nonprofits Rated, the New Charity Navigator Aims High, Falls Short”

I don't think I often meet people who, when faced with an equal path, one very difficult and one easy, deliberately take the difficult path. Almost...

SEPTEMBER 27, 2023

Chronicle of Philanthropy “Donor Codes of Conduct to Fight Sexual Harassment of Nonprofit Fundraisers Are Growing More Common”

It was good to see that the Chronicle of Philanthropy is covering Donor Codes of Conduct in their article "Donor Codes of Conduct to Fight Sexual..."

SEPTEMBER 27, 2023

Lawsuit in the US is a reminder of the importance of charities being transparent and accurate in their fundraising solicitations

The Washington Post recently had a story "He was Mormon royalty. Now his lawsuit against the church is a rallying cry." The article deals

SEPTEMBER 27, 2023

Operating in Afghanistan is particularly precarious for Canadian charities

It was reported in the media that a number of aid workers have recently been arrested in Afghanistan. Here is the article "18 Charity Workers..."

AUGUST 26, 2023

Charity Commission report on Care4Calais offers Canadian charities some interesting lessons around internal controls, governance and political activities

The UK has far better transparency when it comes to charities than we have in Canada. It is

Why Ethics?



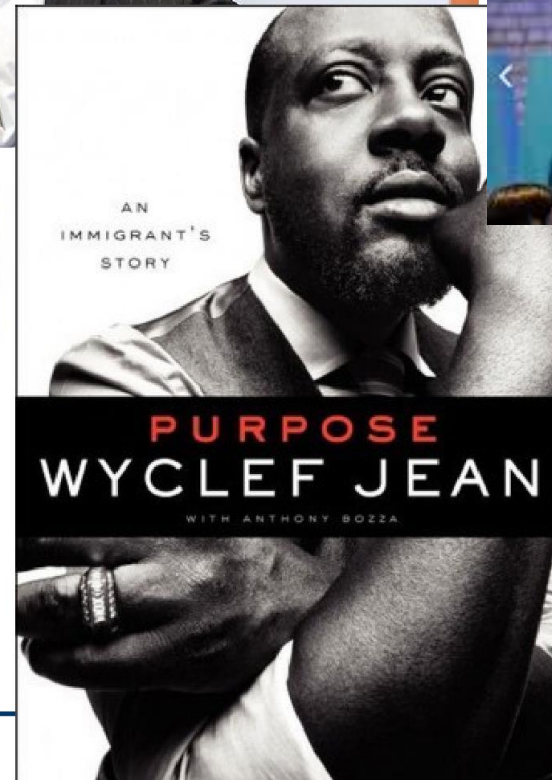
WE Charity Is Completely Shutting Down In Canada & The Founders Are Quitting

It's been a hard few months for the organization.



What's Really Going On With Madonna's Charities?

Apr 4, 2011 2:08 PM CDT



How Ethics?

KNOW **WHAT** YOU CAN AND CANNOT DO

- Parameters are a girl's best friend!
- CRA regulations
- By-laws of your organization
- STICK TO YOUR MISSION- "Hedgehog concept"
- Gift acceptance policies
- DONOR BILL OF RIGHTS
- AFP Code of Ethical Principles and Standards of Professional Practice

How Ethics?

Donor Bill of Rights

- 10 rights that each donor should have when interacting with any reputable charity or nonprofit
- Guidelines to ethical governance of charitable contributions
- Have this officially adopted by your Board TODAY.

A Donor Bill of Rights	
<p><i>PHILANTHROPY</i> is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:</p>	
<p>I. <i>To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.</i></p>	<p>VI. <i>To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.</i></p>
<p>II. <i>To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgement in its stewardship responsibilities.</i></p>	<p>VII. <i>To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.</i></p>
<p>III. <i>To have access to the organization's most recent financial statements.</i></p>	<p>VIII. <i>To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.</i></p>
<p>IV. <i>To be assured their gifts will be used for the purposes for which they were given.</i></p>	<p>IX. <i>To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.</i></p>
<p>V. <i>To receive appropriate acknowledgement and recognition.</i></p>	<p>X. <i>To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.</i></p>
<p>DEVELOPED BY Association of Fundraising Professionals (AFP) Association for Healthcare Philanthropy (AHP) Council for Advancement and Support of Education (CASE) Giving Institute: Leading Consultants to Non-Profits</p>	<p>ENDORSED BY (in formation) Independent Sector National Catholic Development Conference (NCDC) National Committee on Planned Giving (NCPG) Council for Resource Development (CRD) United Way of America</p>

How Ethics?

