



Developing Fundraising Policies and Procedures

**Best Practices for Accountability
and Transparency**

AFP'S READY REFERENCE SERIES

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Developing Fundraising Policies and Procedures

**Best Practices for Accountability
and Transparency**

By Barbara L. Cicone, CFRE

Updated by R. Scott Fortnum, ACFRE

AFP's Ready Reference Series

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Association of Fundraising Professionals

4300 Wilson Boulevard, Suite 300

Arlington, VA 22203

www.afpglobal.org



Acknowledgments

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Why Fundraising Policies and Procedures Are Necessary

In recent years, with the overwhelmingly generous response of the public to global and national tragedies and disasters, coupled with the ongoing needs of non-disaster relief organizations, fundraising challenges have multiplied. In addition, the nonprofit sector has faced increased yet appropriate scrutiny by government regulators and individual donors alike. In the United States, the passage in 2002 of the Sarbanes-Oxley Act created an environment of greater self-examination and accountability within nonprofits. This American law, while focusing on corporate governance and financial accounting practices, has led many nonprofits around the world to review, evaluate, and change the ways they operate.

POLICY: AS DEFINED BY THE AFP FUNDRAISING DICTIONARY

n.—as adopted by a governing board, broad and general statements that are guiding principles designed to influence and determine the decisions and actions of an organization

Nonprofit leaders must understand that public trust is vital to the sector's mission, and their organizations must be transparent and accountable to donors, stakeholders, government agencies, and future patrons to succeed. Research and media reports throughout the world suggest the importance of donor trust and indicate a direct correlation between public confidence in an organization and its level of support.



Key to gaining that donor trust is keeping to established guidelines for handling donations and other business practices. Written policies and procedures for nonprofit organizations' development-related activities are critical not only for showing they adhere to ethical fundraising practices but also for enhancing relations with donors and funders and improving development staff efficiency and effectiveness.

This booklet offers samples of key fundraising policies and procedures that nonprofit organizations should consider adapting and using for their fundraising programs. Organizations also should have other policies and procedures related to board governance, conflicts of interest, staffing, and working with outside vendors and contractors, but these are beyond the scope of this publication.

SAMPLE DOCUMENT

FUNDRAISING POLICIES AND PROCEDURES CHECKLIST

Is your organization registered where it raises funds?* Yes ____ No ____

Does your organization have:

1. A gift solicitation and acceptance policy? Yes ____ No ____
2. A procedure for processing gifts and maintaining database accuracy? Yes ____ No ____
3. A policy and/or procedure for:
 - gifts of securities? Yes ____ No ____
 - gifts of personal property? Yes ____ No ____
 - gifts of real estate? Yes ____ No ____
 - gifts of intellectual property? Yes ____ No ____
 - restricted gifts? Yes ____ No ____
 - establishing endowments? Yes ____ No ____
 - planned/deferred gifts? Yes ____ No ____
 - accepting in-kind gifts? Yes ____ No ____



4. A donor privacy policy? Yes ____ No ____
5. A donor recognition policy? Yes ____ No ____
6. A written procedure for entering and recording gifts?
Yes ____ No ____
7. A written procedure for acknowledging gifts? Yes ____ No ____
8. Internal Revenue Service/Canada Revenue Agency language on receipts? Yes ____ No ____
9. A state disclosure statement on letters? (U.S. requirement for certain states) Yes ____ No ____
10. A charitable registration number publicly available? (Canada only)
Yes ____ No ____
11. A permission policy for sending email communications to members/donors? Yes ____ No ____
12. A policy for conducting new special events? Yes ____ No ____

** This is a complex area requiring an increasingly greater level of attention from nonprofits, paid fundraisers, and fundraising consultants. In the United States, charitable organizations may be required to register in states where they raise funds, but requirements vary from state to state. In Canada, although charities can be incorporated provincially, a fundraising organization must register a charitable registration number or business number (BN) with the federal Canada Revenue Agency (CRA). If you are uncertain about state/provincial and federal registration issues potentially affecting your organization, consult with a qualified professional adviser.*

In 1960, a group of development officers established what is now the Association of Fundraising Professionals (AFP) in response to the need for a codification of best practices in fundraising. Since adopting its first *Code of Ethical Principles and Standards of Professional Practice* in 1964, AFP has led the nonprofit sector in fostering the development and growth of fundraising professionals and promoting high ethical standards in the fundraising profession. All members of AFP agree to uphold and abide by the values articulated in today's *AFP Code of Ethical Standards*.



Developing Fundraising Policies and Procedures

An excellent resource for development professionals, the *AFP Code of Ethical Standards* serves as a valuable teaching tool for educating an organization's staff and board leadership on ethical fundraising practices and how to incorporate them into development programs (see Appendix A).

In addition to the *AFP Code*, the Association of Professional Researchers for Advancement (APRA) Statement of Ethics also addresses issues of donor privacy and research (see Appendix B).

MAKING THE CODE OF ETHICS YOUR OWN

Divided into four sections, the *AFP Code of Ethical Standards* addresses key nonprofit issues: professional obligations, solicitation and use of philanthropic funds, presentation of information, and compensation. Reviewing the standards in the code will help you determine whether your organization's policies and procedures already include these principles or if they need to be integrated into your business guidelines.

For example:

- Standard No. 9 under Solicitation and Use of Philanthropic Funds states: "Members shall take care to ensure that contributions are used in accordance with donors' intentions." This standard should be incorporated into your gift acceptance and stewardship/management policies.
- Standard No. 14 under Presentation of Information states: "Members shall give donors the opportunity to have their names removed from lists that are sold to, rented to, or exchanged with other organizations." This standard should be incorporated into your donor privacy policy.



Developing Fundraising Policies and Procedures

In 1993, AFP, the American Association of Fundraising Counsel (now The Giving Institute), the Association for Healthcare Philanthropy, and the Council for Advancement and Support of Education developed *A Donor Bill of Rights* so that donors and prospective donors could have full confidence in the nonprofits they support. Since then, thousands of organizations have adopted *A Donor Bill of Rights*. The 10 rights listed also should be reflected in your policies and procedures (see inside back cover).

Protecting Donor Rights

A Donor Bill of Rights is also a valuable teaching tool for staff and board leadership and, most importantly, donors. By promoting *A Donor Bill of Rights*, your organization can integrate its principles into your mission values and show donors that you are committed to protecting their interests and gifts.

Advancing *A Donor Bill of Rights* can be accomplished easily by:

- incorporating it in board orientation and board training sessions
- printing a copy on your organization's letterhead
- posting it in a prominent location on your website
- including a copy in your media or public relations packet
- featuring it in your newsletter or magazine

By properly stewarding donors and charitable contributions, you will help ensure continued support for your organization. Policies and procedures for acknowledging gifts, thanking and recognizing donors, and guarding privacy and the confidentiality of donor information form the foundation of a successful stewardship program for your organization.



Improving Staff Efficiency and Effectiveness

Policies and procedures also help your staff to work more efficiently. Being creative is important when thinking of new and better ways to raise increased funds for your organization. However, some development-related tasks, such as recording gifts and preparing receipts, are more effectively handled when standardized because then anyone completing these tasks will know how to do them properly.

In Canada, the standardization of gift receipts is not just recommended but required. Visit the CRA website (canada.ca/en/revenue-agency.html) for information on the regulations governing the issuance of receipts.

