Feature
The Dirty Money Dilemma
By Lauren A. Taylor
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Illustration by Brian Stauffer

How should a nonprofit decide whether to accept or reject a donation from a controversial source? Start by thinking about what the nonprofit gives in return.

In 1978, The Metropolitan Museum of Art opened its Sackler Wing with profuse gratitude to the Sackler family, whose multimillion-dollar donation made the addition possible. The Sacklers had made their money primarily through a privately held pharmaceutical company called Purdue Pharma and had already given away enough by that time to be sought-after benefactors in the art world. To celebrate the opening of the Sackler Wing, the US ambassador to Egypt unveiled a new collection of Egyptian artifacts from Tutankhamen’s tomb and the Martha Graham Dance Company performed. The Sackler donation was the first of many over the decades, and each enabled the museum to further expand its public offerings.

Forty years later, in 2018, protesters gathered inside the same Sackler Wing, brandishing black banners that read “Shame on Sackler.” They dumped hundreds of empty prescription bottles on the floor to symbolize Purdue Pharma’s role in fueling a national opioid epidemic that continues to claim tens of thousands of overdose deaths annually. They staged a die-in on the museum floor, demanding that The Met stop accepting Sackler donations. In court, the US Justice Department and the attorney general in several states alleged that Purdue Pharma had intentionally withheld information about the addictive nature of its signature drug, Oxycontin.

In 2019, the protesters appeared to prevail. The Met issued a public letter saying it would no longer accept donations from the Sackler family. The Met’s president, Daniel H. Weiss, reminded the public that the museum was not a political institution and did not have a formal litmus test for donors. Nevertheless, he justified the decision by saying, “We feel it’s necessary to step away from gifts that are not in the public interest or in our institution’s interest.” The New York Times ran an op-ed by philanthropy critic Anand Giridharadas commending the Met’s decision, declaring that “nonprofits should not allow themselves to be used by the wealthy to scrub their consciences.” Other museums, including the Tate in London, followed suit with public statements that it would no longer accept the Sacklers’ donations. Most recently, the Met opted to remove the Sackler name from the wing the family funded. Despite the Sackler’s multibillion-dollar fortune, museums have judged the Sacklers’ philanthropy as more trouble than it is worth.

The recent reconsideration of financial relationships with donors has stretched beyond museums. Deans of more than 20 schools of public health penned a public letter in 2018 refusing to accept money from a foundation backed by tobacco giant Philip Morris. That same year, a Texas-based nonprofit serving migrant families refused a $250,000 gift from customer relationship management titan Salesforce because it counted US Customs and Border Protection among its clients. And in 2019, the Massachusetts Institute of Technology’s Media Lab faced public scrutiny and had several faculty members step down upon the revelation that convicted sex offender Jeffrey Epstein had donated to the lab.

These high-profile cases reflect a much broader challenge for nonprofit managers. Most nonprofits depend on donated resources to create social value, and nonprofit managers must make constrained choices over who their donors will be. Small nonprofits with local reputations have a limited pool from which to solicit donations. Nonprofits seeking very large donations may face even smaller pools of potential donors. These pools are generally composed of wealthy
individuals and corporations that have a mixed—rather than uniformly positive—reputation, on account of business practices, tax avoidance, and, increasingly, the simple fact of intergenerational wealth. Whereas it may have once seemed sufficient for nonprofits to avoid donors who had clearly broken the law, critics have become increasingly watchful of nonprofits that accept money from donors whose lives do not epitomize the nonprofits’ mission and values. Given that none of us lives a morally pure life, if such a thing exists, it can seem as if no donor will ever meet such scrupulous standards.

Well-intentioned people are divided about nonprofits’ avoiding “dirty money,” or money from controversial sources. Some believe that it is very important for nonprofits to avoid what political theorist Michael Walzer calls “dirty hands”—engagement in immoral deeds for moral reasons—even if they have trouble saying precisely what is immoral about accepting dirty money. Others believe that money is fungible and that therefore any donation, no matter the source, is legitimate. From this perspective, no moral problem exists.

