



## TO ACCEPT OR NOT TO ACCEPT, THAT MAY BE THE QUESTION: A Guide for Dealing with “Tainted Money”

*If you need the money but disapprove of the source, what should you do?*

BY ARTHUR GROSS SCHAEFER

**Y**ou're on the board of a local charity. As always, the charity is short of cash. A man who's reputed to be a slum landlord has offered to make a major contribution. Do you accept the donation?

If you haven't yet faced such a dilemma, you will. Every nonprofit organization deals with it sooner or later. The question is: When someone of apparent ill-repute donates money to your organization, should you accept it?

Some nonprofits take the money because they need it so badly. Others decide that they shouldn't judge and should simply accept the money without question.

Such pragmatic reasoning has its appeal. But if you're on the staff or board of a nonprofit organization, you can't make decisions based on pragmatism alone. Ethical concerns and values must play a major role in your decision-making process. Here are some precepts to keep you on the right track:

### Values Matter.

Teaching by example is not just a method of teaching; it's the only effective way to teach. Therefore, a nonprofit's actions regarding money

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reveals more about its values than its mission statement or public pronouncements. A charity that reserves its honors and recognition for those who donate money rather than those who volunteer time or services, for example, makes a public statement about its priorities. How a nonprofit organization accepts money defines its public and private character. Certainly, a nonprofit that accepts donations from questionable sources conveys the idea that money is the most important value, superseding all other considerations.

### People Are Watching.

Nonprofit organizations are created, given tax benefits, and funded with the purpose of supporting community values. A nonprofit's contributors, board members, officers, employees, and volunteers participate in its activities because they

support the values it advocates. People believe that nonprofits will honor the public's faith in them by operating with integrity. When a nonprofit accepts funds from “tainted sources,” people see a gap between the charity's public and private faces. Many people will feel disenchanted and betrayed. Employees may feel their time, trust, and loyalty have been abused. Funders may withdraw their support. The organization's ability to attain its mission can be undermined by this discord.

### Create Cognitive Harmony, Not Dissonance.

Accepting money from an inappropriate source creates cognitive dissonance—the sense of uneasiness that comes when you aren't acting in accordance with your beliefs. This is a dangerous situation, because dissonance will compromise the organization's values. It may even cause a change in values, undermining the organization's reason for existence.

On the other hand, when the organization's actions coincide with



## How Do You Detect a Tainted Gift?

To decide if a donation is “tainted,” board members should discuss the following questions:

- If you accept this gift, might people view it as encouraging an activity contrary to your organization’s core values? Before answering this question, board members need to make sure they all agree on the charity’s mission and the core values necessary to accomplish that mission.
- Will acceptance of this gift undermine the charity’s mission in the long term? Ethical decisions must contain a long-term analysis which supersedes short-term necessities.
- What is the donor’s motivation for making the gift? Does this motive conform with the organization’s mission? Don’t let your organization become a co-conspirator to someone of ill-repute. Guilt by association can destroy your organization’s reputation.

its articulated values, cognitive harmony results. This harmony strengthens the organization’s mission and reinforces its core values.

### Follow Three Steps to a Decision.

How, then, do you decide if a donation is appropriate for you to accept? You need to create an ethical review process based on core values. First, ask yourself the questions in the above box. Then follow a decision model consisting of the following three steps:

#### 1. Analyze Stakeholders’ Opinions.

Consider the values of those who will care about your decision. These stakeholders include donors, organizational leaders, volunteers, and community representatives. This analysis requires that you take into account the ideas, perceptions, and concerns of people you may have overlooked or underestimated.

Let’s return to the slum-lord scenario at the beginning of this article. If the public perception of this man as a slum landlord is correct, the organization’s donors, staff, and general members surely won’t want the charity to be viewed as endorsing or profiting from the misery of his exploited tenants.

Thus, the board must answer a primary question: “Is the donor truly a slumlord?” Perhaps this person has been falsely accused. While a board is not a court of law, it has an obligation to explore the facts before making any decision. It isn’t easy to make judgments and take a stand. Yet, ethically based organizations are often called upon to take ethical positions based on their core values.

#### 2. Weigh Core Values.

Next, consider the primacy of values such as the following:

- honesty (truth telling, candor, openness)
- integrity (act on convictions, courageous, advocacy, leadership by example)
- promise keeping (fulfilling the spirit of commitments)
- fidelity (loyalty, confidentiality)
- fairness (justice, equal treatment, diversity)
- caring (compassion, kindness)
- citizenship (respect for law, social consciousness)
- excellence (quality of work)
- accountability (responsibility, independence)
- respect (human dignity, uniqueness).

Ask yourself the following questions: Which are the core values underlying your organization’s reason for existence? Will accepting the gift undermine any of these core values? In the slum-lord situation, for example, accepting the donation might undermine such values as integrity and respect for human dignity.

#### 3. Consider Alternatives.

Next, envision alternative ways you could proceed, such as the following:

- Accept the questionable donation anonymously.
- Accept the donation if the money is used to support countervailing social programs (for example, a soup kitchen or homeless project in the case of the slum landlord’s donation).
- Reject the donation outright.

Accepting donations from questionable sources conveys the idea that money is the most important value.



# CREATIVE FUNDRAISING IDEAS

## Seek Partnerships.

Link with a complementary but different nonprofit to bring resources into your organization. In Milford, Connecticut, for example, people who commit minor offenses have the option of making donations to charity rather than face trial and fines. Look for or create similar partnerships in your community.

## Unearth New Donors.

Reach out to under-asked populations, particularly minorities and young people. (According to a study by Independent Sector, when minorities are asked to donate, 78% do, yet such groups are not approached often enough.)

## Turn Gifts into Cash.

Seek in-kind contributions that you can convert into cash. For example, accept a large donation of outdated computers even though you don't need them, and then sell them to a computer salvage or asset recovery company. For more ideas, see *Coping with Cutbacks* (Wilder Foundation, 919 Lafond Avenue, St. Paul, Minnesota 55104, 800-274-6024).

Finally, choose among these alternatives. In making this final decision, act in a way that will enhance your mission and not undermine your core values.

While it is tantalizing to accept donations for all the obvious reasons, you must modulate this temptation by considering ethical norms. Simply put, any decision regarding money must pass the basic test: Will your decision support and further your organization's mission and core values in the long term? ■

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These publications are available through the Society for Nonprofit Organizations' Resource Center, 608-274-9777, Ext. 221, [www.danenet.org/snpo](http://www.danenet.org/snpo).

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