Adhering to policies and procedures for administering gift-entry and acknowledgment systems allows staff to be more efficient, giving them more time for relationship-building activities with donors. Written policies and procedures also preserve institutional knowledge and shorten the learning curve for new staff.

WHEN TO SAY “NO” TO A GIFT

Having clear policies on what types of major gifts your organization will accept and how they will be accepted also is essential. Your nonprofit may be presented with a donation that does not fit the organization’s mission, has too many strings attached, or whose maintenance costs outweigh its value. This can be true of gifts of real estate and tangible property, such as boats or stamp collections, and gifts with unusual or unpalatable restrictions. A board-approved policy regarding how such gifts will be handled is an effective way to maintain positive relationships with major donors and help them to understand that some restrictions on gifts may actually render them less useful to your organization and its stakeholders.



Gift Policies and Procedures

No matter what type of software program database you use to manage donor data, focusing on three key factors will help your organization most efficiently use data for your development program:

• Organization

When using one of the various commercial fundraising database systems, be sure to work with your vendor to organize your data properly from the start. First, your organization must decide what donor information to record and track and what kinds of reports you will need. In the United States, the Health Insurance Portability and Accountability Act (HIPAA) prohibits organizations from recording information about a patient's illness(es), treatment, or services provided without prior authorization from the patient. Also, your nonprofit should identify and train a few key employees who will have permission to enter and change data, limiting others to read-only access. By taking the time to evaluate database needs and requirements at the outset, your organization can build a system that will be a valuable fundraising tool—not just the organization's mailing list.

• Consistency

Develop consistent standards for your employees to follow when entering data. These guidelines should be clearly documented in the vendor's manual or an in-house manual. Include proper procedures for such items as:

- name capitalization and use of periods
- telephone numbers
- addresses, with abbreviations for street types
- gifts, pledges, in-kind gifts, and planned gifts
- attendance at events and meetings
- board and volunteer services
- volunteering



● Accuracy

Be sure you maintain the accuracy of the data through address-correction requests, website address-change submissions, and internet research and information provided by board members, employees, and volunteers. Document the date and who makes changes to a data record. Periodically review groups of records to ensure employees are following the data-management standards. Make corrections as necessary. If some records have bad data that require time-consuming changes, archive records for attention later.

When you write the procedures for data management, make sure you train all the users to follow these standards. The standards are only as effective as they are followed, so periodically review the guidelines, solicit comments from the users, and revise the policies as needed.

Also remember to back up your data regularly to protect the database's integrity.

Recording and Acknowledging Gifts

One important key to an organization's success is how well it manages the back end of gift receipts. Are staff members recording gifts properly in the database? Are they entering donations into the accounting system quickly and accurately? Are they thanking donors appropriately and meaningfully? Who is responsible for these various tasks? Having clear guidelines for recording and acknowledging gifts will help staff in this essential administration.

Most organizations will want to have various levels of database access and ability to change information based on job function.

Your development department should have pertinent policies and procedures in a physical or online manual that is easily accessible for staff. This manual, which should outline how gifts are to be recorded and acknowledged, also can be used to train new employees. Be sure to include sample copies of the various types of thank-you letters that should be sent to donors in acknowledgment of their contributions.



When developing gift-acceptance policies for your organization, it is important to anticipate the kinds of gifts your charity's mission or program might attract. Having a procedure for reviewing major gifts by the executive director/president, development committee, and board of directors will help your organization not only get the most out of its current and planned donations but also decline gifts that would not be a good fit with your organization's mission and work. Many organizational boards establish a gift-acceptance committee to review gifts and contributions.

SAMPLE DOCUMENT

GIFT-ACKNOWLEDGMENT POLICY AND PROCEDURES

(Note: Charities should determine gift levels and staff involvement that correspond to organizational needs and culture.)

1. Acknowledge all gifts within three business days using appropriate thank-you letters based on gift level. If receipts are included, they must feature the wording required by the IRS or CRA.
2. A gift of \$249 or less will be acknowledged with the appropriate thank-you letter or preprinted card signed by the executive director.
3. A gift of more than \$250 will be acknowledged with the appropriate thank-you letter signed by the executive director and include the required IRS language. (Canada only regulates the language used on gift receipts, not thank-you notes.) If no goods or services were received in exchange for the gift, insert "No goods or services were received in exchange for your gift. Therefore, the full amount of your contribution is tax-deductible as allowed by law." If a good or service was received, the organization must inform the donor of its fair market value in order for the donor to know the tax-deductible portion of the contribution: "In exchange for your contribution of \$500, you received a book with an estimated fair market value of \$75, so \$425 may be treated as a charitable donation."



Developing Fundraising Policies and Procedures

4. The board chair will send an additional thank-you letter for a gift of \$500 or more.
5. The director of development will call donors of \$500–999 to thank them personally.
6. The executive director will call donors of \$1,000 or more to thank them personally.

SAMPLE DOCUMENT

GIFT-ENTRY AND RECORDING POLICY AND PROCEDURES

1. Send all checks to the development department for recording. Then forward them to the finance department for accounting and depositing.
2. Update donor information in the database if the information on the check and/or response form is different. Note the date of change in the record.
3. Record gifts according to the donor's intended use (e.g., unrestricted, restricted [specific program or project], endowment, etc.).
4. Record in the system the source of the gift (e.g., direct-mail appeal, special event, personal solicitation, etc.).
5. Prepare a daily report of gifts to be circulated to appropriate staff to keep them in the loop and for special acknowledgment attention.
6. Acknowledge all gifts within three business days using appropriate thank-you letters based on gift level.



Soliciting and Accepting Gifts

Noncash Gift Policies and Procedures

Additionally, it is recommended that noncash gifts be reviewed prior to acceptance because of challenges they create. Some gifts, such as stock, real estate, life insurance, or personal property, impose special obligations on an organization.

For noncash donations, the charity and the donor must each complete IRS Form 8283 in the United States. The charity does not appraise the value of the property. As set forth in the form and its instructions, who does the appraisal and how it is done varies with the type and value of the donated property.

In Canada, a third-party appraisal is strongly recommended by the CRA for in-kind gifts of \$1,000 or more.

In addition, in the U.S., if an organization receives property that was subject to a charitable deduction and within two years sells, exchanges, or disposes of the property, the organization has to file IRS Form 8282, Donee Information Return, unless (a) the property is valued at \$500 or less or (b) the property is distributed for charitable purposes.

SAMPLE DOCUMENT

GIFT-ACCEPTANCE POLICY AND PROCEDURES

The XYZ Organization seeks outright gifts and future gift commitments that are consistent with its mission. Donations generally will be accepted from individuals, partnerships, corporations, organizations, government agencies, or other entities without limitations—unless the acceptance of gifts from a specific source is inconsistent with the organization's beliefs, values, and mission. The XYZ Organization will not accept gifts from companies whose products may be harmful to our clients or from donors whose requests for public recognition are incompatible with our philosophy of appreciation.

In processing, all gifts will be coded in the donor database for the constituency source from which the gifts were given (e.g., individual, corporation, foundation, organization, etc.).



Developing Fundraising Policies and Procedures

Multiyear pledges for major gifts are encouraged, but for no more than three to five years. A donor should complete and sign a gift or pledge agreement form detailing the purpose of the gift, the payment schedule, and how they wish their name to appear in donor recognition materials. (See Appendix C for a sample pledge commitment form.)