So what exactly is the problem with dirty money? The argument I offer here is that the moral issue with what others call “dirty money” is not about the money, per se, but rather about the terms of exchange between nonprofits and donors. Exchanges can create real harms in cases where nonprofits aim to reciprocate donations by bestowing influence or recognition upon donors. These harms may be the greatest, and most visible, when large nonprofits are under discussion, but the same logic applies regardless of nonprofit size. I conclude by describing how nonprofits can assess donations that pose moral concern. The framework I share is intended to help guide nonprofit managers’ thinking in a way that can be considered a complement to Stanford University political scientist Rob Reich’s recent work on the antidemocratic effects of nonprofit donations.

My own thinking about nonprofit donations has evolved over several years of research and writing on the topic. It is informed by a pair of online experiments in which I recruited nonprofit managers and asked them to make a series of choices between hypothetical, side-by-side donation offers. One experiment asked participants to imagine that they were running a nonprofit health clinic and to select among donation offers from a sugar-sweetened beverage company; the other focused on donations from people who had been accused of, charged with, or convicted of a violent crime. Both offered nonprofit managers the opportunity to express a preference for less or more money, anonymous or publicly acknowledged donations, and restricted or unrestricted funds. To the latter experiment, I appended a qualitative research study in which I interviewed 44 nonprofit managers about their willingness to accept various configurations of donations. (Among my favorite questions was “Would you accept a donation from the American Nazi Party if both parties agreed it would never be publicly acknowledged?” Some would; some would not.)

The question of dirty money raises a dilemma not only for nonprofits but also for early-stage social enterprises and for-profit companies that consider venture capital. Look no further than the discussions in Silicon Valley about startups taking money from Saudi Arabia’s sovereign wealth funds in the wake of journalist Jamal Khashoggi’s 2018 murder. The focus of this article remains on nonprofits, where resource constraints and the pro-social nature of the work make the ethics of financial relationships particularly compelling. But this discussion is also relevant to other settings and sectors where the ethics of financial exchanges are being reconsidered.

**Donations as Exchanges**

Popular and academic analyses of nonprofit ethics rely heavily on the word “donate” and its cognates to connote a one-way financial transfer from a donor to a recipient. This language positions nonprofits as passive receivers of resources. Yet this conceptualization of donations fails to reflect the dynamics of donor-nonprofit relations and therefore is unhelpful for someone thinking through the ethics of this issue. Rather, what have traditionally been referred to as financial donations should, in most cases, be understood as exchanges between a donor and a nonprofit. The term “exchange” should be interpreted broadly as a reciprocal association that extends over time, instead of a point-in-time transaction involving goods or services of equal value. Money may be the most publicly visible component of an exchange but constitutes only one part of it. The less visible part of the arrangement is nonprofits’ active effort at reciprocation, which underscores that nonprofits are participants in a nuanced transaction. Understanding the ethics of dirty money requires consideration of not only what nonprofits receive from donors but also what nonprofits provide to donors.

**What nonprofits receive** | It can be tempting in discussions of dirty money to focus on the financial resources that the nonprofit receives. The term itself is a euphemism that implies that something inherently immoral exists in the money donated from wrongdoing or controversial donors. According to this view, money originating from such sources is tainted no matter where and how it flows. But this judgement is misplaced and the metaphor is misleading. Money is, after all, fungible, and for most nonprofits, donations amount to a series of ones and zeros in a digital bank account. Even if a particular donor is giving a dollar, the provenance of that money can almost never be known. In fact, none of us know whether the physical dollar bills we handle may have flowed through Mafia or terrorist enterprises before they arrived in our hands and bank accounts.

