Submission Timeframes

JCI is published once a year in December. The submission process begins in late May and includes two rounds of blind reviews by a minimum of two reviewers. See specific dates at sfcr.org.

Submission Requirements

1. Initial submissions in May require three files (all must be in Word format):
   a. Critical Incident – Maximum 3 pages (including references).
   b. Teaching Note – No page limit, but must include the items shown below.
   c. Memo with responses to reviewer comments (from Annual Meeting, Summer Workshop or prior year review, if any). Note that attendance at an SCR meeting is not required for submission but is strongly encouraged.
2. Submissions must be blinded with no author names or obvious references to the author(s). Use the Word “Protect Document” feature to remove personal information.
3. All submissions must be made at ignited.global:
   a. All authors must register for a free id.
   b. One of the authors must be designated as the “corresponding author” and will submit all material (and revisions) using the “peer” tab.
4. All authors and co-authors (except for students) must be members of the Society for Case Research. One can join the Society at sfcr.org. There are no other costs involved in publishing in JCI.
5. All authors and co-authors (except students) are expected to serve as reviewers.
6. Editors will specify addition requirements upon acceptance and prior to publication, including a cover sheet, copyright publishing agreement and interview/organizational releases.

General Formatting Guidelines

1. All SCR journals follow APA formatting. Hence, no footnotes should be used, and all citations and references must be APA compliant.
2. Use Times, New Roman 12 pt font. Paragraphs are single spaced with no indentation and double spacing between paragraphs.
3. See the manuscript guideline template below for more details.
Critical Incident Notes

1. Incidents must be written in past tense.
2. JCI requires incidents to be three (3) pages maximum (including references).
3. Many incidents are decision oriented, but descriptive incidents are possible.
4. Incidents can be qualitative or quantitative in nature. If quantitative, incidents must support discussion of qualitative factors in addition to calculations.

Teaching Note Requirements

Teaching notes must include:

1. **Overview** – 150 word maximum summary, identify if decision or descriptive and list the likely applications (graduate/undergraduate, and subject area (marketing, accounting, etc.).
2. **Learning Outcomes** – Typically, 2-5 learning outcomes expressed with Bloom’s taxonomy terms (Identify, Analyze, Evaluate, Recommend, etc.). Number these as L01, L02, etc. Learning outcomes should identify what students can do after completing the incident.
3. **Research Methods** – Identify how data was collected. This can include primary data collection via interview or secondary data collection. Also, note if the incident is disguised.
4. **Discussion Questions** – Include class discussion questions keyed to learning outcomes. Discussion questions must include connections to theory. Further, students should be able to answer the questions based on the incident and “other pedagogical materials” in 9. below.
5. **Answers to Questions** – Provide an “A” student answer.
6. **General Discussion** – Optional material
7. **Epilogue** – Optional material
8. **References** – APA format
9. **Other Pedagogical Materials** – If students need information in addition to the incident to answer the discussion questions, include it here.
Manuscript Guideline Templates

Summary .................................................. Pg 2
Case ....................................................... Pg 3
Teaching Note ......................................... Pg 11
Most Common In-Text Citations and References Pg 23
Specifics for BCJ, JCS, JCI .............................. Pg 26
Humane Society of the United States: Perception vs. Reality

David Green, Middle Tennessee State University
Joe Thomas, Middle Tennessee State University

Abstract
Roger Redford was just on TV about a horse trainer who routinely abused horses to enhance their performance in the show ring. The video was reportedly shot by an undercover representative of the Humane Society of the United States (HSUS). He routinely donated a fixed percentage of his revenue to various charities, including the local humane society. He wondered if he should redirect some of his donations to HSUS. Before he donated to a charity, he always did some research. He discussed the research he did before making a decision about supporting HSUS. Specific questions he asked himself include: Did HSUS support worthwhile causes? Was HSUS utilizing resources in a manner he felt comfortable or would animals be better off if he donated to another organization? What would happen if HSUS always did some research?

Learning Outcomes
In completing this assignment, students should be able to:

1. Develop criteria for judging the worthiness of a charity
2. Evaluate specific actions of HSUS to determine if they are appropriate
3. Discuss the impact that donating to one charity has on other stakeholders
4. Identify sources of information about a charitable organization
5. Evaluate whether or not they believe a charity is worthy of their donation
6. Identify criteria that would assure their resources go to a worthy cause

Application
The case is most appropriate for undergraduate courses in ethics, social responsibility, not-for-profit business, personal finance, and public policy.

Key Words
not-for-profit, social responsibility, ethics, philanthropy

Contact
Joe Thomas, Department of Management, Box 75, Middle Tennessee State University, Murfreesboro, TN 37132. Email joe.thomas@mtsu.edu. Phone 615-898-5652.

NOTE ON SAVING YOUR SUMMARY: If for example, your case or critical incident was named “Product Costing For Blackhawk Engineer.” Save the file as Blackhawk_summary.
Roger Redford was intrigued by a story he had just seen on television of a horse trainer who routinely abused horses to enhance their performance in the show ring. The video was reportedly produced by an undercover investigator of the Humane Society of the United States (HSUS). As a proponent of the organization, Redford wanted to know more about the HSUS. He routinely donated 5% of his salary to various charities including the local humane society. Before he donated to a charity, he always did some research evaluating how the charity used its donations. Redford had heard the HSUS’s name in the news repeatedly for various actions, but had never actually looked at the group in its entirety. He wondered what the organization tried to accomplish and if he should redirect some of his donations to HSUS.

