

Association of Fundraising Professionals
CODE OF ETHICAL PRINCIPLES AND STANDARDS
As adopted by Health Initiative for Men

Standard No. 1

Staff, Board members and volunteers shall not engage in activities that harm the organization, clients, or profession.

Guidelines

- a. Staff, Board members and volunteers shall subscribe to and become advocates for the mission and goals of their organization.
- b. Staff, Board members and volunteers shall conduct their personal and professional lives recognizing that their actions represent the organizations by which they are employed.
- c. Staff, Board members and volunteers shall respect the wishes and needs of constituents, and do nothing that would negatively impact their social, professional, or economic well-being.

Standard No. 2

Staff, Board members and volunteers shall not engage in activities that conflict with their fiduciary, ethical, and legal obligations to their organizations and their clients.

Guidelines

- a. Staff, Board members and volunteers shall take care to assure that all legally binding gift planning obligations they propose are prepared or approved by qualified legal counsel.
- b. Staff, Board members and volunteers shall urge their clients to seek independent, qualified counsel in regard to any legal or fiduciary obligation that a member proposes.
- c. Staff, Board members and volunteers shall make every reasonable effort to assure that their organization's fiduciary obligations are held to the highest ethical standards and conform to applicable law.
- d. Staff, Board members and volunteers shall make every reasonable effort to assure that third party organizations that are appointed to carry out fiduciary obligations on behalf of their organization are held to the highest ethical standards.

Standard No. 3

Staff, Board members and volunteers shall effectively disclose all potential and actual conflicts of interest; such disclosure does not preclude or imply ethical impropriety.

Guidelines

- a. Staff, Board members and volunteers establish a clear understanding between themselves and their organizations regarding the extent to which Staff, Board members and volunteers are permitted to engage in outside consulting.
- b. Staff, Board members and volunteers disclose if they or a member of their immediate family have a material interest in a current or potential vendor firm.
- c. Staff, Board members and volunteers disclose any formal relationship they may have with a donor, including relationships formed with that donor through previous employment.
- d. Staff, Board members and volunteers encourage their organizations to adopt policies on conflict of interest.
- e. Staff, Board members and volunteers understand that effective disclosure includes the sharing of sufficient information to adequately explain the facts so that persons or entities who might be affected by such possible conflicts of interest can make informed decisions.
- f. Staff, Board members and volunteers understand the provisions of the IRS "Intermediate Sanctions" regulations in the U.S., or their equivalent in other countries, that apply to persons associated with nonprofit organizations who might also benefit from business or commercial arrangements with the

organization.

Standard No. 4

Staff, Board members and volunteers shall not exploit any relationship with a donor, prospect, volunteer, or employee for the benefit of the member or the Employee's organization.

Guidelines

a. Exploitation in this context includes:

- (1) taking advantage of, or making use of, another person for one's own ends;
- (2) encouraging another person to take action that is to the person's disadvantage or to the disadvantage of that person's family; and,
- (3) encouraging another person to action that would seem, to the reasonable person, contrary to the best interest(s) of the person so encouraged.

b. Staff, Board members and volunteers assure that the compelling purpose of gift planning is to ensure that the wishes of the donor or the donor's representative are carried out, and that the organization receiving the contribution provides services to constituents that are meaningful to the donor.

Standard No. 5

Staff, Board members and volunteers shall comply with all applicable local, state, provincial, and federal civil and criminal laws.

Guidelines

- a. Staff, Board members and volunteers recognize that compliance with applicable laws and regulations is a clear standard. Nevertheless, laws regarding fundraising are proliferating, and ethical practitioners, remembering the admonition that ignorance of the law is no excuse, must be alert to new laws.
- b. Staff, Board members and volunteers consult the legal counsel involved with their own organizations. Most nonprofit organizations have access to legal counsel, either paid or volunteer. Member consultants and suppliers of fundraising services also consult legal counsel regarding their contracts and practices. ¹

¹The AFP Fundraising Resource Center has, in its collection, books and other publications that can be used for general guidance, but which are not substitutes for specific counsel.