Donors are encouraged to support areas reflecting their interests. The XYZ Organization's priorities include gifts for unrestricted, restricted, and endowment purposes.

A selection of named or commemorative gift opportunities may be made available to each donor. Such opportunities represent a tangible means of demonstrating an individual donor's investment in the XYZ Organization.

When gifts with restrictions are accepted, restrictions will be honored. These restrictions will be detailed in the donor's gift or pledge commitment letter.

Donor information that should be private and confidential will not be made public.

Nonprofits also should develop policies regarding how the following gifts will be handled:

● Publicly Traded Securities

Stocks, bonds, and other securities should be accepted only upon approval of the executive director. Many organizations make it their policy to sell all publicly traded securities within a specified time frame. In the United States, a gift of stocks or bonds held for more than six months, having grown in value, not only qualifies for a charitable contribution deduction (based on the fair market value) but also avoids tax on the appreciated portion of the gift. A broker must determine the value of stocks and bonds, which is assessed as the mean between the high and the low price on the date of the gift. The date of the gift will be calculated as (1) the date the certificate is personally handed to a representative of the charity, (2) the date on the certificate if it's changed to the name of the charity or its designated fiscal agent, or (3) the postmark date if mailed or the date and time of transfer if electronically transferred to an account at the charity's broker's office.



● Closely Held Securities

Nonpublicly traded securities may be accepted in the United States, but a nonprofit is advised to first consult with its treasurer and/or legal counsel. A qualified appraiser must determine the fair market value of the securities. Organizations should explore methods of immediate liquidation of the securities through redemption or sale before accepting the gift. Nonprofits also should not commit to repurchase or sell closely held securities until the gift of the securities is complete, as the transaction might be viewed by the IRS/CRA as a sale rather than a gift, with adverse tax consequences for the donor. In Canada, the government discourages the gifting and receipt of nonpublicly traded securities. Additionally, Canadian charities are well advised to sell gifts of publicly traded securities immediately, although they are not bound by law to do so.

● Real Estate

Gifts of real estate should be reviewed by an organization's board of directors or gift-acceptance committee before acceptance. Typically, the donor should be responsible for obtaining and paying for an appraisal of the fair market value and an environmental audit of the property. Before making a presentation to the board or gift-acceptance committee, a staff member needs to inspect the property. If the property is geographically isolated, a local real estate broker can do the inspection. Property that carries a mortgage should not be accepted. Should there be any continuing concerns about the status and ownership of real estate being offered as a donation, the organization can arrange for a title search. That will reveal any mortgages, court judgments, or other liens that may be on the property.

● Life Insurance

Many charities allow the executive director to accept a life insurance policy as a gift when the organization is named as the owner and beneficiary of the policy.



Developing Fundraising Policies and Procedures

In Canada, charitable receipts for income tax purposes can only be issued for life insurance policies when the charity is named as the owner and beneficiary. If the charity is named as the owner and beneficiary, official receipts also can be issued for premiums paid to fund the policy.

● Tangible Personal Property

Gifts of jewelry, artwork, collections, equipment, and software should be approved by designated senior staff and board members or by the gift-acceptance committee and presented to the board for final approval. These gifts must be used by or sold for the benefit of the organization. If gift items are sold, the organization must follow all IRS/CRA requirements for disposing of gifts of tangible personal property and filing the appropriate tax reporting forms. Any gift of property worth more than \$5,000 in the United States requires an authorized appraisal, which should be paid for by the donor. In Canada, gifts of art or cultural property worth more than \$1,000 should be appraised by a registered appraiser. (For a sample gift of personal property policy, see Appendix D.) Special incentives, rules, and procedures apply to gifts of cultural property and to ecological gifts.

As part of its gift-acceptance policy, a charity may elect to refuse gifts of cash, securities, real estate, or other items of value if it believes that such gifts are incompatible with the mission of the organization, conflict with its core values, or would create a financial, administrative, or programmatic burden. The executive director should refer questionable gifts to the executive committee or the board of directors for guidance on a case-by-case basis.

CANADA REVENUE AGENCY (CRA) REGULATIONS

The tax status of noncash gifts is different in Canada than in the United States in many respects, so a professional adviser must be consulted. For example, the tax receipt for a gift of securities in Canada is the stock market value of the shares at the close of business the day the securities were transferred to the charity, regardless of whether or not the stock is sold. Charities are strongly discouraged from receiving nonpublicly traded securities. There is no capital gains exemption for nonpublicly traded securities in Canada.



The CRA has recently updated many of its regulations, which can be found on the agency's website (www.cra-arc.gc.ca). Form T1170 (05) on the CRA website lists the types of gifts that are eligible for capital gains exemptions. An electronic newsletter is also available.

SAMPLE DOCUMENT

IN-KIND GIFTS POLICY

The purpose of this policy is to ensure that the XYZ Organization accepts gifts-in-kind that support its mission, are consistent with its policies, and are properly accounted for and acknowledged.

A gift-in-kind is an item such as equipment, software, or a product that a donor voluntarily transfers to the XYZ Organization without charge or consideration.

Only the XYZ Organization's executive director and board of directors have the authority to accept in-kind gifts.

Donors must complete a gift-in-kind form that includes the name of the donor, a description of the item(s), the retail value of the item(s), and permission to publicly recognize the donation.

Once accepted, the donated item(s) becomes the property of the XYZ Organization, which retains the right to dispose of a gift-in-kind as it sees fit, unless another arrangement has been made with the donor.

● Car Donation Programs

The IRS has issued specific guidance that restricts how a charity can accept and value the donation of motor vehicles, boats, and airplanes (see IRS Publication 4302) and imposes an obligation on the charity to use Form 1098-C.

In Canada, these items are treated as any other gift-in-kind.



Planned Giving

In both Canada and the United States, mechanisms such as charitable remainder trusts, unitrusts, charitable gift annuities, bequests, and gifts of life insurance policies often provide a donor with significant tax relief while at the same time providing for the future of charities.

In Canada, the categories and terminology for planned giving are different than in the United States, as are many of the laws of what is acceptable. A good reference book for this kind of donations is *Planned Giving for Canadians* by Frank Minton and Lorna Somers.

The following planned gifts are means of funding charities in the United States while offering benefits to donors. Some of these include receiving an income or passing assets on to heirs. Minimum gifts mentioned are derived from charity best practices.

- **Charitable Gift Annuity:** a contract between the organization and the donor paying a guaranteed lifetime income to one or two beneficiaries in return for a gift of cash, securities, or real estate. The rates of payout on gift annuities should follow the rates established by the American Council on Gift Annuities. There should be no more than two beneficiaries. The minimum gift accepted to establish a charitable gift annuity is \$10,000. No income beneficiary for a charitable gift annuity should be younger than 50 years of age.
- **Deferred Gift Annuity:** an annuity tailored to meet the needs of the donor who prefers to receive income at a future date (at least one year after the date of the gift) but also claims a substantial charitable contribution in the year of the gift. The principal value of a charitable deferred gift annuity can be pledged over a period of years prior to when payments are scheduled to begin. The donor will not receive income until the entire pledge is fulfilled. There can be no more than two beneficiaries. The minimum gift accepted to establish a deferred gift annuity is \$10,000. No income beneficiary for a deferred gift annuity should be younger than 40 years of age.