Redford began by looking into the history of the group on its website. The website stated HSUS was the world’s largest animal rights advocacy group with assets nearing $231.5 million (HSUS Annual Reports, 2012). Although the title of the group suggested its realm was within the United States, Redford found that the group was a non-profit entity with several multinational operations. Roger saw the founders of the HSUS consisted primarily of journalists seeking to draw attention to animal abuse and cruelty. These founders created the group in 1954 and pursued actions to protect the rights of animals and to advocate for animals’ safety (Unruh, 2005).

Redford figured if anyone loved their cat, dog, horse, or various other pets, then it was probable that they had heard about the Humane Society of the United States. The HSUS Home Page contained multiple places to donate, but Redford wanted to begin with a simple mission statement from the organization. The website was literally chock-full of happy-go-lucky images of different animals and owners or rescuers. To speed up the process, he typed “mission statement” into the search bar and found the following:

*We work to reduce suffering and to create meaningful social change for animals by advocating for animal-friendly policies, and conducting hands-on programs that make ours a more humane world. We are a leading disaster relief agency for animals,*

Only the first word and the word after colon are capitalized
and we provide direct care for thousands of animals at our sanctuaries and
rescue facilities, wildlife rehabilitation centers, and mobile veterinary clinics.

We celebrate pets, as well as wildlife and habitat protection. We are the nation's
most important advocate for local humane societies, providing shelter standards
and evaluations, training programs, a national advertising campaign to promote
pet adoption, direct support, and national conferences. We operate a Humane
Wildlife Services program in the D.C. metro area to provide homeowners and
businesses with humane and effective solutions to conflicts with our wild
neighbors. We promote scientific innovation by driving the development of
humane alternatives to replace harmful animal experiments. The HSUS publishes
All Animals, a membership magazine, and Animal Sheltering, a bi-monthly
magazine for animal sheltering professionals.

We confront national and global cruelties through major campaigns targeting
the barbaric practices of dogfighting and cockfighting; abusive puppy mills
where dogs are treated not like family but like production machines; the worst
cruelties of factory farms, transportation of animals in crates and cages; inhuman
treatment of animals in such as "canned hunts" of captive exotic animals; the suffering of animals in experimentation,
including chimpanzees and pets; the slaughter of American horses for export to
foreign countries where horsemeat is considered a delicacy; and the clubbing of
baby seals and other animals for the commercial fur trade. Our track record of
effectiveness has led to meaningful victories for animals in Congress, state
legislatures, courtrooms and corporate boardrooms (HSUS About Us, 2012).

About Us

As with most websites, the “About Us” section tended to guide a user from a factual
chronology, like that in the “History” tab, to a more humanistic and informative idea of what
the non-profit did. The heading in the HSUS “About Us” section stated the following: “The
Humane Society of the United States is the nation’s largest and most effective animal
protection organization- backed by 11 million Americans, or one in every 28” (HSUS About Us,
2012).

Redford scanned through the section, finding other statements that the group wanted the public
to know about their involvement in animal rights and animal protection. He saw the group also
stated:

We work to reduce suffering and to create meaningful social change for
animals by advocating for sensible public policies, investigating cruelty and
working to enforce existing laws, joining with corporations on behalf of animals, and
working hands-on programs that make ours a more humane world. We are a leading disaster
relief agency for animals, and we provide direct care for thousands of animals
at our sanctuaries and rescue facilities, wildlife rehabilitation centers, and
mobile veterinary clinics (HSUS About Us, 2012).
The website frequently noted the HSUS was 11 million members strong. Redford navigated to the membership specifics and found that the HSUS currently circulated a “Kind News” magazine to nearly 644,000 kindergarten - 6th grade children. Another magazine, “All Animals,” circulated to the 450,000 registered and yearly membership holders. Annual membership cost $25. Members were encouraged to make additional donations beyond their annual membership dues (The Humane Watch Team, ‘A’).

There was also an icon where a member could increase or decrease the amount of mailing notifications received from the HSUS. Roger further found that the HSUS utilized multiple mail circulation centers, which distributed a magazine from Phoenix, Arizona. In addition, Redford found that member information, such as name, addresses, and interests in the HSUS, could be exchanged by the HSUS with other organizations that supported the work of the HSUS. He noticed that the group included a disclaimer noting that membership information was never sold, but given to like organizations (HSUS Membership, 2012).

After steering through membership information, Redford looked into the specifics of HSUS involved pet shelters. Roger was a dog owner, family man, and friend of various animals having grown up on a farm. One of his main concerns was the welfare of animals both locally and nationally. Of the established pet-shelter grants, Roger wondered how much of the grant funding was used in the establishment and continuous management of shelters. Redford found that to some extent the HSUS assisted with state and local pet shelter needs, but it rarely established or operated a pet shelter.

Roger found examples of the HSUS assisting local pet shelters. Some of the assistance included funding to: Central Missouri Humane Society in the amount of $3,039; Chimp Haven, Inc. in the amount of $10,000; Claiborne C amount of $2,500; and Cincinnati SPCA in the amount of $5,000. These funds were used for spay and neuter support, animal rescue, animal shelter, and animal aid. It was apparent to Redford that the group donated small amounts across many shelters (HSUS Annual Reports, 2011).

In other words, most of the local shelters one would visit would be locally or governmentally run and funded. The HSUS did not operate a single pet shelter under the name of the HSUS. However, Roger found that the HSUS provided more than $500,000 in pet-shelter grants. This expenditure was a portion of the program expenses section of Table 1. The HSUS also spent close to $24 million dollars in fundraising related costs, which represented about 16% of the total revenue in Table 1 (The Humane Watch Team, ‘A’).