If dollars donated from a controversial source were intrinsically tainted, nonprofits would presumably want less, rather than more, money from that source. However, my interviews with nonprofit managers found the opposite to be true. In our discussions, I presented a hypothetical in which an egregious actor—the American Nazi Party—wants to donate money. Most managers stated that while they were unwilling to take a $1,000 donation, they might consider accepting a donation if it were in the multimillion-dollar range. Since the money was coming from the same source in both scenarios, this finding suggests that the money itself is not the problem. Instead, decisions about whether to accept or reject it rested on the specifics of the case. Where interviewees chose to accept, they described the logic underlying their decision by saying, “If I have to have the morally problematic relationship, I might as well be paid handsomely for it.”
My interviews indicated that nonprofit managers’ primary concern about dirty money is relational. For instance, many nonprofit managers expressed a hesitation to accept money directly from a donor who was not aligned with the nonprofit’s mission. When I asked nonprofit managers to imagine themselves running a nonprofit health clinic and asked whether they would accept a donation from a sugar-sweetened beverage company, many balked. But when I asked whether they would take that same money from the same donor if I could guarantee that the donor would remain anonymous, the majority reconsidered their refusal. What’s more, when I asked them to consider accepting the same money if it had been seized from the same donor through a court order, nearly every manager said they would accept. Exploring these hypotheticals underscored that the dirty-money problem is not so much about the source of money as it is about the conditions of a relationship with the source in question.

**What nonprofits give** In my research, I have found that the discomfort most nonprofit managers experience with dirty money is rooted in what they give to wrongdoing donors. During an exchange, a nonprofit may confer upon a donor benefits that can subsequently harm the nonprofit or even the general public. I use the term “harm” here to mean a “setback to interests,” following the work of legal philosopher Joel Feinberg. Nonprofits spend considerable time and resources to identify ways to provide gifts or other benefits to donors. These perks symbolize the nonprofits’ appreciation for past contributions and incentivize future ones. The nonprofit sector’s reliance on voluntary giving puts donors and their attendant preferences at the center of managerial attention. Legal theorist Evelyn Brody underscores the importance of donor preferences by asserting that “whatever conditions the donor imposes are, to some, the essence of private philanthropy.”

Donor-centric fundraising requires nonprofit staff to place donor sentiments at the center of their fundraising strategy in order to maximize potential funds raised. While it’s common to think of a donor making a gift first and then a nonprofit providing something of value in return, the timing of who gives first can also be reversed. According to a 2018 National Bureau of Economic Research study, more than half of fundraising solicitations offer prospective donors a physical gift, like mailing labels, or token to encourage a financial contribution.

In seeking to court or reciprocate a financial donation, nonprofits can provide two things of value to a donor: influence and recognition, which are, I argue, the cause for moral concern. These two provisions can harm public interest or a nonprofit’s (and its beneficiaries’) interests. While nonprofit managers may feel no professional obligation to safeguard the public interest, they clearly have a fiduciary duty to the nonprofit. The discomfort with dirty money rests largely in the intuitive logic that people who have done wrong in the past can do further, greater harm with the influence and recognition that a nonprofit bestows.

By acknowledging that nonprofits give donors benefits in exchange for their donations, we can clarify the flaw in an otherwise tempting line of thought about dirty money—that nonprofits should be especially willing to accept donations from wrongdoing donors because nonprofits are better off having the money than wrongdoing donors are. Nonprofit managers may be lured by this thinking because it excuses them from moral considerations, but such logic is faulty because it overlooks the reciprocal actions nonprofits take. While it may be preferable for the nonprofits to have the money, the harms that may be produced through the exchange deserve moral consideration.

Before I present my examples, I should be clear about three arguments that I am not making about nonprofit-donor exchanges. First, I am not alleging that all donations deserve moral rebuke. What I am suggesting is that donations are problematic when they pose the potential to create harm. Second, I am not suggesting that the only reason donors make financial contributions is to receive influence or recognition. Surely, many donors have complex motivations, which may include both self-interested and altruistic goals. My account of what makes dirty money a genuine moral concern does not require an evaluation of the donor’s intent. Instead, it requires that nonprofits consider how their behavior in reciprocating the donation—through either influence or recognition—may lead to harm. Third, I am not arguing that the provision of influence or recognition is categorically unwarranted or undeserved. Most nonprofit managers appear comfortable with the idea that donors deserve something in return for their generosity. Here, I ask readers only to recognize that granting donors this influence or recognition may also bring about harm.