- **Pooled Income Fund:** a fund that operates similarly to a mutual fund. Administrative fees are paid from the income earned on the pooled income fund. No income beneficiary in the fund should be younger than 55 years of age, and no more than two income beneficiaries may be named. The minimum initial contribution to the fund is \$10,000. Additional gifts may be added for amounts beginning at \$1,000. This kind of fund is not obtainable in Canada.
- **Charitable Trust:** a trust for which the nonprofit organization does not act as trustee. The administration of this trust should be performed by a bank trust department or other trustee selected by the donor.
- **Charitable Remainder Unitrust:** an individual trust providing annual income to a donor and/or named beneficiaries that can increase or decrease year to year, depending on the annual valuation of the trust's assets. A unitrust is well suited to a donor seeking income growth, though with some downside risk. A net-income-only unitrust is well suited to donors of real estate. Unitrusts are not used in Canada.
- **Charitable Remainder Annuity Trust:** a trust offering the assurance of a fixed-dollar income. The donor and/or beneficiary receive annually an amount of money fixed irrevocably at the time the gift is established and stated in the trust agreement. The minimum gift is \$100,000.
- **Lead Trust (Income to Charity for a Term Certain):** a trust whose income, or "lead" interest, is given to the nonprofit recipient. The remainder interest is given to one or more noncharitable beneficiaries, which can be the donor and/or their family. This gift option offers current income to the organization, but the assets can be retained by the donor or passed to heirs at a later time, often at considerable tax savings. This kind of trust is not available in Canada.
- **Bequest:** a gift bequeathed to an organization in a donor's will. Unless the donor specifies its use, the organization may direct this gift to an endowment fund or to the general fund to be used for current purposes.



Developing an Endowment Policy Manual

Endowment donors are deeply committed to your organization's mission and want to help guarantee its financial future. To gain their confidence and trust in making gifts to an endowment, your organization must develop an endowment policy manual. A guide for internal policies and procedures, this manual also is an effective donor relations tool and can be shared with current and potential donors.

Your endowment policy manual should include guidelines for the following issues:

- investment and spending policy
- types of gifts accepted
- purposes for which endowment gifts are accepted
- minimums for naming funds
- process for accepting and administering gifts
- who has the authority to accept gifts
- donor recognition
- board policy to place unrestricted gifts in the endowment
- how and when endowment policies are reviewed

As with any major gift, it is important that the donor completes a formal gift agreement defining the type and terms of the gift to the endowment.

Special Policy for Corporate Support

Frequently, educational, children and youth, and health-related organizations have policies not to accept donations and support from certain types of corporations, such as those that manufacture, promote, and/or sell tobacco, alcohol, and/or other potentially harmful products. When developing your principles for corporate support, you should determine whether there are companies whose contributions would not be acceptable.



Having such a policy also can be useful to nonprofits that wish to enter into cause-marketing agreements with corporations. Keep in mind when negotiating potential partnerships that your organization's name and reputation are its greatest assets.

SAMPLE DOCUMENT

XYZ ORGANIZATION PRINCIPLES FOR CORPORATE SUPPORT OR DONATIONS

Introduction

The XYZ Organization believes that it can best fulfill its mission through a broad base of support from various sources. However, to maintain its independence and objectivity, it seeks to identify any areas where there may be real or apparent conflicts of interest or where the mission, programs, projects, and independence of the XYZ Organization could be compromised.

As part of expanding its base of support, the XYZ Organization is willing to consider partnerships with and gifts from the corporate sector. The XYZ Organization recognizes that corporations, as profit-centered organizations, have obligations to their shareholders, boards, and employees to be successful. The XYZ Organization also recognizes that companies support the nonprofit sector not only out of a desire to be helpful but also with the hope of a return or benefit.

Given these realities and both legal and ethical considerations, the XYZ Organization is willing to negotiate partnerships and accept support from the corporate sector in ways that will benefit and recognize the supporting companies while enabling the XYZ Organization to better achieve its mission without compromising its principles.



General Guidelines

The XYZ Organization, as an independent nonprofit organization, will accept no cash or real property gift or pledge of support or noncash gift or services or enter into any partnership with any company or other organization that produces products that are or may be harmful to the XYZ community. Nor will the XYZ Organization accept any of the above or support from any company or organization that, in the judgment of the XYZ Organization, exploits students or teachers in its product lines, advertising, marketing, or workforce, or in any other way.

Principles

The XYZ Organization will at all times maintain an independent position on educational issues and concerns.

The XYZ Organization will solicit and accept support only for activities that are consistent with its mission.

The XYZ Organization will accept funds for research, informational, and educational activities only when the content is to be determined by the XYZ Organization or an independent group designated by the XYZ Organization.

The XYZ Organization will maintain complete control, consistent with any donor restrictions acceptable to the XYZ Organization, of all funds provided by corporations, organizations, and individuals.

The XYZ Organization will not accept any support that implies or requires endorsements of products.

Acknowledgments of corporate support will be limited to a company's name, logo, or slogan that is an established part of the supporter's identity, trade name, address(es), and telephone number(s).

Recognition of major corporate support will be developed in cooperation with the corporate donors and will be consistent with the level of support and the XYZ Organization's mission and purposes. The XYZ Organization will seek to develop recognition opportunities that are appropriate and meaningful for both the supporting companies and the XYZ Organization.



The XYZ Organization's intangible intellectual assets, including its name, research, and other work, will be protected at all times. Donors will not be permitted to use the XYZ Organization's name or other items for commercial purposes or in connection with the promotion of any product.

The XYZ Organization's board and staff reserve the right to refuse any donation of cash or other real property, services, noncash gifts, or any other forms of support if such support is not in keeping with the above principles or for other reasons that the XYZ Organization deems appropriate.



Donor Policies and Procedures

One of the best ways to encourage continued support from your donors is to recognize and thank them for their generosity. You should take advantage of the many opportunities for thanking your supporters throughout the year, such as recognizing donors at special events, in public settings, in print materials, in an annual honor roll of donors, in a prominent display in your office, and on your website.

When establishing your donor recognition program, first take an inventory of your organization's annual events and printed materials to see which can be incorporated into this special program. Keep in mind that recognizing donors not only builds good relationships with current donors but also motivates other donors to give and increase their giving.

Developing a comprehensive recognition program for your donors will ensure your nonprofit does not miss a chance to honor these important supporters. As with other significant organizational programs, you should have clear policies and procedures for how to recognize donors at various gift levels.

RECOGNIZING CORPORATIONS IN CANADA

In Canada, corporate donors are handled differently. If a corporation is given a tax receipt for a charitable gift, it cannot receive an “advantage” as defined by the CRA. Any recognition beyond being listed with other donors could be considered by the CRA to be a marketing benefit to the corporation. If a company chooses a noncharitable or business receipt, there are no legal restrictions related to recognition.

Before publicly recognizing your donors, be certain you have their permission. You also should know the exact way they wish to be listed (e.g., individually, with professional credentials, as a couple, or anonymously). To find out, include a request for this information in your various response devices organization uses. (See Appendix C for a sample pledge commitment form.)



WHAT'S IN A NAME?

Sample Text:

So that we may recognize you properly, please write in the space above how you would like to be listed.