Donor Bill of Rights adopted by the Boards of:

- Queen's University
- Canadian Cancer Society
- Canadian Feed the Children
- Habitat for Humanity Canada
- University of Toronto
- London Health Sciences Foundation
- The Princess Margaret Hospital Foundation
- BC Mental Health Foundation
- ALS Society of Ontario
- Girl Guides of Canada
- Boy Scouts of America



How Ethics?

Ethical governance of a donor's gift does not only begin when the gift exchanges hands . . .

- Dictates the WAY in which we raise funds
- Mandatory sign-on for all members of the Association of Fundraising Professionals (AFP)
 - WHO on your team is a member of AFP?
 - WHAT are the advantages of being a member of a professional organization?



CODE OF ETHICAL STANDARDS

ETHICAL STANDARDS (Adopted 1964; amended Oct 2014)

The Association of Fundraising Professionals believes that ethical behavior fosters the development and growth of fundraising professionals and the fundraising profession and enhances philanthropy and volunteerism. AFP Members recognize their responsibility to ethically generate or support ethical generation of philanthropic support. Violation of the standards may subject the member to disciplinary sanctions as provided in the AFP Ethics Enforcement Procedures. AFP members, both individual and business, agree to abide (and ensure, to the best of their ability, that all members of their staff abide) by the AFP standards.

PUBLIC TRUST, TRANSPARENCY & CONFLICTS OF INTEREST

Members shall:

- 1 not engage in activities that harm the members' organizations, clients or profession or knowingly bring the profession into disrepute.
- 2 not engage in activities that conflict with their fiduciary, ethical and legal obligations to their organizations, clients or profession.
- 3 effectively disclose all potential and actual conflicts of interest; such disclosure does not preclude or imply ethical impropriety.
- 4 not exploit any relationship with a donor, prospect, volunteer, client or employee for the benefit of the

- 14 ensure that contributions are used in accordance with donors' intentions.
- 15 ensure proper stewardship of all revenue sources, including timely reports on the use and management of such funds.
- 16 obtain explicit consent by donors before altering the conditions of financial transactions.

TREATMENT OF CONFIDENTIAL & PROPRIETARY INFORMATION

Members shall:

- 17 not disclose privileged or confidential information to unauthorized parties.
- 18 adhere to the principle that all donor and prospect

How Ethics?

AFP Code of Ethical Principles and Standards of Professional Practice

AFP members aspire to:

- practice their profession with integrity, honesty, truthfulness and adherence to the absolute obligation to safeguard the public trust;
- act according to the highest standards and visions of their organization, profession and conscience;
- put philanthropic mission above personal gain;
- inspire others through their own sense of dedication and high purpose;
- improve their professional knowledge and skills in order that their performance will better serve others;
- demonstrate concern for the interests and well being of individuals affected by their actions;
- value the privacy, freedom of choice and interests of all those affected by their actions;
- foster cultural diversity and pluralistic values, and treat all people with dignity and respect;
- affirm, through personal giving, a commitment to philanthropy and its role in society;
- adhere to the spirit as well as the letter of all applicable laws and regulations; advocate within their organizations, adherence to all applicable laws and regulations;
- avoid even the appearance of any criminal offense or professional misconduct;
- bring credit to the fundraising profession by their public demeanor;
- encourage colleagues to embrace and practice these ethical principles and standards of professional practice; and
- be aware of the codes of ethics promulgated by other professional organizations that serve philanthropy

How Ethics?