Standard No. 6

Staff, Board members and volunteers recognize their individual boundaries of competence and are forthcoming and truthful about their professional experience and qualifications.

Guidelines

- a. Staff, Board members and volunteers state their professional qualifications in a manner that gives a clear and accurate picture of their skills, capabilities, level of expertise, experience, performance, and credentials.
- b. Staff, Board members and volunteers clearly describe the parameters of their roles within the larger financial development efforts of any organization with which they have been affiliated.

Standard No. 7

Staff, Board members and volunteers shall present and supply products and/or services honestly and without misrepresentation and will clearly identify the details of those products, such as availability of the products and/or services and other factors that may affect the suitability of the products and/or services for donors, clients or nonprofit

organizations.

Guidelines

- a. Staff, Board members and volunteers shall assure, to the best of their ability that the representations of their products and/or services which they propose to provide for donors, clients or nonprofit organizations are sufficiently complete and accurate.
- b. Staff, Board members and volunteers shall supply products and/or services which are consistent with the representations made to donors, clients, or nonprofit organizations.
- c. Staff, Board members and volunteers shall clearly and honestly describe their ability to deliver their products and/or services in a timely or complete manner, as well as other factors that may reasonably affect the suitability of the products and/or services.
- d. As a best practice, Staff, Board members and volunteers should state to donors, clients or nonprofit organizations that Health Initiative for Men is bound by the *AFP Code of Ethics*

Standard No. 8

Staff, Board members and volunteers shall establish the nature and purpose of any contractual relationship at the outset and will be responsive and available to organizations and their employing organizations before, during and after any sale of materials and/or services. Staff, Board members and volunteers will comply with all fair and reasonable obligations created by the contract.

Guidelines

- a. Staff, Board members and volunteers shall enter negotiations on a contractual relationship to provide products, materials or services openly and transparently.
- b. Staff, Board members and volunteers shall respond in a timely manner to requests for information or clarification from a client
- c. Staff, Board members and volunteers will provide for an effective method of follow up on the sale and/or implementation of any products, materials or services supplied. Any proposed further charges resulting from this follow up shall be transparently communicated.
- d. Staff, Board members and volunteers shall honor the explicit obligations of their contract, and work proactively with the client to meet any fair and reasonable requests implied by the contract.
- e. Staff, Board members and volunteers shall file copies of the contract with all relevant regulatory bodies.
- f. Staff, Board members and volunteers shall heed national, as well as local (e.g., state, provincial, etc.) contract laws.
- g. Reference also Standard 5.

Standard No. 9

Staff, Board members and volunteers shall refrain from knowingly infringing the intellectual property rights of other parties at all times. Staff, Board members and volunteers shall address and rectify any inadvertent infringement that may occur.

Guidelines

- a. Staff, Board members and volunteers shall not engage in plagiarism and shall ensure that all materials which they prepare and/or present are original creations, or that the member has appropriate approval of the author/owner to use the material.
- b. Staff, Board members and volunteers respect all copyrights.
- c. Staff, Board members and volunteers shall provide appropriate remedy when inadvertent infringement of the intellectual property rights of others occurs, where such IP rights can reasonably be asserted.
- d. Staff, Board members and volunteers shall adhere to any timelines and/or limitations for usage of intellectual property granted by owner.

e. Staff, Board members and volunteers shall not claim ownership of intellectual property when they know that such property is owned by another individual or entity.

Standard No. 10

Staff, Board members and volunteers shall protect the confidentiality of all privileged information relating to the provider/client relationships.

Guidelines

- a. Ensuring that all legal requirements concerning privacy, confidentiality and privileged information concerning donors, clients and nonprofit organizations, as well as these ethical standards, are adhered to.
- b. Business Staff, Board members and volunteers are organizationally required by the code, to ensure that their Staff, Board members and volunteers uphold this standard.
- c. Staff, Board members and volunteers urge their organizations to adopt and operate within written policies governing confidentiality of privileged information.