For those donors who wish to remain anonymous, you must have procedures in place that address how anonymous donors will be coded in your database, how they will continue to receive mailings, and how their gifts will be included in fundraising reports.

While more commonly used for capital campaigns, the sample policy below can easily be adapted for annual donors to your organization.

SAMPLE DOCUMENT

DONOR RECOGNITION POLICY, BRIEF VERSION

Category and Ways to Recognize

Platinum (\$1 million-plus)

Recognition at campaign gala, profile in annual report and campaign publications, prominent display at top level on donor recognition wall, naming opportunity to be selected, and website recognition

Diamond (\$500,000–999,999)

Recognition at campaign gala, profile in annual report and campaign publications, prominent display at second level on donor recognition wall, naming opportunity to be selected, and website recognition



Gold (\$250,000–499,999)

Recognition at campaign gala, profile in annual report and campaign publications, prominent display at third level on donor recognition wall, naming opportunity to be selected, and website recognition

Silver (\$100,000–249,999)

Recognition at campaign gala, profile in annual report and campaign publications, prominent display at fourth level on donor recognition wall, naming opportunity to be selected, and website recognition

Bronze (\$50,000–99,999)

Recognition at campaign gala, listing in annual report and campaign publications, prominent display at fifth level on donor recognition wall, naming opportunity to be selected, and website recognition

Patron (\$25,000–49,999)

Recognition at campaign gala, listing in annual report and campaign publications, prominent display at sixth level on donor recognition wall, and website recognition

Partner (\$10,000–24,999)

Recognition at campaign gala, listing in annual report and campaign publications, and recognition on donor wall and website

Supporter (\$5,000–9,999)

Recognition at campaign gala, listing in annual report and campaign publications, and recognition on donor wall and website

Friend (\$1,000–4,999)

Listing in annual report and campaign publications and recognition on donor wall



Naming Opportunities and Policies

As a part of your donor recognition program, an organization may wish to offer major donors special opportunities to have their names, or the name of a loved one, associated with a specific facility space or program. In a capital campaign that involves raising funds to build a new facility or renovate an existing one, the building itself offers many opportunities for recognizing donors for their generosity. Other opportunities include naming scholarships, research funds, publications, conferences, seminars, programs, and new initiatives.

In developing naming opportunities and related policies, include the following:

- process for formalizing commitment agreements
- morals clause and procedure for removing name(s) in certain situations
- naming opportunities available with minimum gift amount required
- how and when gifts will be recognized
- sample language for naming and plaques
- payment schedule
- process for handling a merger
- process for replacement of property
- recognition time frame (in perpetuity or for a defined time period)



SAMPLE DOCUMENT

DONOR NAMING OPPORTUNITIES

Overview

For all gift levels of \$5,000 and above, a signed letter of intent and payment schedule must be received before the gift will be included in any recognition materials or campaign publications.

Gifts of less than \$5,000 will be mentioned in the first update published after the gift or pledge is received and then in the final donor honor roll listing.

Before ordering, all plaque language must be approved by the donor, but it should conform to basic standards adopted by the organization.

Building Campaign

\$1,000,000 Gift Level—Renovated Wing of Building

The gift can be made as a multiyear pledge but must be at least two-thirds completed before any signage will be installed. The donor will be recognized with signage in the renovated wing of the building. Language for the plaque must be approved by the donor but should be along the lines of “The renovation of this space was made possible by the generosity of Mr. and Mrs. John T. Smith.”

Additionally, the gift will be listed in all other campaign recognition materials, such as campaign reports and updates, and in any cumulative campaign recognition efforts, including the full campaign recognition wall. Such recognition will begin as soon as a signed letter of intent for the pledge is received.

Program Development

\$500,000—Child Development Center

The gift can be made as a multiyear pledge but must be at least two-thirds completed before any signage will be installed. The donor will be recognized with signage on the property, such as “ABC Corporation Child Development Center.” Naming rights will be secured in perpetuity.



Developing Fundraising Policies and Procedures

Recognition will include signage on the property and prominent mention in the annual report and on the website. Once the signage is in place, the building will then be referred to in all organization publications by its appropriate name (for example, the “ABC Corporation Child Development Center”).

Fellowship Program

\$250,000—Endowed Fellows Program

This is a one-time gift to establish a named endowed fund to support an international journalism fellowship program. Recognition will include prominent mention in all materials related to the fellowship program, as well as in the annual report and on the website. Once the fund is established, participants in the program will be referred to as the “[Donor Name] Fellows.”

Research

\$100,000—Named Research Fund

This is a one-time gift to establish a named research fund to focus on a specific area of greatest need as identified by the XYZ Organization. Recognition will include prominent mention in all print materials related to the research, as well as in the annual report and on the website.

Scholarships

\$25,000 (minimum)—Named Endowment Scholarship

This is a one-time gift to establish a named scholarship fund. Recognition will include prominent mention in the annual report and scholarship program materials, as well as participation in the annual scholarship ceremony and reception.



Donor Privacy Policy

Most nonprofits treat donor information with the utmost confidentiality. However, it is still necessary to establish a donor privacy policy to assure donors of their privacy when contributing to your organization. Your donor privacy policy should explain how donor information will be used, whether donor information is ever shared, and how a donor's name can be removed from your mailing list. Publicize your organization's full policy or a brief donor privacy statement on your website, in your annual report, and in fundraising appeal packages on the response device.

In developing the policy for protecting donor privacy, keep in mind that the information your nonprofit keeps on donors should only be:

- what is required for fundraising purposes
- what is appropriate for the donor or prospect to see, if he or she requests to see the donor record
- made available to the staff, board members, and volunteers on a “need-to-know” basis

Again, in the United States, healthcare organizations must be certain they are not in violation of HIPPA. In Canada, organizations must adhere to several regulated privacy policies. All provinces have Freedom of Information Protection and Privacy (FOIP) legislation that governs the privacy of information for public organizations, and there is also the federal Personal Information Protection and Electronic Documents Act (PIPEDA). PIPEDA supersedes any provincial policy that does not meet the federal standard.



SAMPLE DOCUMENT

DONOR PRIVACY POLICY, BRIEF VERSION

All information concerning donors or prospective donors (including their names, addresses, and telephone numbers; the names of their beneficiaries; the amount of their gift, etc.) shall be kept strictly confidential by the XYZ Organization, its staff, and volunteers, unless permission is obtained from donors to release such information.

SAMPLE DOCUMENT

DONOR PRIVACY POLICY

The XYZ Organization is committed to respecting the privacy of donors. The types of donor information that it collects and maintains are as follows:

- contact information (name, address, telephone number, and email address)
- giving information
- information on events attended, publications received, and special requests for program information
- information provided by the donor in the form of comments and suggestions

The XYZ Organization uses donors' information to understand their interests in its mission and to update them on the organization's plans and activities. It is shared with staff, board members, volunteers, and consultants only on a "need-to-know" basis.

The organization also assures donors that their names and addresses will not be shared with any third party unless permission has been granted. For those who do not wish to be included on a mailing list that might be sold, rented, or leased to other organizations, donors should contact the XYZ Organization to have their names removed.

If you have comments or questions about the XYZ Organization's donor privacy policy, please email info@XYZ.org or call 800-111-2222.