AFP Code of Ethical Principles and Standards of Professional Practice

Standards of Professional Practice:

Professional Obligations

4. Members shall not exploit any relationship with a donor, prospect, volunteer, or employee to the benefit of the member or the member's organization

Solicitation and Use of Charitable Funds

10. Members shall take care to ensure proper stewardship of charitable contributions, including timely reports on the use and management of funds

Presentation of Information

13. Members shall adhere to the principle that all donor and prospect information created by, or on behalf of, an organization is the property of that organization and shall not be transferred or utilized except on behalf of that organization

Compensation

16. Members shall not accept compensation that is based on a percentage of charitable contributions; nor shall they accept finder's fees.

How Ethics?

AFP Code of Ethical Principles and Standards of Professional Practice

- Standard #3: Ethical Behaviour
 - Disclosing any formal relationship you have with a donor
 - Establishing in advance the extent to which your employer will permit you to engage in outside consulting
 - Refusing to accept appointment as executor or personal representative of a donor's estate

How Ethics?

AFP Code of Ethical Principles and Standards of Professional Practice

- Standard #4: Ethical Behaviour
 - Members shall not exploit any relationship with a donor, prospect, volunteer or employee for the benefit of the member or the member's organization
 - Encouraging a donor or prospect to seek independent professional advice when the donor is considering including your organization in the donor's estate plan
 - Encouraging a donor or prospect to inform family members of an intent to include your organization in the donor's gift plans

How Ethics?

AFP Code of Ethical Principles and Standards of Professional Practice

- Standard #18:
 - Members shall adhere to the principle that all donor and prospect information created by, or on behalf of, an organization is the property of that organization and shall not be transferred or utilized except on behalf of that organization
 - You never in any way or form remove information from the possession of your employer without their express permission
 - You refuse to provide a board member with a list of donors to your organization unless there is a clear and present need for such disclosure

How Ethics?

AFP Code of Ethical Principles and Standards of Professional Practice

Standard #21:

Ethical

- Members shall not accept compensation or enter into a contract that is based on a percentage of contributions; nor shall members accept finder's fees or contingent fees

Unethical

- Accepting percentage-based compensation because an organization lacks sufficient budget, with the expectation that such will be converted to salary or fee when funds are available
- Accepting a compensation package in which a part is salary or fee and the balance is made up of a percentage of the funds raised

Challenges That Can Cause Ethical Dilemmas:

- Extreme goal pressures that are not data-based
- Lack of experience
- Dilemmas without clear solutions
- Superiors who don't understand fundraising/ethical standards associated with our profession
- Impulsive decision-making
- Donors who want to control their gift
- Ignorance of the Donor Bill of Rights or the AFP Ethical Fundraising Guide

Stewardship

What Stewardship?

- **What was your FAVORITE charitable gift?**
- **What was your LEAST FAVORITE gift?**

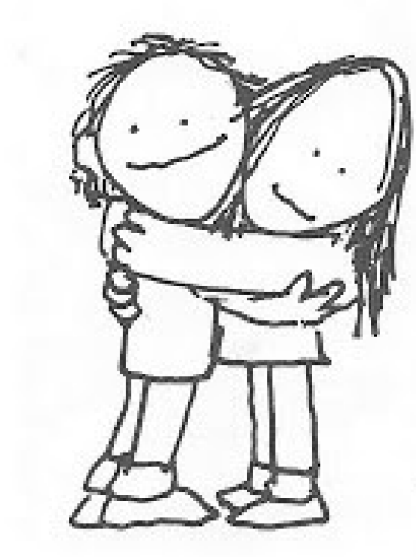
What Stewardship?

- Who is good at Customer Service?
- Who is awful?



What Stewardship?

1. Acknowledgment
2. Expression of Gratitude
3. Demonstration of Accountability



Ethics and Stewardship



Who Stewardship?

