

## Recommended Principles and Practices for Effective Grantmaking

Approved by the Council on Foundations' Board of Directors on June 25, 2002

*The Principles and Practices statement is an important priority of membership in the Council on Foundations, since Council members subscribe to these principles as a condition of their membership. The statement sets forth well-recognized ideals for good practice that each member supports and is working to achieve.*

Members of the Council on Foundations subscribe to the following principles and practices:

**Preamble.** Foundations and corporate giving programs reflect philanthropic impulses to promote the public good. We recognize the wide diversity of philanthropic goals. We also strive to respect donors' charitable intentions expressed in organizational charters and core documents as we apply our philanthropic resources to contemporary social conditions. We attend to the future through prudent stewardship of financial and other resources and we recognize that accountability calls for openness, responsiveness, fairness and trust. In short, we hold ourselves responsible to those who created us, those with whom we currently interact and those who may look to us in the future.

### Clear Goals and Procedures

**Clarity of Purpose.** We establish policies and procedures that define our program interests and our fundamental objectives.

**Governing Body.** An identifiable board, committee or other decision-making body is responsible for establishing and implementing our policies and procedures and reviewing and revising them on a regular basis.

**Grantmaking Procedures.** We establish and follow clear processes for receiving, reviewing and acting on grant applications that are consistent with our policies and purposes. We communicate openly with grantseekers about our grantmaking policies and procedures.

We make readily available a brief written statement about policies, program interests, grantmaking practices, geographic and policy restrictions and preferred ways of receiving applications. It is important that grantseekers whose proposals fall outside our interests are notified in a timely manner and that those whose proposals are still under consideration are informed of the steps and timing that will be taken in reaching the final decision.

**Informing the Public.** All forms required by government are completed accurately and filed in a timely manner. In addition we inform the public about our activities through various means such as publication of periodic reports (including annual reports, newsletters and reports to national and local organizations that publish information on grantmaking) and through electronic and other communications channels.

### Legal Knowledge

Complying with the law is essential and we recognize that inadvertent violations can occur if the basic legal rules are not understood. We provide for adequate training and ongoing legal advice to ensure that our governing board and staff are well informed.

### Accountability

**Ethical Behavior.** Accountability extends beyond the requirements of the law. We establish and carry out policies that recognize multiple obligations for accountability: to the charter provisions by which our donors defined basic expectations, to the charitable institutions we serve, to the general public and to appropriate national and local governmental agencies.

**Self-Evaluation.** We regularly review our program interests and operating policies, the composition of our boards and staffs and the overall effectiveness of our grantmaking.

**Conflicts of Interest.** Beyond the legal requirements that forbid staff, board members and their families from profiting financially from any philanthropic grant or activity, we weigh carefully all circumstances in which there exists the possibility or appearance of conflict of interest. Our policies require staff and board members to disclose to their governing bodies the nature of any personal or family affiliation or involvement with any organization for which a grant is considered, even though such affiliation may not give rise to any financial or other conflict of interest.

### **Addressing Change**

We are alert and responsive to the changing conditions in society and to the evolving needs of grantseeking organizations. In responding to new challenges, we use the knowledge, experience and insight of other individuals and groups to complement the guidance of those persons, families or corporations from which our funds originally came.

### **Diversity**

We affirm and value human diversity in its many forms. We seek diversity to ensure that a range of perspectives, opinions and experiences is recognized and acted upon to enhance our ability to contribute to the common good in our changing society. We reflect this diversity in multiple ways, such as through our grantmaking, through membership on our boards, committees, staffs and advisors, and through our business practices.

### **Constructive Relationships**

**Grantseekers.** The relationship between grantmaker and grantseeker is based on mutual respect, candor and understanding. We strive to ensure that each invests the necessary time and attention to define clearly the purposes of the grant, the expectations as to reports related to financial and other matters and the provisions for evaluating and publicizing results. Beyond providing financial support, many grantmakers offer guidance to grantseekers such as assistance in refining objectives, monitoring performance, evaluating outcomes, strengthening board governance and encouraging early planning for the future.

**Colleague Organizations.** We interact with others in the field of philanthropy to exchange information, further our missions and advance the role of philanthropy in society.