Table 1: HSUS Income Statement
Revenue

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary Revenue</td>
<td>$134,222,459</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>$14,481,361</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$148,703,820</strong></td>
</tr>
</tbody>
</table>

*Note: This organization receives $0 in government support.*

Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Expenses</td>
<td>$97,389,437</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>$4,723,891</td>
</tr>
<tr>
<td>Fundraising Expenses</td>
<td>$24,248,073</td>
</tr>
<tr>
<td><strong>Total Functional Expenses</strong></td>
<td><strong>$126,361,401</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess (or Deficit) for the year</td>
<td>$22,342,419</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>$187,515,301</td>
</tr>
</tbody>
</table>

After seeing a few shelter expenditures and an employment link on the website, Redford wondered how employees at the HSUS were treated. He knew that most of the people working at the local humane shelter were volunteers. He was surprised to find that the average salary of an HSUS employee was $68,095.11 and that CEO, Wayne Pacelle, had made it a mission to support the employee pension plan for the 636 employees of the HSUS. Additionally, he also noted that Pacelle had used nearly $14 million dollars from donations to fund pensions in 2011. That amounted to roughly $22,000 per employee (The Humane Watch Team, ‘A’).

Redford noticed that CEO, Wayne Pacelle, had made it a mission to support the employee pension plan for the 636 employees of the HSUS. Additionally, he also noted that Pacelle had used nearly $14 million dollars from donations to fund pensions in 2011. That amounted to roughly $22,000 per employee (The Humane Watch Team, ‘A’).

Redford looked further and found sections featuring salaries and wages headers. On the Form 990, he saw sections marked “Other Salaries and Wages” that equaled $26,766,424 and “Compensation of current officers, directors, trustees, and employees” equaling $2,182,367. Furthermore, he noted that in some years from by the HSUS and other related organizations. In 2010, one yearly HSUS salary, $111,831 from related organizations, and $65,932 from a category marked other compensation from the organization and/or related organizations. Almost every employee working for the HSUS received a yearly salary from the organization and a large amount of money from the “other” category. Sometimes funds from the other category exceeded their yearly HSUS salary (HSUS Annual Reports, 2011).

Redford noticed that the HSUS had increased Pacelle’s salary by nearly 7% between 2010 and 2011 (The Humane Watch Team, ‘A’). Other members of the HSUS administrative executive team worked only part time during some weeks, working as little as 1 hour per week, and kept their yearly salary (The Humane Watch Team, 2011).
Redford noticed the HSUS had set goals in several areas of animal advocacy. As part of advancing the cause of animals, HSUS had been involved with picketing Capitol Hill and had spent nearly $3.6 million dollars on lobbying for various causes in 2010. Between 2005 and 2009, the HSUS showed $17.3 million dollars in lobbying expenses (The Humane Watch Team, 2011 ‘A’). Expenditures were largely funded through donations.

The HSUS also advertised its legislative actions on the website and highlighted some of the legislative successes. Some examples of federal legislative acts, laws, or bills that the HSUS had been involved with included (but are not limited to): Overuse on Factory Farms; American Horse Slaughter Prevention Act; Federal Bird Safe Buildings Act; Sportsmanship in Hunting Act (HSUS Federal Legislation, 2012).

HSUS legislative activities were not limited to the federal level. He found that HSUS sponsored something it referred to as “Lobby Days.” Redford let his curiosity carry him and saw that the group summarized its activities with the following:

Humane Lobby Days are events sponsored by The HSUS where citizen animal advocates like you gather to learn and practice lobbying for animal protection laws at the state level. There’s an opening workshop and an overview of relevant events are made for you with your state legislators so that you can meet with them (or their staff) face to face and ask for animal-friendly votes (HSUS Events, 2012).

Roger then navigated to the state legislative acts. He noticed that everyone could see their home state and a chart containing a ranking of how their state scored in animal protection laws and animal rights. Redford guided the mouse to a large list of state legislative acts with which HSUS had been involved. The list included actions in a number of actions in various states, including:

- Puppy Mills- Iowa, Missouri and Oklahoma;
- Greyhound Racing- New Hampshire and Rhode Island;
- Antifreeze Safety- Illinois, Massachusetts, New Jersey, Utah and Wisconsin;
- Primates as Pets- Illinois.

Redford noted that many of these acts aimed at animal safety also involved other things like automobile regulations and regulations on certain pet groups or standards for owners of certain animals. Examples of this included requiring pet owners to keep antifreeze stored in certain containers and areas in their own household, the ability to buy certain (or any) primates as pets in particular regions, as well as certifications or licenses to own and care for certain pet species or groups (HSUS State Legislation, 2012).

Roger identified a few bits of lobbying facts about the HSUS on other websites as well. He found that between 2004 and 2008, the HSUS had pursued over 2,000 lobbying efforts (Humane Watch Team, ‘B’). Furthermore, he saw that the HSUS took credit for assisting in the passing of over 700 Federal and State Laws (Humane Watch Team, ‘A’). Moreover, Roger found that the HSUS operated a website named the “Humane Society Legislative Fund” where members and non-members had access to HSUS State and Federal Legislation. Users of this site could choose...
to be alerted to new initiatives, ballot casting, and have the ability to donate directly to legislative efforts (Humane Society Legislative Fund, 2012).

Financial Information and Form 990

As Roger looked through a few websites giving their opinions of the Humane Society of the United States, he found that the HSUS satisfied the 2011 Better Business Bureau’s “20 standards for Charity Accountability” (The Better Business Bureau, 2011). Moreover, Charitynavigator.org had scored the HSUS a total of 60.73 points, out of a possible 70.