Standard No. 11

Staff, Board members and volunteers shall refrain from any activity designed to disparage competitors untruthfully.

Guidelines

- a. Staff, Board members and volunteers shall ensure that any portrayal of competitors is fair, accurate and can be substantiated
- b. Disparaging competitors is unprofessional and unethical, and reflects badly on both parties and the sector.

Standard No. 12

Staff, Board members and volunteers shall take care to ensure that all solicitation materials are accurate and correctly reflect their organization's mission and use of solicited funds.

Guidelines

- a. Staff, Board members and volunteers shall ensure, to the best of their ability, that the materials upon which individuals make decisions about supporting the Employee's organization are direct and truthful.
- b. Staff, Board members and volunteers shall be forthcoming and accurate when describing their organization's mission, needs, programs, goals, objectives, and achievements.

Standard No. 13

Staff, Board members and volunteers shall take care to ensure that donors receive informed, accurate and ethical advice about the value and tax implications of contributions.

Guidelines

- a. Staff, Board members and volunteers with knowledge of the tax or ethical implications of a potential contribution should realize the limit of their expertise before advising donors about the contribution and should, as a best practice include other professionals in the process.
- b. Staff, Board members and volunteers always advise donors to seek the advice of their own independent counsel regarding tax and financial implications.
- c. Staff, Board members and volunteers are mindful of the implication of practicing law without a license when advising donors about legal instruments.
- d. Staff, Board members and volunteers do not draft legal instruments obligating donors and nonprofit organizations unless legally authorized to do so..
- e. Staff, Board members and volunteers relate the specific implications of contributions, providing the

prospective donors have been told of the Employee's credentials (or lack thereof) and have been encouraged to seek their own independent counsel.

f. Staff, Board members and volunteers ensure that appropriate forms are completed and filed in the event of noncash contributions. They also advise donors of these requirements, if applicable.

Standard No. 14

Staff, Board members and volunteers shall take care to ensure that contributions are used in accordance with donors' intentions.

Guidelines

- a. Staff, Board members and volunteers ensure that proper documentation outlining the intention and expectation of the donor(s) is provided to all appropriate persons and organizational units within the recipient organization (i.e., development office, accounting office). This documentation, including copies of all relevant supporting materials, is made a permanent part of the records of such units.
- b. Staff, Board members and volunteers ensure that contributions are used if and as specified by the donor. If a donor indicates a use that is inappropriate, the member confers with the donor to determine an appropriate use that is in keeping with the donor's wishes and the organizational mission. In the event that no mutually satisfactory use can be determined, the member offers to return the donation.
- c. Staff, Board members and volunteers review documentation outlined in guideline 'a.' above on a regular basis to ensure that those responsible for administering contributed funds continue to adhere to the donor's intentions.
- d. Also see Standards No. 10 and 11.

Standard No. 15

Staff, Board members and volunteers shall take care to ensure proper stewardship of all revenue sources, including timely reports on the use and management of such funds.

Guidelines

- a. Staff, Board members and volunteers provide an annual report to donors. This can be included in a general report about the organization or can be included in a constituent newsletter, mailing, etc., which is sent to donors.
- b. Staff, Board members and volunteers should ensure that donors of endowment funds receive a report on their funds at least annually. For small organizations, such reporting is recommended as a best practice.
- c. Staff, Board members and volunteers shall, to the best of their abilities, urge their organizations to adopt and operate within written policies governing planned gifts, donor recognition, vendor transactions, and investments.
- d. Staff, Board members and volunteers shall maintain written protocols or agreement guidelines for the administration of each restricted fund.

Standard No. 16

Staff, Board members and volunteers shall obtain explicit consent by donors before altering the conditions of financial transactions.

Guidelines

- a. Staff, Board members and volunteers meet with the donor or the donor's surviving family or representatives to discuss any potential alteration in the original conditions of a contribution.
- b. Should changing circumstances on the part of a recipient organization necessitate a change in the prescribed use of an existing gift, the process to be followed in making this change should be captured within the original gift agreement.
- c. Staff, Board members and volunteers shall accurately characterize the nature of a financial transaction with any party.