Confidentiality Policy

Staff, board members, and volunteers involved in fundraising often are privy to personal information about a donor's giving history, family, wealth, and assets. They must understand how vital it is to donors and the organization that they keep this information confidential, as detailed in the *AFP Code of Ethical Standards* and *A Donor Bill of Rights*. One way to do this is to have the staff, board members, and volunteers read and sign a confidentiality policy agreement. Violation of such a policy would be grounds for discipline and/or removal of the offending people from their positions with the organization.

SAMPLE DOCUMENT

CONFIDENTIALITY POLICY

In performing their duties, XYZ Organization staff, board members, and volunteers are privy to information about individuals and families, such as giving history, assets, wealth, and family relationships. This is especially true for staff, board members, and volunteers involved in fundraising and development activities. Due to the sensitivity of this information, it is important that all XYZ Organization staff, board members, and volunteers adhere to the policy that information shared with them remains confidential, is not discussed with others in private or public settings, and is not disclosed or used for any other purposes.

I agree to comply with this policy.

NAME

DATE

Necessary Policies for New or Joint Special Events

Often, volunteers or other organizations in the area present nonprofits with ideas for new fundraising events. Although your organization may appreciate their interest, many times it is not possible for staff to take on new time-intensive events, given their current duties and responsibilities. This is especially true when you are uncertain of the return on investment for the event.



Developing Fundraising Policies and Procedures

To be able to respond systematically to such inquiries, you need to develop policies that address the following:

- Who in the organization should evaluate proposals for new events?
- Is there a minimum net profit goal for an event (such as 50 percent of gross proceeds or a specific dollar amount)?
- What are the demands on staff time?
- Are volunteers available to work on the event?
- What is the public relations value for the organization?
- What are the estimated fixed costs to produce the event?
- Is this event similar to others in the area?
- How much is at risk financially?
- How much is estimated to be raised before the event?

If you choose to move forward on a new event, it is best that your organization and the volunteer group or other parties involved sign an agreement stipulating such items as:

- Who is sponsoring the event? Who is the beneficiary of the funds raised?
- Who is authorized to sign contracts with vendors and suppliers?
- Who is the official spokesperson for the event?
- Will any publicity that uses your organization's name in connection with the event be cleared first by your organization? Who is authorized to release its use?
- Does your organization have any restrictions regarding possible event sites, specific sponsors, and/or donor recognition?
- How will the post-event evaluation be conducted?



Complying With Governmental Regulations

Conforming to U.S. State and IRS Regulations

Many states require the registration of charitable organizations, fundraising counsel, and professional solicitors. Complying with registration requirements for those organizations that are not exempted is necessary—not optional. Be certain your organization is registered with the proper agency in your state or province and the states and provinces in which you solicit funds. In most U.S. states, registration is handled by the secretary of state or the attorney general. In a few states, it is handled by the consumer protection department or agriculture department. Visit the National Association of State Charity Officials (NASCO) website (nasconet.org) for useful information and links to state charity regulators within the United States.

In this time of heightened accountability for nonprofits, you must be certain your organization complies with two other regulations stipulating items that many states require:

- A solicitation disclosure statement that is conspicuously printed on solicitation materials and receipts or wherever the governmental jurisdiction dictates
- A required disclaimer in all direct-mail pieces

Be certain you know and follow the regulations for all states in which you solicit funds. Below as a sample, you will find the secretary of state's disclosure statement for the State of Maryland. All written solicitation materials and receipts must contain the following disclosure statement, required under Maryland's Solicitations Act.



SAMPLE DOCUMENT

SOLICITATION DISCLOSURE STATEMENT

A copy of our current financial statement is available upon request by contacting [name of organization] at [address and telephone number of organization]. Documents and information submitted to the State of Maryland under the Maryland Solicitations Act are available from the Office of the Secretary of State for the cost of copying and postage.

SAMPLE DOCUMENT

DIRECT-MAIL DISCLAIMER

When printing a direct-mail disclaimer, you need to determine the best placement for the text. One acceptable place is on the back of the response card. In some states, no editing of the text is permitted, and the disclaimer statement must contain the specific text required by the state.

Check with your state government for specific requirements.

[Name of organization] was established in [state] on [date] and incorporated on [date]. [Organization] has a 501(c)(3) classification from the Internal Revenue Service, and donations are tax deductible. You may send a written request for our annual report to [name and address of organization].

(alternately)

Residents of the following states may request information from the offices indicated here [list of states]. Registration with any state does not imply endorsement by that state. A copy of the latest financial statement and/or registration statement for [organization] may be obtained by contacting us at [address and telephone number] or by contacting the state agencies as noted above. [Organization] is in compliance with all state registrations required.



IRS Substantiation and Quid Pro Quo Rules

If a contribution is \$250 or more, the donor may not claim a tax deduction without a receipt. When a donor makes a contribution of \$75 or more and receives something in return, such as a book, entertainment, or a dinner, the IRS requires the charity to provide the donor with the fair market value of any goods or services the donor may receive. Only a donation that exceeds the fair market value of the goods or services the donor receives is tax deductible.

SAMPLE DOCUMENT

LANGUAGE FOR ACKNOWLEDGMENT LETTER AND RECEIPT

“No goods or services were received in exchange for your contribution, so the entire donation qualifies for a charitable deduction.”

“We very much appreciate your gift of \$_____ [or description of property]. In consideration of your gift, we have provided you with _____ [insert description], which we estimate has a value of \$_____. The amount of your contribution that is deductible for federal income tax purposes is limited to the excess of your contribution over the value of goods and services we provided to you.”

SAMPLE DOCUMENT

LANGUAGE FOR SPECIAL EVENT CONTRIBUTION

“The ticket price is \$100 (\$75 is tax deductible).”

Complying With the Sarbanes-Oxley Federal Law

As noted earlier, the Sarbanes-Oxley law applies mostly to publicly traded, for-profit companies. However, all business entities, including nonprofits, are expected to have (1) a whistleblower procedure that protects people who make good-faith reports of suspected financial wrongdoing within an organization and (2) a document retention/



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destruction procedure that forbids the destruction of documents during any announced or pending government investigation and otherwise indicates how long different types of documents should be retained and when they can be destroyed.

CRA Regulations

In Canada, to calculate the gift part of a ticket to a fundraising event, a charity can consider that it has received two payments:

- payment for the fair market value of the meal or entertainment it is providing (not the actual cost of providing the meal or entertainment)
- a gift

For example, say a hospital foundation sells tickets for \$200 each to a fundraising dinner-dance. The cost to the foundation of putting on the event is \$45 per person.

The foundation calculates the fair market value of the food and entertainment provided to persons attending the event to be \$75.

The gift to the foundation is the difference between the \$200 ticket price and the \$75 value of the benefit received. The actual cost to the foundation, \$45 per person, is not a factor in calculating the part of the ticket price that is a gift.

Therefore, the foundation can issue a tax receipt indicating the deductibility of \$125 for each ticket purchased.



How to Proceed

The fundraising policies, procedures, guidelines, and suggested sample language included in this booklet should help fundraisers and their organizations prepare the documents needed for fundraising. For some readers, this booklet may be the push needed to draft their own policies and procedures manual. For others, it serves as a tool to help them evaluate and revise their current policies and procedures. Whatever the case, it is critical to make these documents a priority for your organization.