Table 2: HSUS Form 990

<table>
<thead>
<tr>
<th>Information Provided on the Form 990</th>
<th>Provided?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Voting Board Members</td>
<td>Yes</td>
</tr>
<tr>
<td>No Material diversion of assets</td>
<td>Yes</td>
</tr>
<tr>
<td>Audited by independent accountant</td>
<td>Yes</td>
</tr>
<tr>
<td>Does Not Provide or Receive Loan(s) From related parties</td>
<td>Yes</td>
</tr>
<tr>
<td>Documents Board Meeting Minutes</td>
<td>Yes</td>
</tr>
<tr>
<td>Provided Form 990 to organization's governing body in advance of filing</td>
<td>Yes</td>
</tr>
<tr>
<td>Conflict of Interest Policy</td>
<td>Yes</td>
</tr>
<tr>
<td>Whistleblower Policy</td>
<td>Yes</td>
</tr>
<tr>
<td>Records Retention Policy</td>
<td>Yes</td>
</tr>
<tr>
<td>CEO listed with salary</td>
<td>Yes</td>
</tr>
<tr>
<td>Process for determining CEO compensation</td>
<td>Yes</td>
</tr>
<tr>
<td>Does Not Compensate Any Board Members</td>
<td>Yes</td>
</tr>
<tr>
<td>Donor Privacy Policy on Website</td>
<td>No</td>
</tr>
<tr>
<td>Board Members Listed on Website</td>
<td>Yes</td>
</tr>
<tr>
<td>Audited Financials on Website</td>
<td>No</td>
</tr>
<tr>
<td>Form 990 on Website</td>
<td>Yes</td>
</tr>
</tbody>
</table>

(Charitynavigator.org, 2012)

To compare HSUS with some of the top rated charities, Roger used Table 3, which averaged the expenditures of four top-rated charitable organizations, including Vanderbilt College, The Children’s Aid Society, Food for the Poor, and the Breast Cancer Research Foundation (Giorgianni, 2009):
Table 3: Allocation Percentages for Highly Respected Charities

<table>
<thead>
<tr>
<th>Average Percentages of Expenses Based On Total Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Expenses</td>
</tr>
<tr>
<td>Administrative Expenses</td>
</tr>
<tr>
<td>Fundraising Expenses</td>
</tr>
<tr>
<td>Program Expenses Growth</td>
</tr>
<tr>
<td>Primary Revenue Growth</td>
</tr>
</tbody>
</table>

(Return [1]

(1) Green and Thomas, 2012)

As for charity rules and the government, Redford found that HSUS kept a non-profit status by accepting donations and following certain rules put forth by the IRS. These rules included: be established for a charitable purpose; be non-profit making; not be in violation of the Lobbying Disclosure Act prohibiting non-profit entities from benefiting within legislative lobbying and law enforcement; and, be independent from government or local authority (IRS.gov, 2012). In addition, the group also had to have a mission statement defining it as charitable.

Roger knew that most groups sought the rating of a 501 (c) (3) status, which the Humane Society of the United States held. This status incorporated rules such as no shareholder or individual obtaining earnings from the group, the eligibility to receive tax-deductible contributions, application for the 501(c) (3) status due by the end of the fiscal year, and disclosure of specific financial and operating information required filing an IRS Form 990 (Table 2) containing financial and operating information about the organization. This form was similar to what a for-profit organization would provide in its 10(K) statement (IRS.gov, 2012).

Current Activities of the HSUS

As good as all of the HSUS work sounded, Roger wanted to see what the HSUS was working on currently. Redford saw that the non-profit entity operated in 33 states. It also maintained its home office in Hollywood, California. It also gave a lot of coverage about animal rights. Once again, Redford perused a number of articles about numerous articles featuring California poaching, the HSUS and the California Department of Fish and Game, problems with the bears of Lake Tahoe, and egg laying hen rights. All of these articles featured the HSUS doing something it considered beneficial to animals.

The first article Roger opened featured the HSUS combating poaching in California. HSUS had teamed with the California Department of Fish and Game (DFG) by funding $2500 rewards for poaching information that lead to an arrest. (Humanesociety.org, 2009) The HSUS, was also partnering with the California DFG by placing HSUS employees under the authority of the California DFG to act as enforcement agents and to work at the California DFG headquarters to train future DFG wardens and officers.

A related program was titled CalTIP, or California Turn-In-Poachers. Redford was pleased with the effort the HSUS placed on the end of poaching in California and read further. He saw that CEO Pacelle stated, “We will see these acts, and we’re phasing out
animals used in research. If we could shut down all sport hunting in a moment, we would” (Karr, 2011). Though this statement was a bit much for Redford who was a deer hunter during the winter to gain venison or deer jerky, he continued to search for a justification for the statement in other activities.

Redford thought that the actions in California were not enough to meet the expenditures the group claimed, so he began examining other contemporary news articles featuring actions taken by the HSUS. He found that the main mission of the HSUS was “to create a humane and sustainable world for all animals, including people, through education, advocacy, and the promotion of respect and compassion” (HumaneSociety.org, 2012). Redford thought, this was exactly what the HSUS had in mind when it came to bears in the Lake Tahoe region.

The lives of bears intertwined with the population of humans are constantly at risk. Redford found an article featuring the Lake Tahoe region, where bears were frequently a nuisance to tourists and residents. The bear population, managed by the Department of Fish and Game, had increased statewide from 4080 bears in 1984 to 40,005 by 2012 (McDaniel, 2012). The Department of Fish and Game, recommended expanding the bear hunting quota from 1700 animals to 2000 to reduce the expanding population. Instantly, the HSUS argued that this was not in the best interest of the bears (McDaniel, 2012).

Roger saw that the HSUS was attempting to assist a rewrite of the statewide California bear management plan. In this plan, the HSUS emphasis was on bear rights and reducing bear hunting. The HSUS was holding its position on limiting any type hunting while hoping to reestablish bear management in other wildlife areas (McDaniel, 2012). Roger wondered to himself if working on a daily basis with DFG and providing financial resources to the Department gave HSUS more influence than most individuals or other organizations.