Standard No. 17

Staff, Board members and volunteers shall not disclose privileged or confidential information to unauthorized parties.

Guidelines

- a. Staff, Board members and volunteers do not discuss any information about prospective donors or donors outside the work environment, and they discuss it within the work environment only as appropriate.
- b. Staff, Board members and volunteers honor and protect donors' rights to anonymity.
- c. Staff, Board members and volunteers ensure that prospective donor and donor information is collected lawfully and presented factually.
- d. Staff, Board members and volunteers balance the obligation of their organizations to collect, record, and make public information with the right of prospective donors and donors to privacy.
- e. Staff, Board members and volunteers seek and record only information that is relevant to the fundraising efforts of their organizations. Such information is accurately recorded in an objective and factual manner, and verified or attributable to its source.
- f. Staff, Board members and volunteers ensure that the collection and use of information are done lawfully. Further, nonpublic information is the property of the organization for which it is collected and is not to be given to persons other than those who are involved with the cultivation or solicitation effort, or those who need that information in the performance of their duties for that organization.
- g. Staff, Board members and volunteers ensure that information, including research, about prospective donors and donors are stored securely to prevent access by unauthorized persons.
- h. Staff, Board members and volunteers give special protection to all giving records pertaining to anonymous donors. Those donors are informed of the organization's policies regarding access to such information, especially who is to have knowledge of the donor's identity.
- i. Staff, Board members and volunteers are respectful of the fact that information about donors and prospective donors is the property of the organization for which it was gathered and is not to be taken to another organization.
- j. Staff, Board members and volunteers urge the development of written policies at their organizations defining who may authorize access to prospective donor and donor files and under what conditions.
- k. Consistent with applicable law, Staff, Board members and volunteers urge the development of written policies at their organizations defining whether and in what manner to make public information regarding contributions.
- l. The provisions of Standard 10 should also be applied as appropriate in conjunction with this Standard.

Standard No. 18

Staff, Board members and volunteers shall adhere to the principle that all donor and prospect information created by, or on behalf of, an organization or a client is the property of that organization or client and shall not be transferred or utilized except on behalf of that organization or client.

Guidelines

- a. Staff, Board members and volunteers do not physically or electronically remove or transmit information from the possession of a nonprofit organization or client without prior explicit consent.
- b. Staff, Board members and volunteers encourage the nonprofit organization with which they have a professional relationship to develop written policies concerning the confidentiality of their files and the requirements for gaining access to them.
- c. Staff, Board members and volunteers whose organizations lease, sell, rent, or exchange their donor lists encourage the authorization of specific agents or Staff, Board members and volunteers who can negotiate and sign appropriate contracts for such transactions.

- d. Staff, Board members and volunteers do not imply information about specific prospects and donors they have learned in the course of work for one organization that would be a benefit to another as a consequence of their employment.
- e. Staff, Board members and volunteers respect the wishes of donors as to anonymity and the confidentiality of particular details of specific contributions. The member understands that the relationship between donor and development officer is based upon *trust*.
- f. This standard does not apply to information that is in the public domain.

Standard No. 19

Staff, Board members and volunteers shall give donors and clients the opportunity to have their names removed from lists that are sold to, rented to, or exchanged with other organizations.

Guidelines

- a. Staff, Board members and volunteers encourage the development of written policies and practices regarding the use of donor names.
- b. Staff, Board members and volunteers ensure that donors are informed in accordance with such policies and practices.

Standard No. 20

Staff, Board members and volunteers shall, when stating fundraising results, use accurate and consistent accounting methods that conform to the appropriate guidelines adopted by the appropriate regulatory body* for the type of organization involved.

