



Statement of Values and Code of Ethics for Nonprofit and Philanthropic Organizations

This document was drafted by a special taskforce of the INDEPENDENT SECTOR Ethics and Accountability Committee, distributed to IS members for review over a four-month period from October 2003 through January 2004, and approved by the IS Board of Directors on January 29, 2004. It constitutes the Statement of Values and Code of Ethics that IS will use for its own work. In addition, the Board of Directors of IS encourages IS members, and the field as a whole, to use this document in either drafting and adopting your own statement of values and code of ethics or, for those who have already done so, reviewing and revising, as necessary, your statement of values and code of ethics.

As stated within, IS believes that each and every organization in the independent sector should have a code of ethics. IS firmly believes that the process by which a code is adopted is as important as the code itself, and that the board and staff should be involved in developing, drafting, adopting, and implementing a statement that fits Covenant Partners's unique characteristics. Going through this process with the board and staff also begins to infuse into the culture of Covenant Partners a recognition of how important it is to address issues of values and ethics on an ongoing basis.

We encourage all organizations to set aside time in your board meeting or at a retreat to discuss in detail all aspects of an ethical code—and be sure that new board members have the appropriate orientation to understand and embrace your code of ethics and practices.

For more information, please visit www.IndependentSector.org.

Statement of Values and Code of Ethics for Covenant Partners, Inc.

Introduction

As a matter of fundamental principle, the nonprofit and philanthropic community should adhere to the highest ethical standards because it is the right thing to do. As a matter of pragmatic self-interest, the community should do so because public trust in our performance is the bedrock of our legitimacy. Donors and volunteers support charitable organizations because they trust them to carry out their missions, to be good stewards of their resources, and to uphold rigorous standards of conduct.¹

Nonprofit and philanthropic organizations must earn this trust every day and in every possible way. But organizations are, at base, people, and it is up to the people of the independent sector—board members, executive leaders, staff, and volunteers—to demonstrate their ongoing commitment to the core values of integrity, honesty, fairness, openness, respect, and responsibility.

The independent sector comprises a diverse array of organizations large and small, those that make grants and those that raise funds from the public, those that operate at the community and national level and those that work outside the United States. That diversity is one of the abiding strengths of our sector. Undergirding this diversity, however, must be a common set of ethical standards.

Each organization in the independent sector should have a formally adopted code of ethics with which all of their trustees, staff and volunteers are familiar and to which they adhere. This Statement of Values and Code of Ethics for Nonprofit and Philanthropic Organizations provides a starting point for organizations to use in developing their own codes with their own constituencies.

Adherence to the law is the minimum standard of expected behavior. Nonprofit and philanthropic organizations must do more, however, than simply obey the law. We must embrace the spirit of the law, often going beyond legal requirements and making sure that what we do is matched by what the public understands about what we do. Transparency, openness and responsiveness to public concerns must be integral to our behavior.

¹ Much of the spirit, and some of the language, in this Code are taken from *Obedience to the Unenforceable*, first published by INDEPENDENT SECTOR in 1991 and re-released in 2002. Other helpful sources include the Code of Ethics for Museums by the American Association of Museums, the Code of Ethics of the Charles Stewart Mott Foundation, the Code of Ethics of the United Way of America, and the work of the Institute for Global Ethics. For a comprehensive listing of codes and standards for nonprofit and philanthropic organizations, see the INDEPENDENT SECTOR website at <http://www.IndependentSector.org/issues/accountability/standards.html>.

Statement of Values

Any code of ethics is built on a foundation of widely shared values. The values of the independent sector include:

- Commitment to God and all of His principles;
- Commitment to family and its core values;
- Commitment to the public good;
- Accountability to the public;
- Commitment beyond the law;
- Respect for the worth and dignity of individuals;
- Inclusiveness and social justice;
- Respect for pluralism and diversity;
- Transparency, integrity and honesty;
- Responsible stewardship of resources; and,
- Commitment to excellence and to maintaining the public trust.

These values lead directly to the Code of Ethics for Nonprofit and Philanthropic Organizations that follows. The values inform and guide the actions that organizations should take in developing their policies and informing their practices.

The Code of Ethics for Nonprofit and Philanthropic Organizations

I. Personal and Professional Integrity

All staff, board members and volunteers of Covenant Partners act with honesty, integrity and openness in all their dealings as representatives of Covenant Partners. Covenant Partners promotes a working environment that values Godliness, respect, fairness and integrity.

II. Mission

Covenant Partners has a clearly stated mission and purpose, approved by the Board of Directors, in pursuit of the public good. All of its programs support that mission and all who work for or on behalf of Covenant Partners understand and are loyal to that mission and purpose. The mission is responsive to the constituency and communities served by Covenant Partners and of value to the society at large.