University of Florida Best Practices Recognition Grid 01/10/14

Legend

R = Required
S = Suggested
O = Optional

Red = Centrally driven
Blue = Unit driven
Green = Joint ownership

		Chief Regent	University Leadership (centralized)	UFL Leadership (decentralized)	Department/College/Unit	Regional/Threat/Unit	DO/Institution	Executive/Board of Trustees	Comprehensive Reporting/Plan	UFL Announcement	Dean/Head of Department/College	Dean/Head of Program/Center	Dean/Head of Unit/Institute	Website	Endowment Report	Development Impact to Unit	Change in Recruitment/Enrollment	Permanence/Change Event	Advocacy Event	Written to Donor/Board of Trustees	Annual Report or Building Code	Cover Page
		Acknowledgement				Recognition				Reporting	Event	Building Related										
Named Faculty Funds (Gift to Establish)																						
Deanship/Directorship	\$5,000,000	R	R	R	R	S	R	R	R	H	O	O	O	R	R	S	R	S				
Endowed University Chair	\$4,000,000	R	R	R	R	S	R	R	R	H	O	O	O	R	R	S	R	S				
Endowed Chair	\$2,000,000	R	R	R	R	S	R	R	R	H	O	O	O	R	R	S	R	S				
Endowed Curatorship	\$1,500,000	R	R	R	R	S	R	R	R	H	O	O	O	R	R	S	R	S				
Endowed Professorship	\$1,000,000	R	R	R	R	S	R	R	R	H	O	O	O	R	R	S	R	S				
Assistant Professorship	\$500,000	R	O	R	R	S	R	R	R	S	O	O	O	R	R	S	R	S				
Term Professorship/Faculty Fellowship	\$300,000	R	O	R	R	S	R	R	R	S	O	O	O	R	R	S	R	S				
Lectureship	\$250,000	R	O	R	R	S	R	R	R	S	O	O	O	R	R	S	R	S				
Named Student Funds (Gift to Establish)																						
Endowed Assistantship	\$350,000	R	O	R	R	S	R	R	R	S	O	O	O	R	R	S	R	S				
Endowed Fellowship	\$300,000	R	O	R	R	S	R	R	R	S	O	O	O	R	R	S	R	S				
Endowed Scholarship	\$100,000	R	O	R	R	S	R	R	R	S	O	O	O	R	R	S	R	S				
Endowed M-F OS Scholarship	\$100,000	R	O	R	R	S	R	R	R	S	O	O	O	R	R	S	R	S				
Named Endowed Funds (Gift to Establish)																						
College	\$25M+	R	R	R	R	S	R	R	R	H	O	O	O	R	R	S	R	S				
Academic Center or Institute	\$5,000,000	R	R	R	R	S	R	R	R	H	O	O	O	R	R	S	R	S				
Endowed Research Fund	\$100,000	R	O	R	R	S	R	R	R	S	O	O	O	R	R	S	R	S				
Endowed Libraries or Art Acquisition Fund	\$30,000	R	O	R	R	S	R	R	R	S	O	O	O	R	R	S	R	S				
Other	varies	Please refer to the corresponding gift type and dollar amount listed above																				
Gifts: Naming																						
Single Gift/Single Naming Gift	\$5M+	R	R	R	R	O	R	S	R	H	O	O	O	S		S				R	R	O
Single Gift/Single Naming Gift	\$1-4.99M	R	R	R	R	O	R	S	R	H	O	O	O	S		S				R	R	O
Single Gift/Single Naming Gift	\$100K-999K	R	O	R	R	O	R	S	R	H	O	O	O	S		S				R	R	O
Single Gift/Single Naming Gift	\$100K-499K	R	O	R	R	O	R	S	R	H	O	O	O	S		S				R	R	O
Single Gift/Single Naming Gift	\$50K-99K	R	O	R	R	O	R	S	R	H	O	O	O	S		S				R	R	O
Single Gift/Single Naming Gift	\$1K-49K	R	O	S	R	O	O	S								S				R	R	O
Single Gift/Single Naming Gift	<\$1K	R	O	O	S	O	O									S				R	R	O
Pledge																						
Pledge	\$5M+	R	R	R	S	R	R	R	S						S					R	R	O
Pledge	\$1-4.99M	R	R	R	S	R	R	R	S						S					R	R	O
Pledge	\$100K-999K	O	R	R	S	R	R	O	O						S					R	R	O
Pledge	\$50K-99K	O	O	R	S	S	R								S					R	R	O
Pledge	\$1K-49K	O	O	S	S	O	S								S					R	R	O
Pledge	<\$1K	O	O	O	O	O	O								S					R	R	O

*In addition to acknowledging the initial pledge, pledge payments should also be acknowledged by the units and/or unit and university leadership at the level corresponding to the payment.

