



NATIONAL CENTER FOR  
**FAMILY PHILANTHROPY**



# Transparency in Family Philanthropy: Opening to the Possibilities

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NCFP's Transparency in Family Philanthropy Task Force

**SEPTEMBER 2018**

**What choices do you have when it comes to transparency? How open and accessible is your family foundation—to the extended family, to grant seekers and partners, to the public? What approach do your colleague foundations take, and why?**

**This guide examines how family funders are thinking, acting—and not acting—when it comes to how transparent they are with others. It encourages donors, boards, and staff of family foundations (and other giving vehicles) to purposefully consider your choices regarding transparency in grantmaking, governance, and operations.**

## Introduction

People are talking about transparency in philanthropy more than ever, and for good reason. As the public and the nonprofit sector call for greater funder openness and transparency, family foundations are wondering: how transparent should we be, and why? Is transparency inherently a good thing? Is openness a tool for greater effectiveness? Or are there some circumstances, or some constituents, where it better serves our mission to stay quiet?

Your answers to these questions may be different than your colleague family foundations. For the moment, beyond the basics of the 990, foundations have the freedom to answer these questions for themselves.

Yet one thing stands true for all: The choices you make about what you share with others will affect your work and the way others perceive your philanthropy. If for no other reason, this calls for deep thinking about whether, how, and why your foundation may benefit from increased openness.

Although conduct as a field and interactions with policy makers and the public may demand a more defined field-wide position, for now this primer addresses transparency questions only from an individual practice perspective.

Its purpose is to get boards thinking and talking about transparency. It includes stories and viewpoints from your colleagues on their practices, and offers questions and suggestions to guide you in examining this issue from various angles.

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# PART I: Transparency Definitions, History, and Discussion

## What *is* Transparency and Why Should You Care?

We admit: It’s hard to pin down a universal definition of transparency among family funders. This is because they range so much in size and scope, and, as you know, every family foundation operates a little differently. Transparency—beyond what is required to disclose in the Form 990-PFs (which anyone can view for free on Guidestar.org or FoundationCenter.org once uploaded)—is still, by and large, a voluntary endeavor, and remains an uneven practice throughout the field.

Making it more nuanced, people tend to talk about transparency in overly generalized terms, such as “we’re an open book,” or “we prefer to keep things quiet” (or private, reserved, confidential, anonymous—fill in the blank here).

Maybe you’ve talked a lot about transparency among your board and staff, and maybe you haven’t. Some family funders say they never actually use the word *transparency* at all.

“When we think about our approach, we don’t use the word transparency—it’s just what we do,” says Jean Buckley, president of the Tracy Family Foundation in Illinois. “It’s not like we sit around and talk about how to be more transparent. We’re open, honest people running a foundation, trying to make the communities we work in a better place. To do that requires us to *be* transparent, to engage in thoughtful communication, to be structured and yet nimble.”

“Colleagues often use words like clarity, authenticity, and mutual respect to describe the outcomes of more transparent conduct. So do we,” says Richard Russell and Richard Woo from The Russell Family Foundation.



According to Melinda Tuan, managing director of Fund for Shared Insight, the transparency word is way too loaded: It can conjure up images of more federal regulations, sunshine laws, any number of things. “We like to use the word ‘openness’ instead of ‘transparency’—meaning philanthropy can improve by being more open to listening, sharing, and changing. We believe this kind of openness is essential for funders to be effective.”

Few people, she says, would see the word *openness* as something to worry about or fear.

## Types of Transparency

There are different *types* of transparency, based on the content of what’s being shared, and the parties who are involved in the exchange.

Internally, a family foundation will have certain practices around what gets shared with whom *inside* the foundation and within the family; for example:

- what trustees share with each other, as a board and interpersonally;
- what family trustees share with nonfamily trustees;
- what the board shares with staff;
- what (and how) the board and staff share information with the extended family.

*(Check NCFP’s Knowledge Center for more resources on how family foundations communicate internally among board, staff, and family members.)*

When most people think of transparency, however, they think of it in terms of what the foundation shares *externally*, and that is the primary focus of this primer. We’ll look at what and how family philanthropists share information with their grantee partners, grant applicants, and the communities they serve—as well as more broadly, the public, the media, other funders, and the field of philanthropy.

Content-wise, family foundations (and other family giving vehicles) have an opportunity to be transparent about any number of things: their mission, vision and values; funding areas, grant guidelines, justification for grant decisions, and grants lists; founders and family history; board

officers and members; governance policies and practices; investments and finances; staffing and management; diversity, equity and inclusion practices; and more.