As Redford thought to himself that bears were kind of a big issue, no pun intended, he glanced at a much smaller issue in terms of size. As of February, 2012, the HSUS was defending the rights of egg laying hens and of egg production with a proposed bill. Teamed with the United Egg Producers, the group was lobbying for a national standard to allow scratch areas, perches, nesting boxes, and doubling the current standardized space that egg laying chickens had (The New York Times, 2012).

Redford thought that the situation seemed great for the chickens, but noticed many groups, such as the American Farm Bureau Federation, the National Pork Producers Council, and the National Cattlemen’s Beef Association, were in opposition to the introduction of this bill. These groups justified their positions by arguing that animal rights such as these would spread into other industries, like eggs, beef, pork, milk, and other food products. The HSUS would have the right to let current investments work until new equipment was purchased, the farmer then would be required to meet the new standards for egg laying hens (The New York Times, 2012). This was similar to the way changes in building codes were implemented for homeowners. Homeowners, generally, were not required to meet the latest building codes unless they decided to remodel or add on to their existing homes. At that point, the entire home would be required to meet current building codes.
Roger navigated to a section on the HSUS website called “Seriously, Canada?” This section highlighted a perceived need by HSUS to end seal hunting in Canada and called for citizens to sign up by boycotting Canadian goods or services. The site included a standardized form to elicit member participation. People wanting to support the boycott were encouraged to use the following:

_Dear Canada,_

*We’re boycotting your seafood. Inundating your prime minister with calls and letters. Rallying in cities all over the world.*

*But Canada, you STILL haven’t slaughtered of hundreds of thousands of seals every year for their fur. What’s worse—so many pups will die because there is virtually no sea ice in key seal birthing areas. And you won’t spare the survivors?*

_Seriously, Canada?_

*Enough is enough. I want you to cancel the commercial seal hunt this year—and forever. I’m serious. To show you how serious, I’m making you this promise:*

A user then had the option to choose from the following acts if Canada ended seal hunting: buy a lifetime supply of maple syrup; shave a maple leaf into my hair; volunteer at an animal rescue animal from a local shelter; post a video of myself singing “O Canada”; host a Canadian-themed party; bathe in maple syrup; adopt real Canadians; make a snow angel in a bathing suit; or choose your own (insert here) (HSUS Seriously Canada, 2012).

The HSUS also was associated with another entity called the Humane Society of Canada. In 2010, the Humane Society of Canada was ordered to return almost $2.5 million in funding to the HSUS. A United States judge ordered the money was returned to the HSUS from the Canadian organization (Activist Cash, 2012).

Shocked that the HSUS was active outside of the United States and with such large funds, Redford tracked back to the “Statement of Activities Outside the United States” in the HSUS Form 990. He found that the HSUS committed thousands of dollars in grants to other countries. These grants were to help pay for services including stopping animal cruelty, building animal hospitals, banning fur harvesting, funding legislation in other countries, wildlife protection, and animal contraception programs. The following are a sample of grants given in 2010:

- **Central America and the Caribbean -** $30,750
Europe: $138,342
The monetary expenditures outside of the United States totaled $606,741 (HSUS Annual Reports, 2012).

**Conclusion**

Redford now had information on HSUS. However, he still had questions. Did the organization support worthwhile causes? Was the HSUS a worthy organization? Did he feel comfortable or would animals be better off if he donated? What would happen if HSUS were successful in achieving its mission? Redford’s hand settled on the mouse and circled the “donate now” button on his computer screen. What should he do? Did HSUS deserve his donation?


The Humane Society of the United States. (2009, June 3). The HSUS teams up with CalTIP,


NOTE ON SAVING YOUR CASE: If for example, your case or critical incident was named "Product Costing For Blackhawk Engineer." Save the file as Blackhawk_CA
Teaching Note

Humane Society of the United States: Perception vs. Reality

David Green, Middle Tennessee State University
Joe Thomas, Middle Tennessee State University

This teaching note was prepared by the authors and is intended to be used as a basis for class discussion. The views represented here are those of the authors and do not necessarily reflect the views of the Society for Case Research. The views are based on professional judgment. Copyright © 2013 by the Society for Case Research and the authors. No part of this work may be reproduced or used in any form or by any means without the written permission of the Society for Case Research.

Case Overview

Roger Redford was intrigued and just seen on television about a horse trainer who routinely abused horses to enhance their performance in the show ring. The video was reportedly shot by an undercover representative of the Humane Society of the United States (HSUS). As the owner of a number of animals, Redford wanted to know more about the HSUS. He routinely donated a fixed percentage of his salary to various charities including the local humane society. He wondered if he should redirect some of his donations to HSUS. Before he donated to a charity, he evaluated how it used its funds, the causes it supported, and the causes it supported. The case reports the research Redford did before making a decision about supporting HSUS. Specific questions he asked himself include: Did HSUS support worthwhile causes? Did it spend resources appropriately or would animals be better off if he donated to another organization? What would happen if HSUS were successful in achieving its goals?

The case is most appropriate for courses in ethics, social responsibility, not-for-profit business, personal finance, and public policy.

Research Methods

The name of the decision maker has been disguised. Information about HSUS was obtained from the secondary sources cited.