**Allowing Influence**

In return for a financial contribution, nonprofits often allow donors to influence how the money will be spent. In some cases, that influence even extends to the nonprofits’ broader operations. This provision of influence is referred to as attaching conditions, or “strings,” to a donation. It can seem innocuous—consider the opportunity to earmark one’s donation to a particular project or program. But the influence can also be substantial, such as a donor who indicates that their gift is contingent on the shifting of the scope of a nonprofit’s work. (See “The Risks of Influence and Recognition” on page 30.) The nonprofit managers I interviewed also described contingencies for donors to withhold or reclaim (“clawback”) funds if the nonprofit took certain public actions (e.g., advocacy). In a particularly
extreme case, a donor who held naming rights was granted veto power over other potential naming donations to the nonprofit. Nonprofits, for their part, can accept, reject, or try to negotiate these conditions. Nonprofits may also allow a donor influence without the donor’s explicitly placing conditions on the money. For instance, common practice permits nonprofits to ask major donors to join their governance boards.

Some examples may help illustrate the potential harm of donor influence. In one of the clearest examples I’ve come across, a deceased donor named Anna Jeanes bequeathed Swarthmore College a tract of land in 1907, said to be worth $1 million, on the condition that the school eliminate intercollegiate sports. Acceptance of such a gift would have clearly set back the interests of Swarthmore’s athletes by depriving them of opportunities to play. But the fact that the Swarthmore endowment was less than $1 million at the time made the gift a potential boon. The college ultimately refused the gift on the basis that athletics were core to its mission, but only after substantial debate among alumni and in the local press.²

In a more contemporary example, the financial institution BB&T offered colleges and universities gifts averaging $1.1 million throughout the early 2000s in exchange for the right to design a new course that included Ayn Rand’s Atlas Shrugged, and, in some cases, the creation of a chaired faculty position, speaker series, or other programs. More than 63 colleges and universities accepted these donations. To the extent to which colleges and universities pride themselves on determining their own curricula and preserving academic freedom, acceptance of such conditions undermines their missions.

One can imagine hypothetical scenarios in which the harm that influence causes is more severe. Consider a case in which a donor to a nonprofit health clinic stipulates that the money cannot be used to serve undocumented immigrants, who typically form a large part of the patient base. More harmful still, imagine a donor who says that the money will be transferred only if the clinic agrees not to treat any undocumented patients at all. Historically, donors have offered analogous gifts to health-care facilities, stipulating patients’ race. The legality of some donations with race-specific conditions has been settled in the courts only in the past 20 years: Nonprofits are not legally culpable for violating donor contracts when adherence to said contracts would require discrimination on the basis of race.³

When a nonprofit finds itself dependent on a donor, it can even unintentionally grant influence to that donor without explicit strings attached. While gift agreements and term sheets are commonly used to spell out specific obligations of donations, nonprofits may grant donors much more than they bargained for when the survival of specific programs or the nonprofit itself is at stake. In her 2016 book, Corruption in America, legal scholar Zephyr Teachout’s discussion of political corruption and cycles of dependence between elected officials and campaign donors illuminates this risk for nonprofits.⁴ Particularly when donations are large, nonprofits may be unable to sustain programming without returning to the donor in the hopes of reupping the gift. If nonprofit managers expect to return to the doorstep of the donor with hat in hand, that expectation can influence the strategy of the nonprofit. It creates what Penn State bioethics professor Jonathan Marks refers to as the “tyranny of the next gift” scenario,⁵ whereby the gift is an extension of credit.

Lawyer Victoria Peng’s research on the proposed telecommunications merger between AT&T and T-Mobile illustrates how subtly donations can be used to purchase influence.⁶ In a 2016 study, she examined the behavior of AT&T, which used donations to nonprofit organizations to influence federal regulatory policy. Specifically, AT&T made grants to nonprofits as diverse as the National Association for the Advancement of Colored People, Gay and Lesbian Alliance Against Defamation, a homeless shelter in Louisiana, and a scholarship fund for Asian and Pacific Islanders—all of which in turn wrote comments to the Federal Communications Commission in support of AT&T’s proposed merger. The nonprofits did not disclose that they were AT&T grantees in their comments, and AT&T denied allegations of a quid pro quo with them. But, as Teachout argues, quid pro quos are often implied, rather than demanded outright. The merger eventually failed because of a US Department of Justice ruling, but the way in which nonprofits inserted themselves into a merger review in which they had

### The Risks of Influence and Recognition

This chart shows that the kind of influence and recognition that nonprofits give donors can change the risk of harm.