Guidelines

- a. Staff, Board members and volunteers recognize that fundraising results are recorded both for external financial and audited statement purposes, and for reporting and donor recognition purposes. Recording for external audited financial purposes must be in accordance with the appropriate AICPA guidelines*, or the requirements of the local legal framework, for the type of institution involved.
- b. In reporting fundraising results for external financial and audited statement purposes:
 - (1) Irrevocable unconditional deferred contributions are recognized in the fiscal year in which they are made. The nonprofit organization should recognize contribution revenue and related assets and liabilities. Assets should be recorded at their fair market value. Contribution revenue should be recorded as the difference between the asset value and the net present value of the payout to the beneficiary. Reevaluations should occur each fiscal year and at the time the contribution matures.
 - (2) Unconditional pledges are recognized in the fiscal year in which they are made. The extent to which multi-year pledges are discounted should be determined with professional advice.
 - (3) Bequests are recognized at fair market value in the fiscal year in which they mature.
 - (4) Insurance policies that are owned by the organization should be recorded at their cash surrender value.
 - (5) Revocable deferred contributions or conditional contributions should be recorded when the contribution matures or when the condition is met.
- c. For reporting and donor recognition purposes:
 - (1) For campaign purposes, Staff, Board members and volunteers may report results over more than one fiscal year.
 - (2) Irrevocable, legally enforceable deferred gifts are counted and reported at a discounted present value only, using IRS calculation methodologies, or the appropriate requirements of the local legal framework.
 - (3) Staff, Board members and volunteers may report revocable planned contributions and conditional contributions.
 - (4) Staff, Board members and volunteers may report insurance policies at face value.
 - (5) Staff, Board members and volunteers may report expectancies from bequests.

Standard No. 21

Staff, Board members and volunteers shall not accept compensation or enter into a contract that is based on a percentage of contributions; nor shall Staff, Board members and volunteers accept finder's fees or contingent fees. Business Staff, Board members and volunteers must refrain from receiving compensation from third parties derived from products or services for a client without disclosing that third-party compensation to the client (for example, volume rebates from vendors to business employees).

Guidelines

- a. Staff, Board members and volunteers accept compensation based upon experience, expertise, and the time requirements of the engagement.
- b. Percentage compensation is any payment based on the monetary value of contributions; a finder's fee is a fee paid for bringing a donor or contribution to a nonprofit organization, whether or not the fee is based on a percentage of funds raised.
- c. Staff, Board members and volunteers, if declining an offer of compensation based upon a percentage of the funds raised, will provide information in support of this standard, such as the AFP Position Paper on Professional Compensation.
- d. Staff, Board members and volunteers recognize that fundraising is a continuing practice in which present funds received may be the results of efforts of others in previous years, and, likewise, current fundraising activities may result in future funds.
- e. Staff, Board members and volunteers must not seek, pay, or accept, percentage-based compensation or commissions for obtaining philanthropic funds.
- f. Staff, Board members and volunteers help organizations recognize that costs involved in fundraising include staff compensation and that donors do accept organizational costs for such activities.
- g. Staff, Board members and volunteers who offer services as proposal writers must not receive compensation calculated on a percentage of funds sought or raised (e.g., a member who drafts a grant proposal cannot receive a percentage of that grant if it is awarded).
- h. Staff, Board members and volunteers disclose fully any fees deriving from a third party vendor as a result of the referral of a client if there is a discount for the business member because of the charity aspect of the transaction.
- i. A vendor must not profit from a relationship with a charity without disclosing that fact to the charity. If subcontractors to a vendor have provided a discount because of the charity involved then that discount must be transparent between the charity and the vendor

Standard No. 22

Staff, Board members and volunteers may accept performance-based compensation, such as bonuses, provided such bonuses are in accord with prevailing practices within the Staff, Board members and volunteers' own organizations and are not based on a percentage of contributions.