In other words, foundations can share: who they are; what they do, where they do it, and why they do it; how and when they make decisions; with whom and how they interact; and what they learn along the way. Certainly there is no shortage of information to share, if and when a foundation chooses to do so.

## Transparency is...Openness

According to the Foundation Center, which was specifically established to provide transparency for the field of philanthropy, transparency simply means openness. “A foundation that operates transparently provides information about its work, operations and processes, along with what it is learning, in an open, accessible, and timely manner.”

Most think of external transparency as, at a minimum, having a website so that anyone can quickly learn what you do, why you do it, and how it makes a difference in the world. It’s true that websites—done well—can be important transparency tools.

Transparency goes beyond that though. Some say transparency is tied directly to a funder’s perceived integrity, credibility, and accountability to the public trust. That, while transparency doesn’t automatically guarantee a foundation is accountable, there can be no true accountability without transparency.

Others speak to transparency as a way to build authentic, trustworthy, reciprocal relationships with grantee partners and the wider community (including beneficiaries of grant partners—those with whom foundations ultimately want to serve). Transparency is regarded as more than something to dip in and dip out of at will, but as an overall mindset or presumption, a way of being and acting that says: “we are a learning organization, we are a sharing organization.”

Kevin Bolduc, vice president of assessment and advisory services at the Center for Effective Philanthropy, says it like this: “Transparency isn’t about simply slapping up information on a website. It’s how people are interacting, and the attitudes they bring to that sharing. It’s about how

foundations make their information accessible, but also how they invite others to engage with them. Ultimately, it's about being open, honest, and clear.”

While there may be no one across-the-board definition for transparency, there are ways to think about it that will help you assess your own goals and practices. We'll get to that a bit later in this primer. First, let's look back at how the transparency conversation has evolved over time, and where it's at today.



## Transparency Back Then and Today

Many think funder transparency is a current trend that came along with the rise of social media and smart phones. Actually, the conversation began more than 60 years ago.

“A big push for foundation transparency began in the early 1950s during McCarthyism,” says Janet Camarena, director of transparency initiatives at the Foundation Center. “Foundations found themselves in the uncomfortable position of being brought in for questioning during two separate congressional commissions, where they were on the verge of losing their tax status. As foundation assets grew, the government became skeptical of foundations, and one outspoken congressman from Mississippi, B. Carroll Reece, banged his fist on the bully pulpit and said ‘*are the American people without any recourse to the millions of dollars in the hands of men who are responsible to nobody?*’”

It was then that foundations had to make a case for philanthropy, in the face of congress saying things that sounded like they *could* be true. At one of these hearings, Russell Leffingwell, then chair of the Carnegie Corporation, famously told congressional skeptics: ‘We believe the foundation should have glass pockets.’

“Foundations realized they needed to be better about capturing and sharing the stories of philanthropy. They figured if they didn't share their own stories, others would—and in the absences of openness, there was a good chance they would get it wrong,” says Camarena. To provide the missing details the public sought, the Foundation Center formed in 1956, creating the first comprehensive collection of data and a print directory on institutional philanthropy in the U.S.

**Fast forward 40 years to 1994:** The outside world continued to shift, yet according to Camarena, both grantseekers *and* funders still seemed at a loss in terms of knowing the ecosystem in which they worked. “I remember thinking it was puzzling: Foundations held all the cards and had the resources. How come they often didn't know who was funding what?” says Camarena, who was a librarian at the Foundation Center at the time.

Ten years later, in the mid-2000s, Guidestar and the Foundation Center made it possible to view private foundation's Form 990-PFs online. And in 2010, the Foundation Center's Glasspockets Initiative provided tools for foundations to meet the transparency challenge and compare their practices with others. Since then, Glasspockets and other groups have played a role in bringing transparency more out in the open.

History tells us that  
philanthropy has more  
to risk by staying insular.  
People will then come  
sniffing around to see what  
they think you're hiding.

– Janet Camarena, *The Foundation Center*

## What's Changed?

How much has changed? Are family foundations more transparent now than they were ten years ago?

According to Camarena: it's trending in the right direction, yet probably not in the numbers people would expect—particularly when it comes to foundations having a website. “In 2010, about seven percent of private foundations were online. Today, we have nearly doubled that to 13 percent, yet it's still surprisingly small compared with other industries.” It's true that of the nearly 80,000 private foundations in the U.S., many are small, with assets less than \$1MM. In these cases, it makes sense why many of these wouldn't have websites. Yet, of those foundations with assets of 100MM or more, only 70 percent have websites—“showing us that some highly resourced foundations still do not see transparency through websites as a strategy,” says Camarena. (Note that websites are but one of many available transparency tools, and even foundations without websites—or with outdated websites—may still be transparent in other ways.)

