



The Nonprofit Ethicist

By Woods Bowman

DEAR NONPROFIT ETHICIST, I am the executive director of a nonprofit that was established in 1991. But until my hiring in 2007, we had no paid employees and were completely board run, with 99 percent of the work being done by our founder. Although our founder is very supportive, we continue to work through issues of founder overinvolvement in operations and founder's syndrome carryover. I inherited two husband-and-wife teams on the board; one was the founder and her spouse. Our founder believes that as long as we disclose these conflicts on our 990, we're fine and on the up and up. I have an issue with even listing these board members on the 990. All parties involved are lovely people and contribute substantially through donations and volunteer support. I just don't want to be behind the curve on what's acceptable. As the first executive director, I want to set a model that my successor would want to inherit should I leave.

Just Wondering

*Dear Just Wondering,
The Ethicist feels for you. This is not a good situation, because you are not likely to get diverse points of view and a critical analysis of strategic decisions. But small organizations have difficulty recruiting board members. So where to*

go from here? To be safe, check your state laws on board membership. The last time I checked, only New Hampshire has a law about related individuals serving on the same board. By all means, disclose on IRS Form 990 (refer to part VI, number 2). If everything else is in order, no one will think ill of your organization. And expand the board with unrelated individuals to get the diversity you need. Seize the opportunity to achieve some racial and ethnic diversity.

Dear Nonprofit Ethicist,

Our organization often offers premiums and gifts for donations. The organization's programs and mission serve small farmers in Central America and encourage sustainable farming and marketing practices, so we strive to offer gifts that are Fair Trade-certified and organic. A staffer just purchased tote bags for our end-of-year premium. The tote bags, he was told, are "all natural" and eco-friendly. But in fact, the bags were made in China, with no attention to fair labor sourcing and do not come close to representing our values of environmental, social, and economic sustainability. Many of the organization's supporters are informed consumers. Our development staff members suggested that we remove the "Made in China" tag from the bags. It is not illegal, because we don't

resell these totes but give them as gifts in return for donations to our organization. But senior staff thought this was unethical. Our organization is committed to transparency and honesty. Removing the tags, we thought, was dishonest and we decided to keep them and face the consequences. We hope that supporters who are disappointed by the tag will understand. Did we do the right thing?

Second Thoughts

Dear Second Thoughts,

No question: you were right. Your staffer deserves to be reprimanded but, unless you had written vetting protocols in place at the time of the tote purchase, don't write up the staff member, because the entire organization shares the blame. And if you do not have vetting protocols, develop them posthaste, put them in writing, and have the board adopt them as official policy. You may even turn this snafu to your advantage by sending a letter to your supporters trumpeting your new protocols.

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