Once the policies and procedures are approved by the senior staff and governing board, the next step is to make sure these policies and procedures are followed. The executive director, board chair, and development director need to set an example for the rest of the staff and volunteer leadership by following the set guidelines and emphasizing their value to the organization, its donors, and the general public. Training sessions for board members and staff reinforce the importance of the policies and procedures and help people understand how the guidelines apply to their work.

As previously mentioned, in today's environment such policies and procedures are mandatory to show that your organization adheres to ethical fundraising practices while also enhancing relations with your donors and funders and improving your development staff efficiency and effectiveness.



References and Resources

References

Ciconte, Barbara L., and Jacob, Jeanne G. (2011). *Fundraising Basics: A Complete Guide, Third Edition* (Jones and Bartlett Publishers).

To order, visit the AFP bookstore (afpbookstore.org)

Minton, Frank, and Somers, Lorna. *Planned Giving for Canadians, Second Edition* (Waterdown, ON: Somersmith, 1997, updated 2000).

To order, call 905-689-2538.

AFP Fundraising Dictionary. To access, AFP members can visit

<https://afpglobal.org/search/node?keys=Fundraising+Dictionary>

Other Resources

Association of Fundraising Professionals, Arlington, Virginia
(afpglobal.org)

Canada Revenue Agency, Ottawa, Ontario (cra-arc.gc.ca)

eScanlan Company, Bethesda, Maryland (escanlancompany.com)

Green Legacies, Victoria, British Columbia
(greenlegacies.ca/resources.asp)

Internal Revenue Service, Washington, D.C. (irs.gov)

Maryland Association of Nonprofit Organizations, Baltimore, Maryland
(mdnonprofits.org)

Miller Thomson LLP, Toronto, Ontario (millerthomson.com)

National Association of State Charity Officials (nasconet.org)

Canadian Association of Gift Planners (cagp-acpdp.org)



Conference Recordings

Sustaining Confidence: Ethics in Fundraising presented by R. Scott Fortnum, MA, CFRE, ACFRE and Mary Doorley Simboski, MS, ACFRE

<https://www.pathlms.com/afp/courses/9749/sections/13592>

eCourse

AFP Fundamentals of Fundraising Module 7: Management & Accountability

<https://www.pathlms.com/afp/courses/6278/sections/9334/scorm/921>

Webinars

Ethics and Information Overload: What Do I Do with All this Data? presented by Robbe Healey, MBA, NHA, ACFRE and Audrey Kintzi, ACFRE

<https://afpglobal.org/webinars/ethics-and-information-overload-what-do-i-do-all-data>

Gifts from Pablo Escobar & Other Ethical Dilemmas presented by Robbe Healey, MBA, NHA, ACFRE

<https://afpglobal.org/webinars/gifts-pablo-escobar-other-ethical-dilemmas>



Appendix A

AFP CODE OF ETHICAL PRINCIPLES

Adopted 1964

The Association of Fundraising Professionals (AFP) exists to foster the development and growth of fundraising professionals and the profession, to promote high ethical behavior in the fundraising profession and to preserve and enhance philanthropy and volunteerism.

Members of AFP are motivated by an inner drive to improve the quality of life through the causes they serve. They serve the ideal of philanthropy, are committed to the preservation and enhancement of volunteerism; and hold stewardship of these concepts as the overriding direction of their professional life. They recognize their responsibility to ensure that needed resources are vigorously and ethically sought and that the intent of the donor is honestly fulfilled.

To these ends, AFP members, both individual and business, embrace certain values that they strive to uphold in performing their responsibilities for generating philanthropic support. AFP business members strive to promote and protect the work and mission of their client organizations.

AFP members both individual and business 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 goals and visions of their organizations, professions, clients and consciences;
- Put philanthropic mission above personal gain;
- Inspire others through their own sense of dedication and high purpose;
- Improve their professional knowledge and skills, so that their performance will better serve others;
- Demonstrate concern for the interests and well-being of individuals affected by their actions;



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- 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; and
- Be aware of the codes of ethics promulgated by other professional organizations that serve philanthropy.

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 members or the members' organizations.
5. comply with all applicable local, state, provincial and federal civil and criminal laws.
6. recognize their individual boundaries of professional competence.
7. present and supply products and/or services honestly and without misrepresentation.
8. establish the nature and purpose of any contractual relationship at the outset and be responsive and available to parties before, during and after any sale of materials and/or services.
9. never knowingly infringe the intellectual property rights of other parties.
10. protect the confidentiality of all privileged information relating to the provider/client relationships.
11. never disparage competitors untruthfully.

SOLICITATION & STEWARDSHIP OF PHILANTHROPIC FUNDS

Members shall:

12. ensure that all solicitation and communication materials are accurate and correctly reflect their organization's mission and use of solicited funds.
13. ensure that donors receive informed, accurate and ethical advice about the value and tax implications of contributions.
14. ensure that contributions are used in accordance with donors' intentions.



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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 information created by, or on behalf of, an organization or a client is the property of that organization or client.
19. give donors and clients the opportunity to have their names removed from lists that are sold to, rented to or exchanged with other organizations.
20. when stating fundraising results, use accurate and consistent accounting methods that conform to the relevant guidelines adopted by the appropriate authority.

COMPENSATION, BONUSES & FINDER'S FEES

Members shall:

21. 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.
22. be permitted to accept performance-based compensation, such as bonuses, only if such bonuses are in accord with prevailing practices within the members' own organizations and are not based on a percentage of contributions.
23. neither offer nor accept payments or special considerations for the purpose of influencing the selection of products or services.
24. not pay finder's fees, commissions or percentage compensation based on contributions.
25. meet the legal requirements for the disbursement of funds if they receive funds on behalf of a donor or client.



Appendix B

APRA Statement of Ethics

Apra members shall support and further the individual's fundamental right to privacy and protect the confidential information of their institutions. Apra members are committed to the ethical collection and use of information. Members shall follow all applicable national, state, and local laws, as well as institutional policies, governing the collection, use, maintenance, and dissemination of information in the pursuit of the missions of their institutions.

Any reproduction of the Apra Ethics Statement must include recognition of Apra.

Ethics Guidelines

These guidelines are designed to help each organization develop a tailored system that will ensure the confidentiality and security of information and materials involved in the work of development professionals and the organization(s) for which we work. Reference our Ethics Tool Kit for more information.

Code of Ethics

Advancement researchers must balance an individual's right to privacy with the needs of their institutions to collect, analyze, record, maintain, use, and disseminate information. This balance is not always easy to maintain. To guide researchers, the following ethical principles apply:

Preamble

All Apra members shall support and further an individual's fundamental right to privacy and protect the confidential information of their institutions. All members agree to abide by this Statement of Ethics in the daily conduct of all professional activity encompassing the gathering, dissemination, and use of information for the purposes of fundraising or other institutional advancement activity.



Developing Fundraising Policies and Procedures

Four fundamental principles provide the foundation for the ethical conduct of fundraising research, relationship management, and analytics: integrity, accountability, practice, and conflict of interest.

Integrity

Members shall be truthful with respect to their identities and purpose and the identity of their institutions during the course of their work. They shall continually strive to increase the recognition and respect of the profession.

Accountability

Members shall respect the privacy of donors and prospects and conduct their work with the highest level of discretion. They shall adhere to the spirit as well as the letter of all applicable laws and all policies of their organization. They shall conduct themselves in the utmost professional manner in accordance with the standards of their organization.