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<th>TYPES OF INFLUENCE</th>
<th>LOW RISK OF HARM</th>
<th>HIGH RISK OF HARM</th>
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<tr>
<td>Allowing donor to earmark donation to a specific, existing program</td>
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<td>Allowing donor to earmark donation to a new, donor-suggested program</td>
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<td>Allowing donor to join the board of governors</td>
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<td>Allowing reliance on donor to motivate nonprofit strategy</td>
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<tr>
<th>TYPES OF RECOGNITION</th>
<th>LOW RISK OF HARM</th>
<th>HIGH RISK OF HARM</th>
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<tr>
<td>Privately thanking a donor with a note or branded token</td>
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<tr>
<td>Including the donor’s name in an annual report distributed to supporters</td>
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<tr>
<td>Including the donor’s name on a “donor roll” inside facility</td>
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<td>Holding a press conference to announce donation</td>
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<td>Naming a building after the donor in perpetuity</td>
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⁴ Teachout, Corruption in America.
no legitimate interest represents a degradation of the regulatory process, which sets back the public interest and thus represents a harm flowing from the provision of influence.

**Allowing Recognition**

Nonprofits can also bring about harm when they allow donors certain forms of recognition in exchange for a financial donation. These forms of recognition are uniformly positive. If they were not, the recognition would not serve as reciprocation for the valued donation.

A nonprofit’s gratitude can be offered privately, in the form of small gifts or tokens of appreciation, or publicly, in the form of press releases, honor roles, naming rights, and tributes at events. Such recognition bestows to donors what researchers call a “halo effect,” or sense of esteem as charitable, morally upright, or virtuous people. When the nonprofit’s recognition is bestowed privately, the halo effect may be felt only personally by the donor.

Most of what nonprofits offer by way of private recognition is effectively harmless. Mailing small-dollar donors mouse pads with a nonprofit logo on them rarely sets back the interests of identified people or causes. But two kinds of harm can be created when the recognition is bestowed publicly. One can be created by the nonprofit’s act of recognition—consider, for example, how victims might be retraumatized if their abuser were publicly recognized as a beneficent community member. A second kind of harm can accrue when a wrongdoing donor wields a nonprofit’s recognition for personal gain, such as avoiding legal punishment or simply garnering public support. In such a case, the donor’s efforts to use nonprofit donations as compensatory behavior may set back public interest. Just as in the case of influence, the provision of recognition can happen subtly. Nonprofits need not always take proactive steps to recognize a donor for harm to be created. So long as a nonprofit is willing to allow the donor’s gift to be publicly acknowledged, the risk remains.

To be sure, these harms are not generated in every donation case, or even most of them. Even when the recognition is technically public but localized, setbacks to interest are not obvious. Many nonprofits identify donors in an annual report available on their website or on an “honor roll” displayed in a facility lobby without incident. However, significant forms of recognition, such as naming rights and signature sponsorships, broadcast a donor’s involvement with a nonprofit to wider audiences and give donors a greater opportunity to use their charitable giving in shaping a public narrative. This latter case is the source of many of the current dirty-money debates among nonprofits.

For example, many corporate social responsibility campaigns are based on an effort to maintain public support for a business even in the face of well-known corporate wrongdoing. In the business literature, corporate donations to nonprofits are widely considered part of “reputational insurance” efforts. Tobacco companies’ donations to universities and other scientific enterprises have helped them to maintain public support and evade federal regulation, as have long-standing relationships with high-profile nonprofits such as the International Labour Organization and the United Negro College Fund. This strategy, according to University of Minnesota professor of public health Harry Lando, is one of purchasing “innocence by association.”

