

## 8. ADOPT ETHICAL STANDARDS FOR RAISING FUNDS

### ETHICAL FUNDRAISING SCENARIOS

01



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## 8. ADOPT ETHICAL STANDARDS FOR RAISING FUNDS



RESTRICTED GIFT:

HOMELESS OUTREACH FUND

8.28

### SCENARIO ONE

A donor gives \$10,000 restricted to the homeless meal ministry.

#### **Supports (Standards 12, 14, 15)\***

- Deposit into a restricted account.
- Spend only on the homeless meal ministry.
- Send quarterly impact reports (including budget-to-actuals and photos).

#### **Violates (Standards 12, 14, 16)\***

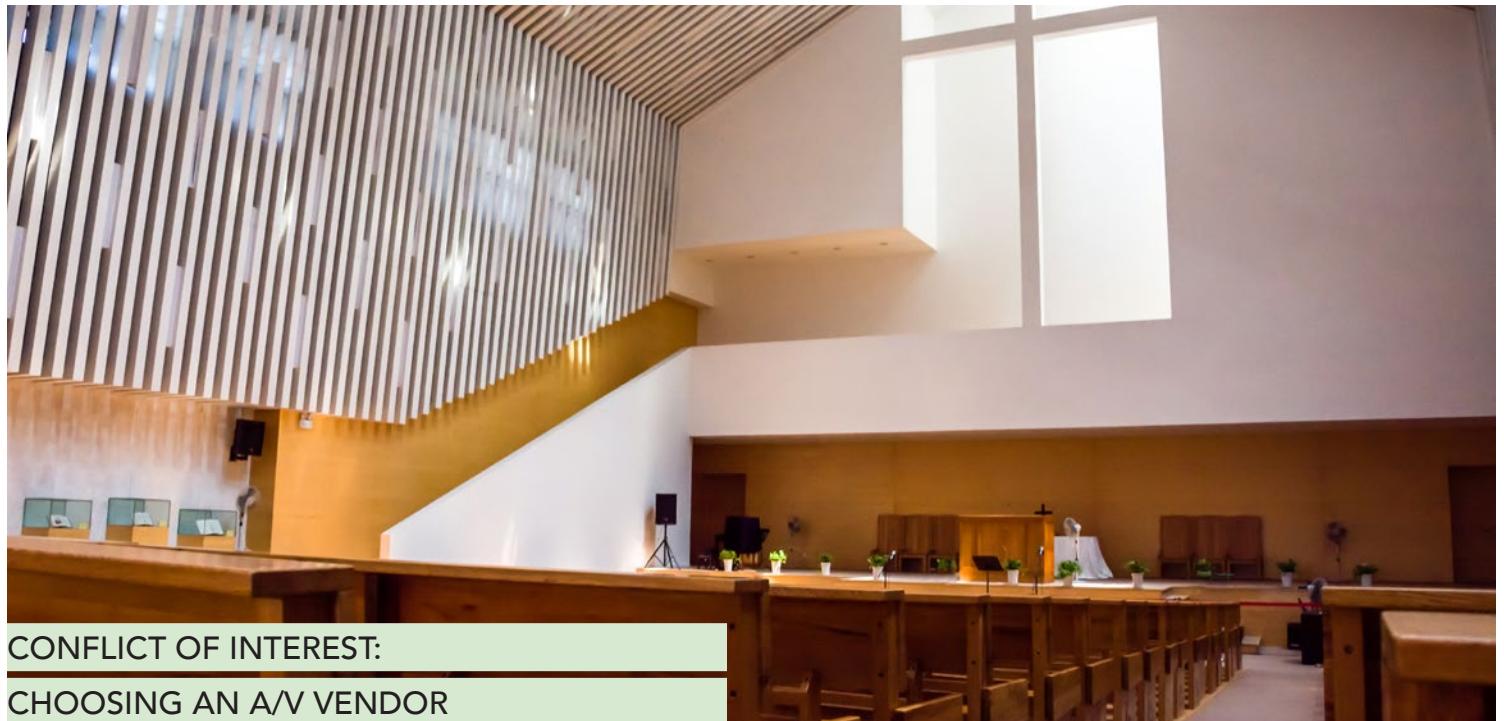
- The treasurer uses part of the gift to pay utilities.
- Later reclassifies the gift without donor consent.

#### **Teaching Point**

Use restricted gifts exactly as intended;  
if needs change, ask first.

\*See AFP Code of Ethical Standards, page 91

## 8. ADOPT ETHICAL STANDARDS FOR RAISING FUNDS



CONFLICT OF INTEREST:

CHOOSING AN A/V VENDOR

8.29

### SCENARIO TWO

A board member's company bids on the sanctuary sound upgrade.

#### **Supports (Standards 3, 5, 23)\***

- The member discloses ownership and recuses themselves from the discussion/vote.
- Conduct a competitive request for proposal process and document the decision-making process.