Guidelines

- a. Staff, Board members and volunteers' freedom to accept performance-based compensation is based on the fact that AFP recognizes that such can be an ethical way to reward practitioners who exceed the scope of effort covered by their established salary or contracted fee.
- b. Staff, Board members and volunteers may accept performance-based compensation under the following conditions:
 - (1) the Employee's organization has a policy and practice that awards performance-based compensation; and
 - (2) the policy has the approval of the organization's governing body; and
 - (3) the policy and practice include, but are not limited to, the Employee's area of responsibility (e.g., are a norm within the organization); and

(4) the criteria are restricted to mutually agreed-upon, pre-established overall goals; and
(5) the criteria for determining the eligibility for, and amount of, such compensation shall exclude any consideration of a percentage of contributions. This should be interpreted as an absolute prohibition of any reference to, or use of, a percentage of income to determine compensation, either in effect or actuality.

c. Staff, Board members and volunteers understand the provisions of the IRS “Intermediate Sanctions” regulations in the U.S., or their equivalent in other countries, that apply to executive compensation.

Standard No. 23

Staff, Board members and volunteers shall neither offer nor accept payments or special considerations for the purpose of influencing the selection of products or services

Guidelines

- a. Offering or accepting personal inducements for the purpose of influencing the selection of your services is unethical.
- b. The offer or acceptance of payments or special consideration for the purpose of influencing the selection of products or services potentially undermines an organization’s mission.
- c. Staff, Board members and volunteers must not enter into agreements where personal inducements are offered for retaining the Employee’s services
- d. Staff, Board members and volunteers must not enter into an agreement with prospective clients who require personal inducement as a condition for the business.
- e. So-called “client loyalty programs” (such as hotel points or airline miles) are exempt provided that they are widely and transparently available to all customers of an organization.
- f. This standard and the AFP Code do not apply to business to business relationships (e.g., Business A pays an incentive to a 3rd party marketer or a sales representative to generate business leads).

Standard No. 24

Staff, Board members and volunteers shall not pay finder’s fees, commissions or percentage compensation based on contributions, and shall take care to discourage their organizations from making such payments.

Guidelines

- a. Staff, Board members and volunteers recognize that there are three primary principles underlying this standard:
 - (1) Philanthropic giving is a voluntary action for the public benefit.
 - (2) The seeking or acceptance of philanthropic contributions should not provide personal gain to anyone.
 - (3) Donors and potential donors must be protected from pressure or coercion.
- b. Commission or percentage compensation is any payment based on the dollar value of contributions.
- c. A finder’s fee is a fee paid to an individual for introducing an individual donor to a nonprofit organization.
- d. A finders fee should not be paid to an individual on the basis of the size of a donation secured.
- e. It is acceptable to negotiate a fee for service based on the work carried out by an individual, where that fee has no relation to the subsequent size of a gift, or the outcome of the solicitation efforts.
- f. Bona fide transaction fees are not subject to this standard. Transaction fee(s) include fees for credit card processing, stock transfers, electronic funds transfers, lock boxes, and processing Internet transactions.

Standard No. 25

Any member receiving funds on behalf of a donor or client must meet the legal requirements for the disbursement of those funds. Any interest or income earned on the funds should be fully disclosed.

Guidelines

- a. Staff, Board members and volunteers shall establish beyond all doubt the legal requirements, under the jurisdictions in which they operate, for the handling, disbursement and reporting of funds. Ignorance of the law is no defense.
- b. Staff, Board members and volunteers must ensure that all funds received on behalf of a donor or clients are handled strictly in accordance with all duties of care required by law. In the case of business Staff, Board members and volunteers, the organizations have the responsibility of ensuring that their Staff, Board members and volunteers handle such funds in conformance with those standards of care.
- c. Staff, Board members and volunteers shall accurately and transparently account for all funds received.
- d. Staff, Board members and volunteers must provide regular status reports to donors and clients on whose behalf the member holds funds.
- e. Staff, Board members and volunteers shall clearly communicate to their clients and donors the manner and timelines within which funds will be remitted.
- f. Staff, Board members and volunteers will disclose fully any interest or income earned, prior to disbursement, on the funds held on behalf of donors and clients.
- g. Staff, Board members and volunteers urge their organizations to adopt and operate within written policies governing the maintenance and disbursement of donor and client funds, including the full disclosure of interest or income earned on such funds.