ETHICAL
CONSIDERATIONS FOR
THE NONPROFIT SECTOR

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THE PERSONAL CONNECTION
– CASE STUDY

- Two organizations under one common name
- For Profit and Nonprofit
- IRS, AMEX, Payroll, Misappropriations
- Total funds in question > $100k
- Contracts sold and deposited

COURSE OF ACTION?
NEW BEGINNINGS

- Alternativ Global Entrepreneurs
- Social Enterprise, Licensing Model
- New Horizons, fiscal sponsor
ETHICAL CONSIDERATIONS

Ethics informs the very essence of the organization

- It dictates how we do our work and how we choose to accomplish the mission
- Cultivating an ethical culture takes intentional effort
WHEN ORGANIZATIONS MISBEHAVE

Nonprofits in the news:
- Embezzling
- Misappropriation of funds
- Nepotism
- Conflicts of interests
Update: Seeds closes doors following founder’s departure

By Bryan Grossman   Aug 7, 2017
**SCANDALS IN THE NEWS**

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**Trump Pays $2 Million to 8 Charities for Misuse of Foundation**

Under a settlement, the president admitted he had used his charity to bolster his campaign and settle business debts.

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**Feds actively investigating Clinton Foundation**

By Laura Jarrett and Evan Perez, CNN
Updated 8:01 AM EST, Sat January 6, 2018

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Source: Feds investigating Clinton Foundation
Wounded Warrior Project's top execs fired amid lavish spending scandal

4 charged with using ‘Wounded Warrior’ name to raise over $150,000 for personal profit
Jerry Falwell Jr. sued by Liberty University for millions over sex, extortion scandal

Falwell's departure came soon after Giancarlo Granda, a younger business partner of the Falwell family, said he had a yearslong sexual relationship with Falwell's wife.

Exclusive: NRA's former No. 2 official Joshua Powell describes 'decades of fraud, corruption' inside lobby group
DANIEL'S FUND ETHIC INITIATIVE PRINCIPLES

- Integrity
- Trust
- Accountability
- Transparency
- Fairness
- Respect
- Rule of Law
- Viability
PASSION LED US HERE
SIMPLIFIED ETHICS

Treat others the way you want to be treated

The right thing to do is also the smart thing to do, and vice versa
INSTILLING INTERNAL VALUES

- Develop your values statement
- State them everywhere internally
- Be transparent publicly

More accountability
INDIVIDUAL ACCOUNTABILITY

Being responsible for one's own actions and choices

- Accountability starts with the leader
  - Everyone makes mistakes
ORGANIZATIONAL ACCOUNTABILITY

- Set appropriate goals and outcomes
- Take the responsibility for meeting them
- Go public
ORGANIZATIONAL TRANSPARENCY

- External: letting people in the community see what's going on inside the organization
- Force transparency: Guidestar, Charity Navigator
- Increased transparency: builds trust with stakeholders
  - Most recent 990
  - Two most recent audits
  - Strategic Plan
  - Two most recent annual reports
  - List of board members with bios
  - List of management with bios
RESOLVING ETHICAL DILEMMAS IN NONPROFITS

Accountability  Conflict of interest  Disclosures  Accumulation of Surplus  Outside Remuneration  Salaries, Benefits, and Perks  Personal Relationships
DISCUSSION QUESTIONS:

Should nonprofits be held to a higher ethical standard than the for-profit sector?

If a nonprofit executive writes a book about his/her experience while working with/for the nonprofit, should the royalties go to the author or the organization?

Research one of the nonprofit scandals that made the news recently. Tell us what the ethical issue or dilemma was, how the organization handled it, and what you think they should have done.