Learning Outcomes

In completing this assignment, students should be able to:

1. Develop criteria for deciding whether or not to donate to a charity
2. Evaluate specific actions of HSUS to determine if they are appropriate
3. Discuss the impact that donating to one charity has on other stakeholders
4. Identify sources of information about charitable organizations
5. Evaluate whether a specific charity is worthy of their donation
6. Identify steps donors can take to assure their resources support a worthy cause
Discussion Questions

1. Should Roger donate to the HSUS? Would you consider donating to the organization? (LO 1)
2. What actions of HSUS do you support? Which actions do you find objectionable? (LO 2)
3. Who are the stakeholders of the HSUS? What impact does donating or not donating have on the various HSUS stakeholders? (LO 3)
4. Where can someone find information to evaluate a charity? (LO 4)
5. What criteria should a potential donor use to evaluate a charity? (LO 5)
6. Is HSUS using donor funds appropriately? (LO 6)
7. What are some steps a donor can take to make sure their donations go to a worthy charity? (LO 6)

Answers to Discussion Questions

1. Should Roger donate to the HSUS? Would you consider donating to the organization? (LO 1)

   This is probably a good question to ask of this case. Many students, like Roger remarks in his statement, will respond to the name of the organization, the Humane Society of the United States, leads potential donors to believe their funds will be used within the United States. Students may be shocked to learn of HSUS’s international activities. After analyzing the case, students likely will be split on the appropriateness of the organization and its mission. Some students who thought their donation would provide immediate food and health care for animals within the US will probably be unhappy to see the small amount of money going to animal care and may not like seeing donations going to other countries when many animals are being abused and euthanized within the US. Some students may be uncomfortable with the amount of money HSUS is spending on lobbying. Other students may see legislation as a long-term solution to animal care and not have a problem with the lobbying. Some students may also see animal treatment as a global problem and not be concerned with the international focus. Compensation of executives within HSUS may be objectionable to some students.

2. What actions of HSUS do you support? Which actions do you find objectionable? (LO 2)
Answers will vary here, depending on the beliefs of individual students. Most students will likely support HSUS grants to local humane societies to provide health care, food, neutering services, etc. Some may see providing those services internationally as also acceptable.

Similarly, some students will see influencing legislation to protect animals as worthwhile. What some students may find objectionable is the amount of money spent on lobbying. In 2011, HSUS spent approximately seven times more money on lobbying ($3.6 million) as was spent supporting local animal shelters ($0.5 million).

Additionally, $14 million of donations was spent funding retirement benefits for HSUS employees. Another $24 million was spent on fundraising expenses. These expenditures are many times the amount spent on immediate animal welfare.

The involvement of HSUS in helping California bears probably will be seen as appropriate by most students. However, the involvement of HSUS in training wildlife officers and trying to stop bear hunting as a means of controlling the bear population may be seen as inappropriate by other students. Some students may see a conflict of interest with HSUS operations in CA. HSUS is providing funds to capture poachers and to train wildlife officers at the same time it is trying to influence hunting limits and practices. Do its donations and training contacts allow it to have undue influence with the CA Department of Fish and Game? Some students likely will argue this represents a conflict of interest.

Many students may find the goal of providing animals the same humane treatment as people unreasonable. While students may find limitations on hunting as acceptable, affording all animals the same rights as people may be less acceptable. Most people do not find it acceptable to kill and eat people, so providing the same rights to animals would basically ban the consumption of meat products. HSUS is currently promoting legislation to modify egg production to make facilities more humane for the chickens. Milk production and many other forms of agriculture could be next. Students may not like to think about the consequences for food prices if HSUS were able to afford the same rights for animals as for people. What would be the impact on lower income people if food prices increased significantly?

The first sentence of the HSUS mission statement says they attempt to “create meaningful social change for animals by advocating for sensible (emphasis added) public policies…..” Students can be asked to debate/discuss which of the HSUS practices are sensible and which ones have moved beyond sensible.

3. Who are the stakeholders of the HSUS? What impact does donating or not donating have on the various HSUS stakeholders? (LO 3)

Most texts advocate organizations and individuals engage in socially responsible behavior, supporting causes they believe will enhance the welfare of society. Philanthropic giving is one form this support may take. Whether donating money, materials, time, or other resources, most donors want to believe their giving is going to the worthy cause. One of the ways to assess the worthiness is to look at the impact actions have on stakeholders.

While the stakeholders identified will vary with the model in each book (c.f. Griffin, 2011;
Robbins and Coulter, 2012), most models include at least media, suppliers, customers, local community, and competitors. These stakeholder groups are affected by HSUS actions

*Media* is one stakeholder group integrally involved with HSUS. Management of HSUS has been able to use the media to further its causes. HSUS has done undercover investigations of animal conditions and provided video and other information to the media for public dissemination. That information has been useful in building public support for HSUS concerns. However, critics argue the information is often biased and serves to inflame the public, resulting in legislation and other actions that may not be in society’s best interests. While legislation may improve the lot of animals (e.g. chickens), it may significantly increase the regulation and expense of producers and increase the cost of food for everyone.

*Suppliers* are one of the major stakeholders in most stakeholder analyses. In this situation the suppliers could be seen as the donors to HSUS. They supply HSUS with the funds needed to operate and support its mission. Later questions will discuss whether or not these funds are being used as students would expect if they were supplying donations.

*Customers* are another stakeholder considered in most stakeholder analysis. This is one place donors may be misled by the HSUS. The HSUS’s solicitation allows potential donors to believe that local pet shelters are the primary recipients of funds raised by the organization. However, little of the money goes to the local area. In fact, HSUS spent nearly equal amounts of their funds supporting local shelters and on international grants. As will be detailed in a later question, HSUS spent many times more money funding lobbying, pensions for employees, and fundraising than were spent supporting pet shelters and animal sanctuaries.