Practice

Members shall take the necessary care to ensure that their work is as accurate as possible. They shall only record data that is appropriate to the fundraising process and protect the confidentiality of all personal information at all times.

Conflicts of Interest

Members shall avoid competing professional or personal interests and shall disclose such interests to their institutions at the first instance. A conflict of interest can create an appearance of impropriety that can undermine confidence in the member, their organization, and the profession.

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Apra Social Media Ethics Statement

Preamble

In the conduct of their work, Apra members must balance an individual's right to privacy with the needs of the institution to collect, analyze, record, maintain, use, and disseminate information. Social media outlets create extraordinary opportunities for the practice of prospect research. However, because members are not passive participants in social media, but engage and participate in it both personally and professionally, the use of social media presents unique challenges to the ethical conduct of research. These guidelines have been created to assist Apra members in making ethical choices about the use of social media in their fundraising research activities.

Integrity

Members shall exercise transparency with respect to their identities, the identity of their institution and their relation to it, and to the purpose of their online presence and communication. Members shall be authorized by their institution to conduct business on its behalf on social media sites. They shall keep all information truthful, and respect all laws governing copyright, trademarks, and other third-party rights in online space. Members shall be mindful of cultural differences globally that might lead to misunderstanding or offence. Content shared must be respectful of all individuals, races, religions, gender and sexual orientation, and avoid derogatory or libelous statements. Members shall remember that content is public and permanent.

Accountability

Members shall respect the privacy of individuals and conduct their work with the highest level of professionalism and discretion. They shall maintain appropriate boundaries when gathering and sharing information, taking care to distinguish between professional and personal addresses, communications, uses, and behavior. Information gathered from social media sites shall remain confidential and be



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shared only with authorized organizational staff as part of standard business operations. No private or confidential institutional or individual information should be posted, shared, or disclosed to the public without specific authorization. Members shall comply with all organizational guidelines for computer use and social media behavior.

Practice

When gathering, communicating, storing, and protecting information, members shall take all necessary precautions, and comply with federal, state, and institutional regulations. Members shall record and disclose only information appropriate to fundraising activities which is legally available to be maintained in a secure database of record. They shall insure information gathered via social media is further confirmed by other sources to guarantee that it is as accurate as possible. Members shall make certain that they understand the privacy policies of their institution and of the social media channels they use. In the absence of internal policies, members shall adhere to this statement of ethics and social media policies.

Conduct

Because social media is highly relational and public, member's conduct shall adhere to the highest standards of professional communication. Members shall conduct themselves in a manner that encourages a positive relationship to the institution which they represent and assists in achieving its goals. They should not "friend" or be "friended" or enter into personal relations with prospects or donors in the conduct of their work. Members should be mindful that information posted in one context may be publicized in another. Should information obtained on social media sites jeopardize the reputation of the prospect or have a negative impact on the organization, the member should ensure its review before use to protect both the individual and institution. Members should always conduct themselves with the awareness they are accountable for all online behavior, and adhere to all standards of professional conduct and business practices.

**Approved August 2013*



Appendix C

SAMPLE PLEDGE COMMITMENT FORM

Donor name: _____

Address: _____

Telephone number: (H) _____

(O) _____

Gift/Pledge commitment: _____ to be paid over ____ years

Purpose of gift (how the gift is to be used—to fund a building, scholarship, program support, etc.): _____

Donor recognition (how the donor will be recognized as per the agreement [e.g., name a physical space, scholarship fund, program, etc.] and whose name will appear, etc.): _____

Preference for listing in donor recognition materials: _____

Payment Schedule:

Amount \$_____ to be given:

Annually Quarterly Monthly

Signature of Donor _____ Date _____

Signature of Organization Representative _____

Date _____



Appendix D

SAMPLE GIFT OF PERSONAL PROPERTY POLICY

For a gift of personal property valued in excess of \$5,000, a donor must pay for an appraisal by a qualified appraiser. The organization must acknowledge the appraisal in writing, to be attached to the donor's tax return. The organization is required to notify the IRS/CRA of the sale price of any property gift sold within two years of the date of the gift.

APPRAISALS IN CANADA

In Canada, for a gift of personal property valued in excess of \$1,000, the charity can pay for the appraisal if it wishes, but the typical practice is that the donor should pay.

Furniture:

- Gifts of furniture will be accepted if the furniture is usable in the organization's facilities or can be quickly sold for an amount approximate to the amount the donor wished to take as a tax-deductible contribution. A donor is responsible for establishing their own deduction.
- The organization will ask a furniture dealer to give an estimate of value so that it can be booked as an asset in cases where the items are to be used by the organization.
- The development department will maintain a list of other charities that accept gifts of furniture for those donors whose furniture cannot be used by the organization.



Automobiles:

- Gifts of automobiles will be accepted by the organization if the vehicles are in working order and saleable. According to recent U.S. legislation, for a vehicle with a value of more than \$500 or that generates proceeds of more than \$500, the donor's deduction is determined in one of two ways:
 1. If the car is sold without any significant intervening use or material improvement by the organization, the deduction is limited to the amount of gross proceeds received from the sale.
 2. If the organization intends to make significant intervening use of or materially improve the car, the donor generally can deduct its fair market value.

Other:

- Other gifts of personal property will be accepted if they are usable to the organization or are easily saleable. The donor is responsible for establishing the value of the contribution. If the organization decides to sell the item but thinks the noted value is higher than what could be realized by its sale, the development department will inform the donor.
- Before accepting personal property gifts, the following also will be considered: transportation costs, storage costs, the cost of selling, and maintenance and repair costs.



THE AUTHORS

Barbara L. Ciconte, CFRE, is a senior vice president of consulting services for Donor Strategies, Inc. Located in Chevy Chase, Maryland, Donor Strategies is a professional and technical services firm providing consulting services to the nonprofit sector in nonprofit management, fundraising, development planning, board and staff training, and information systems.

Barbara has worked in the nonprofit sector for more than 30 years and has experience in all facets of nonprofit management and resource development. Her last position before becoming a consultant in 1999 was associate dean for development and alumni relations at American University's Washington College of Law in Washington, D.C.

A leading national educator, she conducts workshops and seminars for international, national, regional, and community-based nonprofit organizations. Barbara is the co-author of *Fundraising Basics: A Complete Guide, Third Edition*, published by Jones & Bartlett.

During her career, she has been active in AFP, serving on the board and as president of AFP's Washington DC Metro Area Chapter. More recently, she was a past board member and vice chair of AFP's professional advancement division. She also is a charter member of AFP's Leadership Society and a past recipient of the AFP DC Chapter's Outstanding Fundraising Professional award.

Editor's Note: Barbara L. Ciconte authored the first edition of this Ready Reference booklet.

R. Scott Fortnum, ACFRE, CFRE, MA is president and CEO of Children's Health Foundation in London, Ontario, and has worked as a professional fundraiser since 1990. As staff and consultant he has worked with major organizations across Canada including universities, hospitals, and national nonprofits. He has held the Certified Fundraising Executive (CFRE) designation continuously since 1995, and is currently chair of the ACFRE Certification Board.



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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.

II

To be informed of the identities of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.

III

To have access to the organization's most recent financial statements.

IV

To be assured their gifts will be used for the purposes for which they were given.

V

To receive appropriate acknowledgment and recognition.

VI

To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.

VII

To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

VIII

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IX

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X

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