Financier and convicted sex offender Jeffrey Epstein’s behavior provides clear evidence of how a nonprofit’s recognition can bring about harm. In 2019, *The New York Times* reported that Epstein used philanthropic donations to ingratiate himself with local leaders in the Virgin Islands, including donating 50 computers to schools and youth organizations, scholarships for a beauty pageant, and a 2014 science-and-math fair for children. Epstein then cited these donations in a 2012 application for one of his companies, Southern Trust, to take part in a tax-break program. A lawyer representing Epstein referenced these donations in a public hearing about the application, saying, “Those of you who know Mr. Epstein know that he has given generously over the course of the last 11 years to various charities in the Virgin Islands.” The company’s subsequent participation in the tax-break program cost the Virgin Island citizens the opportunity to raise tax revenue from Epstein.

In both the tobacco and the Epstein example, harm was done to public interest. In other cases, a nonprofit that allows a donation to be publicly acknowledged can harm its own interests. Many scholars consider an organization’s reputation its most significant intangible asset. Among nonprofits in particular, the role of reputation in facilitating transactions—including fundraising and mission-centric programming—would be difficult to overstate.

Political scientist Ted Lechterman’s analysis of American biopharmaceutical corporation Pfizer’s effort to donate pneumonia vaccines to Médecins Sans Frontières (MSF; also known as Doctors Without Borders) reveals how the provision of recognition can harm a nonprofit. Upon being offered the supply of vaccines, MSF’s leadership recognized that they were faced with a trade-off between short-term gains for their organization and long-term setbacks. If MSF had accepted the vaccines, managers feared that they would have been giving Pfizer, and pharmaceutical companies generally, a rationale for maintaining high market prices. Doing so would have limited MSF’s ability to be an effective advocate for drug pricing reform in the future and thereby would have set back MSF’s interests. This logic led MSF

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<th>Potential Harms from Exchange</th>
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<td><strong>When nonprofits give donors influence or recognition, harms can be done to the public or the nonprofit itself.</strong></td>
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<th>HARMS</th>
<th>WHAT NONPROFITS ALLOW DONORS</th>
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<td><strong>INFLUENCE</strong></td>
<td><strong>RECOGNITION</strong></td>
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<td><strong>To the Public</strong></td>
<td>Example: A food pantry no longer serves undocumented immigrants, in accordance with a stipulation of a donor’s gift.</td>
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<tr>
<td><strong>To the Nonprofit</strong></td>
<td>Example: A nonprofit grants a politically active donor veto rights over other named donors, and the donor subsequently exercises that veto power to deny the nonprofit donations from members of the other party.</td>
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to reject Pfizer’s offer. “One general possibility that I find attractive is to rule out relief strategies that, if pursued, would make systemic change less likely to come about,” Lechterman explains. “If [accepting] temporary relief would severely constrain the possibility of achieving systemic reform, [accepting] relief is impermissible.”

**Weighing Harms**

To aid thinking about these issues, I offer a simple, two-by-two framework for how harm can flow from an exchange between a donor and a nonprofit. (See “Potential Harms from Exchange” on page 31.) Each of the four cells contains an example of how the interests of the public or nonprofit can be set back based on the allowance of influence or recognition. Governing boards could use this framework to consider the risks associated with a given donation.

Nonprofit managers are likely to gravitate toward identifying harms that may befall their own organization. (See bottom row of framework.) It may be easy for nonprofit managers to identify harms to the public that the nonprofit is directly responsible for causing. But even earnest nonprofit managers and board members may question whether they are obligated to avoid harms to the public that they do not unilaterally cause. For instance, if a donor succeeds in holding up a record of charitable giving in a court of law to receive less punishment, do nonprofit beneficiaries bear responsibility for the outcome? Within some narrow bounds, I think the answer is yes. While nonprofits should not be held accountable for harm that they cannot reasonably foresee, ignorance cannot be permitted as a refuge for negligence. In “Moral Responsibility in the Age of Bureaucracy,” philosophers David Luban, Alan Strudler, and David Wasserman diagnose a common organizational practice in which responsibility for harm becomes unattributable and propose this threshold question in response: “When neither superiors nor subordinates may be held responsible, we face an uncanny situation in which responsibility has seemingly been conjured out of existence [within the organization],” they observe. “Did they know or did they not? Is a ‘second-rate’ question—because the right question is ‘Should they have known?’”

