



The Nonprofit Ethicist

by Woods Bowman

Even if you agree that desperate times call for desperate measures,
under no circumstances is it okay to “make it look as if
Project A made purchases that really applied to Project B.”
As the Ethicist succinctly sums it up: “Cooking the books is lying.”

DEAR NONPROFIT ETHICIST,
Is it sufficient for a board member who plans to apply for the CEO position to take a leave of absence for the search period, or should he or she resign from the board? I’ve found many references online that suggest a serving board member shouldn’t apply, but I can’t tell if a leave of absence is acceptable (let alone a best practice).

Unsure

Dear Unsure,
Taking a leave of absence is the minimum acceptable behavior. However, this person should resign and take his or her chances on not getting the job. Resigning sends a message to the board that says, “There’s no doubt that I’m the best person, and I’m willing to put my future in your hands.” On the other hand, taking a leave of absence sends a signal to the rest of the board that says, “If you don’t pick me, you’ll have to live with me and my seething resentment.” The board can always vote to reinstate an unsuccessful candidate if everyone is cool with it.

*Dear Nonprofit Ethicist,
While prospect research companies have become an accepted nonprofit tool to learn more about major donors, where do we draw the line of ethics versus competitive edge? On a recent visit with one major donor, I felt a twinge of guilt, having pulled a report from “XYZ Online Company” the week prior to prepare for the meeting. (This company only uses public information for the analytics it provides.)*

It is one thing to utilize all the public information available on a person, but at what point does it become too invasive when some charities use private information as well? Call me old-fashioned, but doesn’t the word “private” mean it should remain private? This person personifies the word “philanthropy” to me. I respect and admire her tremendously. I found out much of the same information in the two hours I spent with her, plus so much more just in talking with her. At the end of the day, fundraising is still going to be about relationships and building trust. I don’t know how much trust you can build if a donor finds out

that you have been spying on his or her personal habits, hobbies, and political affinities.

To quote my favorite line from the film Jurassic Park: “Just because we can, it doesn’t mean we should.”

Troubled

Dear Troubled,
As long as the information harvested and repackaged by XYZ is from generally available public sources, it is legal and ethical. I suggest having a conversation with XYZ over how they collect the information. The key is “generally available”; if they won’t disclose their sources, maybe it is time to look for a new vendor. However, ethical principles are very personal. (Arguably, they define us.) If it doesn’t feel good, then *don’t* do it. Whenever the brave new world we now live in troubles you, follow your own lights.

*Dear Nonprofit Ethicist,
Several weeks ago, my boss, the agency’s executive director, made a racist statement in front of two board members, a community volunteer, and a vendor*

(the vendor happens to be donating half the cost of services so I consider them a donor). I tried to stop the conversation by saying in a syrupy, feminine voice, "Now, now, we don't need to go there." To my horror, the volunteer and board members took it further, with jokes around the table. The vendor and I were dumbfounded. I interrupted everyone and moved the conversation to the topic of the meeting.

I have lost respect for each and every person in the room yet must still work with them. I must also project an image of acceptance in our communications and relationships with donors. Apart from actively seeking a new job, what do you suggest is the best way to handle my daily interactions with people who are closet bigots? What is the best course of action for future situations?

Disgusted

Dear Disgusted,

Ouch! So much for living in a post-racial society. There is no easy way to deal with bigoted associates. You must find some way to communicate clearly and firmly that such comments are out of line. Everyone must find his or her own voice. One way that appeals to my natural puckishness is to say, "Did I ever tell you that I am one-quarter black [or whatever]?" Then, savor the looks on their faces before confessing the truth and saying that it would still be best not to continue in the same vein (for example, "Some people would misunderstand and take offense").

Dear Nonprofit Ethicist,

Our executive director set an agency policy of charging unrelated expenses to grants. For example, say Project B was woefully underfunded, with no money to pay for anything. If Project A had a lot of money for office supplies, food, and mileage, she would change

the Quickbooks ledger and backup documentation (purchase orders, etc.) to make it look as if Project A made purchases that really applied to Project B. This did not sit right with me. Sometimes these would be large purchases, like hundreds of dollars spent on incentives. It seemed to me that the funder had in good faith awarded money to Project A, and only Project A. Advice? Does this happen a lot? How should a staff member proceed? I raised my concerns only to have them shot down with the excuse, "This is how we always do things."

Distressed

Dear Distressed,

Cooking the books is lying. Your auditors should have caught it, but, of course, most nonprofits do not have regular financial audits. "Too expensive," they say, but that can also conceal nasty stuff. I don't have any statistics on how often it happens, but nothing would surprise me, because it is so easy to pull off. I do know that your donors deserve better.

What can a lone staff member do? Federal law requires nonprofits to have reporting avenues for whistleblowers, backed up by protections against retaliation. However, an organization as lax as yours probably flouts that law, too. If the restricted funds were provided by the government, such behavior as you describe is a crime, and you should report your organization to the appropriate authorities. It would serve them right.

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