*Competitors* are also commonly evaluated as part of stakeholder analysis. That is not as easy of an evaluation in this situation as with a traditional business. The HSUS is a direct competitor for resources at the national level with People for the Ethical Treatment of Animals (PETA) and the American Society for the Prevention of Cruelty to Animals (ASCPA). HSUS is both a competitor and potential supporter of local pet shelters, animal rescues, and animal sanctuaries. Donors who want to support their local pet shelters are not achieving that goal by donating to the HSUS. Thus, someone could tell a fundraiser for the local pet shelter that they have already contributed when the local shelter will get none of the donations made to HSUS.

The HSUS is also an indirect competitor with other fund raisers and charitable organizations. Individuals and organizations with limited funds may donate to the HSUS and have little money left for supporting other worthy causes, such as the homeless, scouts, cancer, etc. It is stated in this case that Redford is donating 5% of his earnings to charities and that funds for HSUS will be redirected from money that otherwise would be donated to another cause.

The *local community* also has a stake in HSUS’s fund raising practices. By allowing potential donors to believe they are supporting their local pet shelters or support for the pets in the area, HSUS is in effect taking money donors intended for the local community, or at least for animals in the United States. Money donors intended to help local pet shelters or to provide grants to buy new equipment is actually being used to support legislative lobbying and costs of HSUS employees like those placed in the California Department of Fish and Game.
This case also shows the involvement of *public pressure groups* in HSUS operations. Large, high profile organizations such as HSUS have organizations which routinely monitor their actions and call attention to actions the organizations find questionable. In this case, The Humane Watch Team and The Center for Consumer Freedom monitor HSUS funds and frequently focus attention on expenditures for lobbying, executive compensation and retirement funding, etc. These organizations attempt to keep their members and the public informed of HSUS actions the organizations find questionable. Humane Watch, for example, has questioned the 11 million members HSUS claims. With membership costing a minimum of $25 per person, 11 million members should generate $275 million in membership dues alone. Yet, HSUS showed total revenue of approximately $149 million.

4. **Where can someone find information to evaluate a charity? (LO 4)**

The information sources can be developed through class discussion or as an outside assignment prior to presenting the case. A potential donor can begin by looking for the website of the charity or request information directly from the charity. While much of the information is designed to present a positive public image, substantive information should be available for donors willing to dig for it. For example, non-profit organizations are required by the Internal Revenue Service to disclose financial information on their Form 990. It is much like reading a tax return or income statement and may not be too exciting, but the Form 990 shows funds spent on executive compensation, grants provided to other organizations, and much other data about the organization’s income and expenditures.

If the website does not openly reveal financial information and statements, a potential donor can seek information from the Secretary of State or the State Auditor’s Office. These sources should guide callers to the required tax paperwork that a charitable organization is required to file. As each state has different rules concerning financial disclosure, the information found will vary on a per state basis, although basic information should be available through freedom of information.

The source most computer savvy individuals will use is a web search. Many websites conduct ongoing reports and evaluations for charities. Charity Navigator.org is one of the most renowned sites for reporting on and evaluating charities. Many other reputable sources, such as the Better Business Bureau, Consumer Reports, Charity Hound, and Charity Watch feature information about charities. Some sites have their own evaluations of the charities based on the criteria the site feels is most applicable.

5. **What criteria should a potential donor use to evaluate a charity? (LO 5)**

The criteria can be developed through class discussion or as an outside assignment prior to presenting the case. The main topics that a donor should focus on are transparency and openness. Reputable charities are open to answering questions about the use of finances. To further this, Charity Navigator.org provides a list of questions that a charity should answer. These questions are useful in evaluating HSUS or any other charity the professor may want students to examine.

- What is the charity’s commitment to reporting results?
Look for a clear statement identifying a methodology for monitoring results. Finally, see if you can identify a means by which the charity validated the reported results.

The HSUS website includes a number of testimonials, a description of multiple fundraisers, and implied associations with reputable organizations such as the California DFG. Redford should question how the HSUS uses donations from the results sections, especially when seeing large expenditures for lobbying and international grant funding.

- **How does the charity demonstrate the demand for its services?**
  Here you want to see that the charity can show both a demand for and a utilization of its programs and services.
  The website shows individuals and organizations benefitting from the HSUS. It also lists a number of services provided (aid to pet victims, pet shelters, and educational efforts.) Most people would argue these are needed services. What is not obvious in the website is the allocation of funds to lobbying activities.

- **Does the charity report its activities (what it does)?**
  Check to see if the charity offers information about its mission-related activities, if it provides the data in comparison to a prior time period and if it shows the costs affiliated with each of those activities.
  HSUS, as with most charities, is quick to report its activities, including assisting animal abuse victims. However, the organization does not make the information about the percentage of funds going to legislation, local pet shelters, or lobbying easily accessible. A breakdown of how much money goes to victims, how much to support education, etc. is not readily available.

- **Does the charity report its outputs (immediate results)?**
  Apply the same concepts in #3 to outputs by checking to see if the charity offers information about its outputs (immediate results flowing from the activities it does), if it provides the data in comparison to a prior time period and if it shows the costs affiliated with each of those mission-related outputs.
  The HSUS does report its outputs, but does not state if the decisions on how to use donations are necessarily ethical or if they follow IRS guidelines.

- **Does the charity report its outcomes (medium- and longer-term results)?**
  Here donors should check to see whether the information provided by the charity shows progress towards an outcome - a measurable change resulting from activities and outputs over the medium and longer-term.
  Again, there is no real data provided on the organization’s website. What is provided is for show, not for evaluation purposes.

- **What is the quality of evidence for reported results?**
Check to see if the charity has provided any evidence (such as case studies, beneficiary feedback, third-party evaluation) for its reported outputs and outcomes.

HSUS looks better under this criterion than on many of the others. There are testimonials and associations with recognized organizations such as the United Egg Producers and the United States Congress and state legislations. There are also newspaper releases, magazine articles, interviews, and testimonials of HSUS help. However, a web search will show many investigations critical of the organization.