I suspect that nonprofit staff can anticipate when some donors will use their donation to further their own political or personal agendas. I propose that anyone examining potentially “dirty” donations consider the following question: “Should the nonprofit have known that the donor would use the influence or recognition to do harm?” When this query can be answered in the affirmative, the nonprofit rightfully bears some responsibility. Or, as the subtitle of the 2019 *New York Times* op-ed by Giridharadas quoted above bluntly stated, “Nonprofits should not allow themselves to be used by rich people to scrub their consciences.” The idea of letting oneself be used suggests a certain degree of foresight. Donors who can be considered likely to do harm are rare, but they are at the core of the public’s concern with dirty money.

Let us return to an otherwise obvious point that can be lost in a protracted discussion of harm. Donations bring important benefits to the nonprofits that receive them, such as resources to pay staff, invest in capacity, provide public goods, and fund safety-net services. So, while I have argued thus far that harm can occur and should sometimes be relevant for nonprofits, the decision about whether to accept a donation is most likely to be driven by a cost-benefit analysis that juxtaposes potential benefits with potential risks of harm. To be sure, such an evaluation can (and in some cases, should) be complex. My goal has been to help readers identify what kinds of harms belong on the cost side of the ledger. The harms that belong there are not the past harms of the donor but the potential future harms that may occur as a result of the nonprofit’s efforts to reciprocate a financial donation with recognition or influence.

The diversity of the nonprofit landscape makes it impossible to put forward standardized recommendations about what kinds of donations should and should not be accepted. Nonprofits of various sizes need to consider the potential impact of recognizing a donor. If the American Red Cross names someone as a “signature sponsor” of an event, that recognition far outweighs what could be allowed by a small, local soup kitchen doing the same. Nonprofits with different missions may also adjudicate the same donor differently; while the National Football League may be a ready partner for nonprofits advocating physical activity among kids, it may be considered a pariah among nonprofits researching concussions and brain trauma. Many more axes of difference could be potentially relevant as well, making it all but unavoidable for each nonprofit, or at least each nonprofit subsector, to develop its own set of principles and thresholds for determining what exchanges are permissible.

**Recommendations**

While exchanges between donors and nonprofits pose real risks, nonprofits can assess and manage the exchanges with some forethought. I close by offering the following recommendations for nonprofit boards and managers as they consider the creation of best practices for their organization or to evaluate specific donor exchanges:

**Clarify potential harms.** Consider the harm that your nonprofit’s actions can cause. I have offered a vocabulary and framework to structure high-level conversations that can otherwise seem to be baseless, moral panic. If it resonates, use it to bring along others in your organization. Apply the allowances and harms framework to
help senior leaders articulate the harms that may be created from the acceptance of a donation. Devote time in a planning session to developing more specific principles and thresholds that are appropriate for your organization.

**Avoid overly simplistic decision frameworks.** In most instances, and particularly with large gifts, the question “Should we accept or reject this donor’s offer?” is overly simplistic. Acknowledging that donations are one part of a longitudinal exchange should embolden nonprofits to approach donors in the spirit of negotiation. In cases where you are concerned about potential harm, consider brainstorming ideas and offering donors lower-risk forms of influence and recognition. One way to reduce risk is to place time limits on the allowances of influence or recognition. Instead of a perpetual board seat, for example, offer a term of a few years. The risks of providing these kinds of values in perpetuity are quickly becoming apparent all around us. When you sense that a donor is seeking “cheap grace” from the nonprofit, consider asking them to remain anonymous.