Why Stewardship?

The ROI of Stewardship (Risk Of Ignoring)

- Typical charity will lose 70-74% of its annual donors between the first and second donation
- it costs five times more to acquire a new donor
- increase the retention rate of as little as 10 percent can increase yields by up to 200%

Why Stewardship?



Cost of Donor Acquisition vs. Donor Retention

It's **easier** and **cheaper** to retain a donor than it is to acquire one

5X Cost per renewal

2-3X Initial donation amount

20-30X Higher than acquisition response rates

Source: Fundraising Effectiveness Project

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Why Stewardship?

- it costs nonprofits **about 10 times more** to bring in a new donor than to keep an existing donor.
- 2018 Fundraising Effectiveness Report : For each 100 new donors nonprofits brought in, they lost 99.

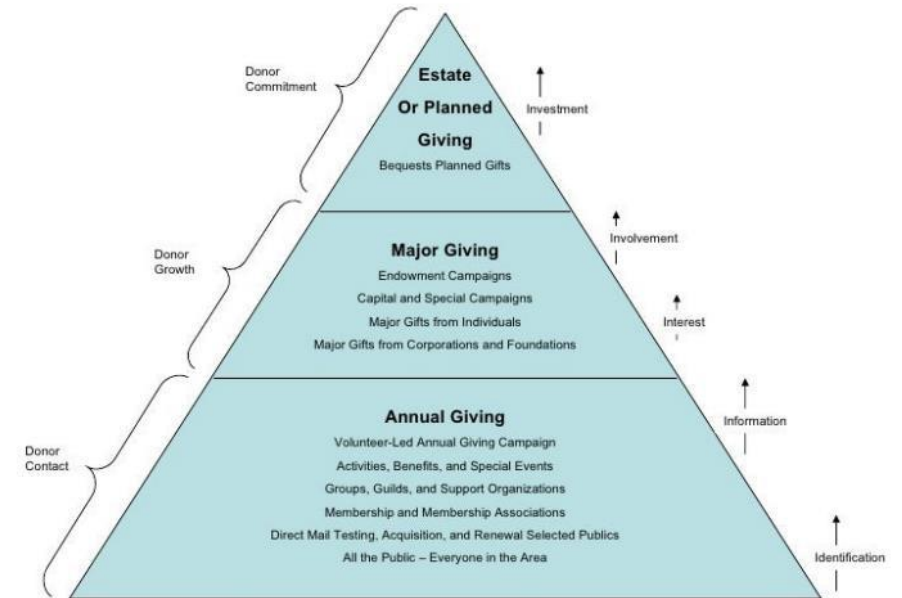
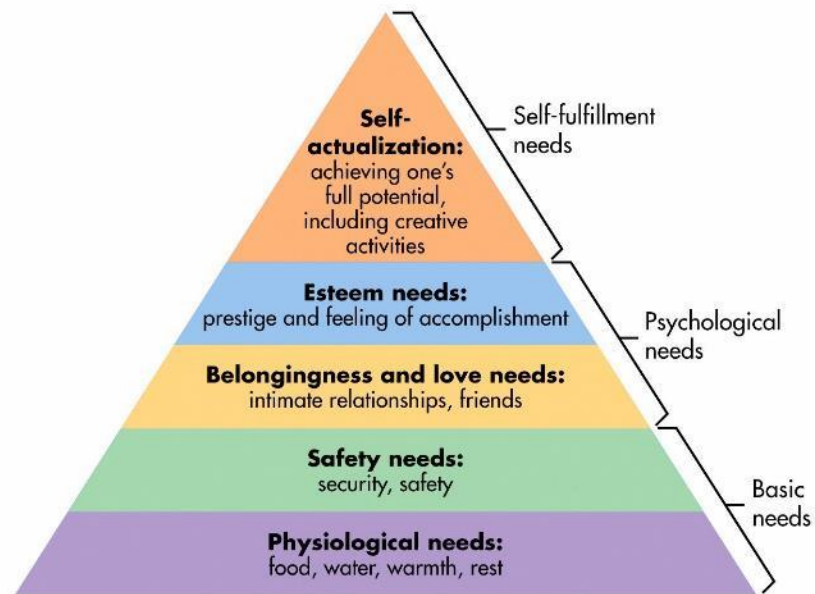
Why Stewardship?