#### **Violates (Standards 2, 3, 23)\***

- The pastor steers the contract to the board member without disclosure/bids.
- The member gives the pastor a "thank-you" gift card.

#### **Teaching Point**

*Disclose and manage conflicts; no pay-to-play or undisclosed benefits.*

\*See AFP Code of Ethical Standards, page 91

## 8. ADOPT ETHICAL STANDARDS FOR RAISING FUNDS



### DONOR CONFIDENTIALITY AND LIST USE

8.30

#### SCENARIO THREE

A major donor requests anonymity in all publications.

##### **Supports (Standards 10, 18, 19)\***

- Flag the record Anonymous in the CRM.
- Exclude from list sharing/rental.
- Verify consent for any recognition.

##### **Violates (Standards 10, 19)\***

- The annual report prints the donor's name.
- Staff email a complete donor list (with amounts) to a volunteer.

#### **Teaching Point**

Donor data belongs to the organization, must be protected, and anonymity must be honored.

\*See AFP Code of Ethical Standards, page 91

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FUNDRAISING CLAIMS:

"MATCHING GRANT" APPEAL

8.31

### SCENARIO FOUR

Spring appeal claims a \$25,000 match.

#### **Supports (Standards 7, 12, 20)\***

- Keep a signed match agreement on file.
- Use accurate language in appeals.
- Report results with consistent accounting.

#### **Violates (Standards 7, 12)\***

- No actual match exists.
- The letter implies "every dollar doubled today only" to spike urgency.

#### **Teaching Point**

Be truthful and specific; don't manufacture scarcity or mislead.

\*See AFP Code of Ethical Standards, page 91

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COMPENSATION & FINDER'S FEES

8.32

### SCENARIO FIVE

Hiring a part-time fundraiser for a building campaign.

#### **Supports (Standards 21, 22)\***

- Offer a flat salary with clear deliverables.
- Any bonus follows the written policy and is not a % of gifts.

#### **Violates (Standards 21, 24)\***

- The contract pays 10% of the funds raised and commissions on major gifts.

#### **Teaching Point**

Never tie pay to gift percentages; pay for work, not donor dollars.

\*See AFP Code of Ethical Standards, page 91

## TEST YOUR KNOWLEDGE

### **Case Study #1**

A donor gave \$10,000 to a church to renovate the youth room. The church later faced budget constraints and considered reallocating the funds. Instead, the pastor contacted the donor, explained the situation, and received written permission to use a portion of the gift for essential repairs while preserving the rest for youth ministry.

*Did the pastor honor or violate the AFP code of ethics? (Choose one)*

- A. Honor
- B. Violate

### **Case Study #2**

A donor gave \$15,000 for new musical instruments for the school's orchestra. The school instead used the funds to cover general operating expenses without informing the donor. The donor later found out through another parent.

*Did the school honor or violate the AFP code of ethics? (Choose one)*

- A. Honor
- B. Violate

### **Case Study #3**

A school hired a fundraising consultant who received 10% of all donations raised. Donors later discovered this arrangement and expressed concern that their gifts were being used to pay commissions.

*Did the school honor or violate the AFP code of ethics? (Choose one)*

- A. Honor
- B. Violate

### **Case Study #4**

A church ministry leader initiated a personal fundraising appeal for a mission trip without obtaining prior approval to use church branding. Donors thought it was an official church campaign.

*Did the church honor or violate the AFP code of ethics? (Choose one)*

- A. Honor
- B. Violate

### **Case Study #5**

The church finance committee prepared an annual financial report for members, which included detailed income and expense charts, updates on donor-funded projects, and a summary of external audits. Copies were shared at the business meeting and made available online, demonstrating a strong commitment to transparency.

*Did the church honor or violate the AFP code of ethics? (Choose one)*

- A. Honor
- B. Violate

### **Case Study #6**

A school presented a donor report claiming that all building fund gifts had been spent on construction, while a portion had gone to staff salaries. The discrepancy was discovered when a parent serving as an accountant reviewed the budget.

*Did the school honor or violate the AFP code of ethics? (Choose one).*

- A. Honor
- B. Violate

## **Case Study #7**

A church treasurer accepted a personal gift from a donor as a “thank you” for managing a capital campaign. Word spreads, and members accused leadership of favoritism.

*Did the church honor or violate the AFP code of ethics? (Choose one)*

- A. Honor
- B. Violate

## **Case Study #8**

A school donor sent multiple inquiries asking how a significant gift had been used, but received no response.

*Did the school honor or violate the AFP code of ethics? (Choose one)*

- A. Honor
- B. Violate



### **ACTIVITY**

Discussion Questions:

- How can we incorporate the AFP Code of Ethics into our church and school processes for soliciting funds?
- How can we enhance our interactions with our supporters?

*Ethical fundraising is not just about following rules—it’s about leading with integrity. When we consistently adhere to these 25 standards, we build trust, strengthen communities, and serve our missions with integrity.*