**Increase communication.** Avoid the temptation to be silent or say less, rather than more, when acknowledging a donation from a controversial source. Simply naming a donor without providing context for the decision leaves the public’s imagination to run wild. Onlookers may wonder, “Is the nonprofit so naive as to not know about the controversy?” “Does the nonprofit know about the donor’s scandal but not understand what role it could play in creating harm?” “Does the nonprofit recognize the harm but judge the benefits to be worth it?” It would be reasonable for the public to react differently based on answers to these questions. To the extent to which you can plan to publicly narrate your decision-making process, this will improve your deliberations behind closed doors and prepare you to acknowledge and confront criticism. MSF’s decision to reject a Pfizer donation demonstrates this kind of truth telling. The debate about dirty money would be elevated if more nonprofits were willing to make a case study of themselves.

**Consider a structural solution.** If you feel exhausted by the thought of evaluating individual donations, you may wish to consider creating a structural solution—specifically, a blind trust—to remove the moral burden from individual decision makers. Simply put, a blind trust is an account managed by a third party, such as a local bank, to which donors can commit funds. What makes the trust “blind” is that no one from your organization would be able to monitor or make withdrawals from the account. The creation of such a trust effectively severs the relationship between the nonprofit and financial donors, thereby eliminating the risk that a nonprofit will give donors either influence or recognition. A blind trust would be a novel undertaking in the nonprofit sector. However, the idea has been trialed a number of times in the political realm, in an effort to reform campaign finance, and donations to political campaigns that adopted blind trusts decreased year over year. I would expect a similar trend for nonprofits, based on what is known about philanthropic donor motivations. Still, for some nonprofits, this may be a worthwhile price to pay for intellectual and programmatic integrity.

Finally, when we consider the universe of potential exchanges between a donor and a nonprofit, we should keep in mind that we live in what political philosophers call a nonideal world—it is corrupt, unjust, and riddled with wrongdoing. The demand for moral purity is foolhardy, and to expect it is to dismiss nuanced, complex conversations about philanthropy. In fact, it is because of how nonideal the world is that the United States in particular relies so heavily on nonprofits. These institutions exist, in part, as a response to individual avarice. We cannot ask nonprofits to avoid all forms of corruption and expect them to do the work they need to do. Addressing the problems of a nonideal world requires nonprofits to be of it. Nonprofits’ metaphorical hands are going to get dirty, whether through the donations they accept, the practices they employ, the environmental impacts they create, or the businesses with whom they contract.

Given that nonprofits must operate in the world as it is, the public should be judicious in deciding what exchanges between nonprofits and donors deserve rebuke. Nonprofits serve an important function in society, and everyone benefits when these organizations are strong. For the survival of the nonprofit sector, nonprofits must be able to accept good acts from imperfect actors. As I have tried to make clear, real concern is warranted in some instances. But for many other exchanges, we might wish to reconsider our criticism. In particular, I would suggest that donations that require no yielding of influence or recognition are generally unproblematic.

This recommendation can deliver us to potentially uncomfortable places. For instance, I would support a nonprofit accepting a donation from any actor if the nonprofit did not relinquish any influence or recognition. This would require a no-strings-attached donation and a magic wand to ensure that the donation remained anonymous to all but the acceptor. If these ideal conditions are in place, the risk of harm is near zero and any amount of money donated is pure benefit. These ideal conditions are unrealistic but illustrate my point that if a nonprofit truly gives nothing in return to a donor—or, better yet, where the nonprofit-donor relationship can be avoided entirely—then donations from even the most egregious donors become considerably less ethically fraught.

Community organizers with whom I have shared my account of dirty money have generally thought it too permissive. People in development roles at nonprofits have found it unduly prohibitive. Nothing about staking a middle ground makes it a moral high ground, but in this case, I take some comfort in the dissatisfaction of both constituencies. Seemingly mundane, managerial issues deserve ethical consideration—even in cases where a perfect solution eludes us. In that spirit, may readers’ dissatisfaction spur the conversation ever forward.

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**Endnotes**

1. This article is based on a part of my doctoral dissertation at Harvard University, which draws on a substantial literature review of sociology, anthropology, and organizational and legal theory, as well as business ethics.