III. Governance

Covenant Partners has an active governing body that is responsible for setting the mission and strategic direction of Covenant Partners and oversight of the finances, operations, and policies of Covenant Partners. The governing body:

- Ensures that its board members or trustees have the requisite skills and experience to carry out their duties and that all members understand and fulfill their governance duties acting for the benefit of Covenant Partners and its public purpose;

- Has a conflict of interest policy that ensures that any conflicts of interest or the appearance thereof are avoided or appropriately managed through disclosure, refusal or other means; and
- Is responsible for the hiring, firing, and regular review of the performance of the Chief Executive Officer, and ensures that the compensation of the chief executive officer is reasonable and appropriate;
- Ensures that the CEO and appropriate staff provide the governing body with timely and comprehensive information so that the governing body can effectively carry out its duties;
- Ensures that Covenant Partners conducts all transactions and dealings with integrity and honesty;
- Ensures that Covenant Partners promotes working relationships with board members, staff, volunteers, and program beneficiaries that are based on Godliness, mutual respect, fairness and openness;
- Ensures that Covenant Partners is fair and inclusive in its hiring and promotion policies and practices for all board, staff and volunteer positions;
- Ensures that policies of Covenant Partners are in writing, clearly articulated and officially adopted;
- Ensures that the resources of Covenant Partners are responsibly and prudently managed; and,
- Ensures that Covenant Partners has the capacity to carry out its programs effectively.

IV. Legal Compliance

Covenant Partners is knowledgeable of and complies with all laws, regulations and applicable international conventions.

V. Responsible Stewardship

Covenant Partners and its subsidiaries manage their funds responsibly and prudently. This should include the following considerations:

- It spends a reasonable percentage of its annual budget on programs in pursuance of its mission;
- It spends an adequate amount on administrative expenses to ensure effective accounting systems, internal controls, competent staff, and other expenditures critical to professional management;
- Covenant Partners compensates staff, and any others who may receive compensation, reasonably and appropriately;
- Organizations that solicit funds have reasonable fundraising costs, recognizing the variety of factors that affect fundraising costs;
- Organizations do not accumulate operating funds excessively;
- Organizations with endowments (both foundations and public charities) prudently draw from endowment funds consistent with donor intent and to support the public purpose of Covenant Partners;
- Organizations ensure that all spending practices and policies are fair, reasonable and appropriate to fulfill the mission of Covenant Partners; and,
- All financial reports are factually accurate and complete in all material respects.

VI. Openness and Disclosure

Covenant Partners provides comprehensive and timely information to the public, the media, and all stakeholders and is responsive in a timely manner to reasonable requests for information. All information about Covenant Partners will fully and honestly reflect the policies and practices of Covenant Partners. Basic informational data about Covenant Partners, such as the Form 990, reviews and compilations, and audited financial statements will be posted on Covenant Partners' website or otherwise available to the public. All solicitation materials accurately represent Covenant Partners' policies and practices and will reflect the dignity of program beneficiaries. All financial, organizational, and program reports will be complete and accurate in all material respects.

VII. Program Evaluation

Covenant Partners regularly reviews program effectiveness and has mechanisms to incorporate lessons learned into future programs. Covenant Partners is committed to improving program and organizational effectiveness and develops mechanisms to promote learning from its activities and the field. Covenant Partners is responsive to changes in its field of activity and is responsive to the needs of its constituencies.

VIII. Inclusiveness and Diversity

Covenant Partners has a policy of promoting inclusiveness and its staff, board and volunteers reflect diversity in order to enrich its programmatic effectiveness. Covenant Partners takes meaningful steps to promote inclusiveness in its hiring, retention, promotion, board recruitment and constituencies served.

IX. Fundraising

Covenant Partners raises funds from the public and from donors and is truthful in their solicitation materials. Covenant Partners respects the privacy concerns of individual donors and expend funds consistent with donor intent. Covenant Partners will disclose important and relevant information to potential donors.

In raising funds from the public, organizations will respect the rights of donors, as follows:

- To be informed of the mission of Covenant Partners, the way the resources will be used and their capacity to use donations effectively for their intended purposes;
- To be informed of the identity of those serving on Covenant Partners governing board and to expect the board to exercise prudent judgment in its stewardship responsibilities;
- To have access to Covenant Partners most recent financial reports;
- To be assured their gifts will be used for the purposes for which they were given;
- To receive appropriate acknowledgement and recognition;
- To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by the law;
- To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature;
- To be informed whether those seeking donations are volunteers, employees of Covenant Partners or hired solicitors;

- To have the opportunity for donor names to be deleted from mailing lists. Covenant Partners will not share our mailing lists; and,
- To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.²

Process and Afterward

In addition, while the IS board has given its approval to this document, the Ethics and Accountability Committee and the Code of Ethics Sub-committee will continue to review and revise it, as necessary.

A code of ethics is, by necessity, general in outlining broad ethical principles. It is not a detailed set of recommended practices on a specific issue. In many cases, those more specific recommended practices are provided by existing standards by national, regional, and subsector-specific groups. (For a comprehensive list, please visit IS's Compendium of Standards, Codes, and Principles of Nonprofit and Philanthropic Organizations, <http://www.IndependentSector.org/issues/accountability.html>.) In cases where such standards do not exist or need strengthening, we plan to offer recommendations in the future. This statement of values and code of ethics is not intended in any way to duplicate or substitute for the work of organizations promoting standards of practice, but rather is intended as a model that organizations can draw from in reviewing or adopting a code of ethics.

² These ten points are taken from A Donor Bill of Rights, developed by the American Association of Fund Raising Counsel, the Association for Healthcare Philanthropy, the Council for the Advancement and Support of Education, and the Association of Fundraising Professionals, and endorsed by INDEPENDENT SECTOR.