New Donor Retention Rate YoY



How Stewardship?

- Why do we give to begin with?



How Stewardship?

- Today's donors see themselves as investors in our organizations
- if they see themselves as investors, we must consider them as investors and treat as such
- Our goal is to engage long-term investors who will grow with us
- Fundraising is not about money, it comes to relationships

How Stewardship?

Penelope Burk: 93% of donors indicated three factors that influenced them to remain faithful and make the more generous over time donations:

1. Quick recognition and personalized gifts
2. Confirmation that the funds will be used as requested
3. Measurable results provided on the last donation before being asked for another.

How Stewardship?

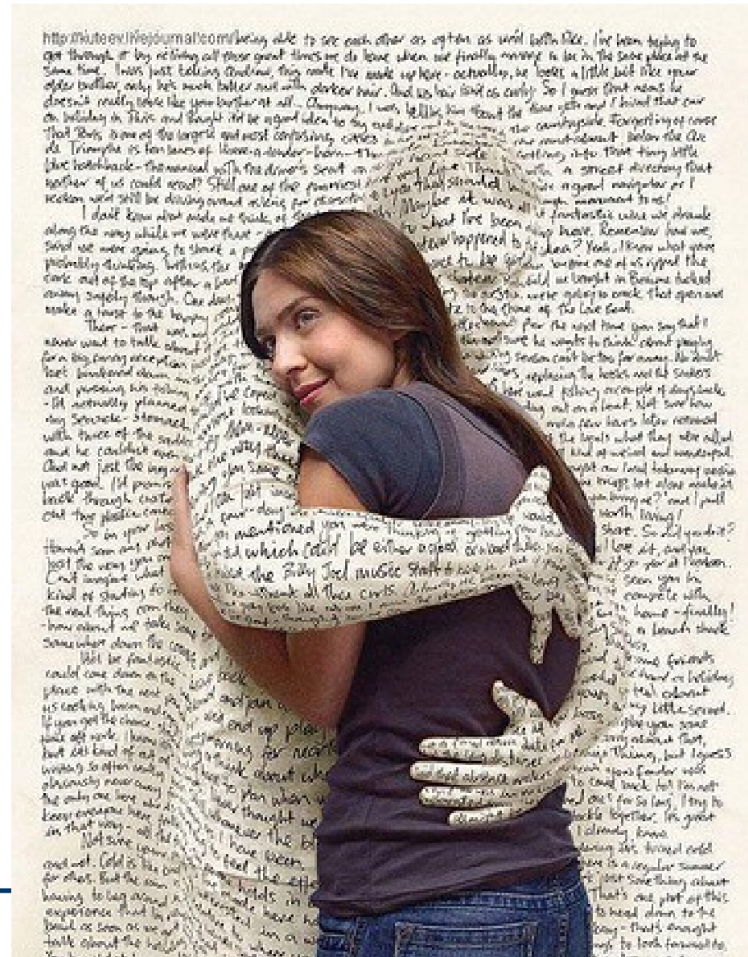
The key is the communication

- Written

- Letters
- Newsletters
- Annual Reports

- Calls

- visits



How Stewardship?

The main task of the development office is to raise money, but everyone in the entire organization takes part in the essential steps to ensure continued donor satisfaction with their investment

I HAVE

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"We give more time and attention to donors who bounce cheques than we do to our loyal supporters."

Confession

Thank you

Paulanne Jushkevich, MA, CFRE
President,
Connecticut Children's Foundation