Does the charity adjust and improve in light of its results?

However difficult or easy it is to collect and publish results data, the acid test for charities is how the charity uses its funds.

This information can be interpreted subjectively per student or reader. (CharityNavigator.org, 2011)

6. Is HSUS using donor funds appropriately? (LO 6)

Table 1 in the case provides an abbreviated income statement for HSUS. Table 3 provides summary information for some respected charities. Program expenses (funds spent for grants, lobbying, training, and other program related expenses) accounts for approximately 65% of HSUS expenses. The cost of program expenses is a much higher proportion of their revenues for program expenses. HSUS spent approximately 65% of their revenues for Program Expenses (salaries, travel, etc.) while the other charities spent about 4%. HSUS spent about 16% of revenues for further fundraising expenses, compared to 3% for the organizations in Table 3. HSUS is spending more of their revenue on further fundraising and less on program expenses than some of the most respected charities, but the ratios are not way out of balance.

Professors may prefer to benchmark HSUS expenditures by comparing them to particular organizations, such as the Red Cross, the American Heart Association, or their local university. Students also can do an industry analysis by comparing HSUS data to information from People for the Ethical Treatment of Animals (PETA) and/or the American Society for the Prevention of Cruelty to Animals (ASPCA).

Analyzing the financial statements can raise a red flag if an organization is spending too large of a portion of its donations on fundraising. Students will have varying ideas of what is “too large” and what other factors affect this calculation. (It is worth noting that some “questionable” charities may spend as much as 80-90% of revenues for further fund raising (Fallik, 2010; Green & Thomas, 2012)). Based on these ratios, HSUS does not look bad.

However, students and potential donors also need to look at how the program funds are spent. As discussed in a previous question, do donors expect their donations to be spent on immediate animal care, lobbying in a foreign country, or for funding executive retirement plans? These sorts
of evaluations are much more qualitative in nature. Interpretation of their “appropriateness” depends on the intentions and expectations of donors. Donors who give HSUS money (or other resources) with the expectation that it will be used to influence legislation benefitting animals likely will find HSUS lobbying expenditures money well spent. People donating with the expectation their donation will provide immediate food or health care for animals will find HSUS program expenses as money largely wasted.

7. What are some steps a donor can take to make sure their donations go to a worthy charity? (LO 6)

There are a number of general actions a donor can take to avoid scams. These included: (1) not acting on impulse; (2) researching the charity; (3) asking a charity to provide documentation of donation and fundraising methodology and fund usage; (4) and watch for mimicked names that sound like other reputable charities (Fallik, 2010). Other options include supporting charities that take donations other than money, such as clothing, food, or supplies as these resources are harder to misdirect than is money.

Students should be able to generate a number of specific steps they could take to evaluate the worthiness of a charity. According to Charity Navigator.org some basic tips for a beginning donor include:

- Be Proactive In Your Giving - Don’t react to instant donations.
- Eliminate The Middleman - Informed donors recognize that for-profit fundraisers, those primarily used in charitable telemarketing campaigns, keep 25 to 95 cents of every dollar collected.
- Be Careful Of Souvenir Charities - Informed donors recognize that for-profit fundraisers, those primarily used in charitable telemarketing campaigns, keep 25 to 95 cents of every dollar collected. Other options include supporting charities that take donations other than money, such as clothing, food, or supplies as these resources are harder to misdirect than is money.
- Be Careful Of Souvenir Charities - Savvy donors know that the financial health of a charity is a strong indicator of the charity's programmatic performance.
- Study Copies Of Financial Records - Savvy donors know that the financial health of a charity is a strong indicator of the charity's programmatic performance.
- Review Executive Compensation.
- Start a Dialogue to Investigate Its Programmatic Results - Although it takes some effort to assess a charity's impact, donors who are committed to advancing real change believe that it is worth their time. Before they make a contribution, they talk with the charity to learn about its accomplishments, goals and challenges.
- Concentrate Your Giving – Donations will have a greater impact if the donor gives more money to a few organizations than a little money to several charities.
- Share Your Intentions And Make A Long-Term Commitment.
General Discussion

Many classes in business discuss charitable giving and suggest it is the social responsibility of businesses and individuals to support charities. However, there is often little discussion of how to evaluate a potential charity’s actions. In fact, one argument that businesses should not be socially responsible is because they provide students an opportunity to learn some of the factors to be considered in evaluating a charity. It also examines how a not-for-profit, public interest group is able to influence legislative and legal activities.

The professor can provide students the names and web addresses of organizations providing evaluations of charities (e.g., Charity Navigator, Better Business Bureau, etc.) or have students do a web search for organizations like those listed in Question 4.

Students can be asked to debate or work in groups to identify which of HSUS activities they support and which they find objectionable. They may also be asked to vote on whether or not they think Redford should support HSUS.

Epilogue

Redford was surprised by his analysis of HSUS. He was surprised by the separation of the HSUS from the local humane society and the lack of involvement of the “national” organization. He knew that most of the people involved with the local organization were volunteers and had assumed people at HSUS did not find the international activities objectionable. However, he objected to the low percentage of donations going to salaries and retirement compensation and the percentage going to salaries and retirement compensation. He did not find the expenditures trying to influence legislation too high. Thus, he decided to support the local humane society and not the HSUS.

References

References: Same as case. Each reference uses Times New Roman, 12pt, first line no indentation, subsequent lines are indented 5 spaces, single-spaced Double-spaced between references.

Other Pedagogical Materials

Any information that the author wants to add is included here. For example, handouts, board plans, classroom management suggestions etc.
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