According to David Callahan of Inside Philanthropy, transparency has taken one step forward but two steps back. “On one hand, there has been a push in the last 10-20 years to bring about more transparency. We've seen more articles about it as best practice, more real-time grants databases, better websites, and more transparency initiatives.”

Meanwhile, he says, countless more emerging donors and foundations have formed; these new funders are giving away as much money as some of the largest foundations, but are staying under the radar. “There has been a rise of using Donor Advised Funds, funding intermediaries, and even LLCs where the public doesn't know who's giving to what,” he says.

“These funders may not choose these giving vehicles with the intention to hide their tracks, but still, it doesn't help the transparency cause.”

“Many funders—even the larger ones—and emerging donors have either no website or a bare bones website that is out of date or doesn't say much,” he says. “It's a huge information gap.”

At the same time, says Camarena, the age of open data is upon us, with the IRS now releasing e-filed Forms 990 and 990-PF as machine-readable, open data. This allows anyone to aggregate this data and make comparisons, correlations, and judgments about philanthropy at lightning speed—without input from foundations, and regardless of how opaque they may prefer their activities to be. The availability of this data provides a window into private foundations that didn't exist before.

“Foundation administrators who have not been looking at their foundations' 990-PF with an eye to the story that it tells about their work, probably should,” says Camarena. This new age of open data has institution-wide implications for foundations, she says, and has the potential to transform foundation transparency across the field.<sup>1</sup>

**Philanthropy is a game of follow-the-leader. The more open you are, the more people will want to connect with you, collaborate with you, share their ideas, and invest with you.**

— David Callahan, *Inside Philanthropy*

## Transparency 101: What the Law Requires

According to the IRS, all U.S. private foundations must file annual returns of their income and expenses on the Form 990-PF, the *Return of Private Foundation*. The 990-PF is a public document that provides fiscal data for foundation, names of trustees and officers, compensation for highest paid officers, staff, and consultants, application information, and a complete grants list. Private foundations must make their three most recently filed annual 990-PF returns and all related supporting documents available for public inspection to anyone who requests them in person or in writing. Some foundations post their Form 990-PFs on their websites; others rely on online databases such as Guidestar.org or the Foundation Center Directory to make their returns publicly accessible.

<sup>1</sup> Camarena, Janet. *The Risky Business of Foundation Opacity*. Transparency Talk, May 23, 2018. [Blog.glasspockets.org/2018/the-risky-business-of-foundation-opacity.html](http://Blog.glasspockets.org/2018/the-risky-business-of-foundation-opacity.html)

## The Link Between Transparency, Privilege, and Power

There's another critical reason for donors to be transparent today, more than ever, say your philanthropy colleagues. Transparency plays a role in advancing more just and equitable communities.

"As foundations learn more about diversity, equity, and inclusion (DEI), they are spending more time thinking about equity and inequity. The attention to transparency is increasing because grantmakers are examining their own internal biases," says Suprotik Stotz-Ghosh, vice president of racial equity/partnerships/talent at Grantmakers for Effective Organizations (GEO).

"Foundations come from structures and behaviors and cultures and patterns based on privilege, and secrecy is a huge part of that. Hoarding information is an instrument of power, and foundations—as well as most institutions—have evolved from this way of operating tightly and protecting power."

"Transparency is a counter-action to the white dominant cultural behavior present in all American sectors, and certainly present in philanthropy," he says. "Foundations were designed to be separate, to make decisions for a group of people. The whole system reinforces these power dynamics," says Stotz-Ghosh. "It's up to each organization to decide how effective they are in their mission, and if they aspire to greater results."

Stotz-Ghosh and others call for foundations to be accountable, and transparency is an important first step. "People know a ton of money goes out from philanthropy, and they want to know: what does it all add up to? Foundations, corporations, and governments are getting more direct questions and expectations from their constituencies. With many communities in crises and addressing inequity, it's prompting family foundations to ask: *what's our response?*"

Another good question to ask is: *to whom are we accountable, and why?* Pamela David, former executive director of the Walter & Elise Haas Fund

## Common Barriers to Transparency

What are some reasons family foundations might hesitate to open up? Here is a summary of what your colleagues say:

- **No big push to change:** There are no regulatory incentives to be more transparent outside of the 990-PFs, so why do it? Transparency is voluntary.
- **Too small in size:** "Of the 78,000 private foundations in the U.S., the majority of them are \$1MM and smaller in assets. Many don't have websites because they are concerned they would attract attention never intended for the scale and purpose of their foundation," says Bob Reid of the JF Maddox Foundation.
- **Too much work:** Transparency takes time, resources, and capacity. Some would rather dedicate those resources directly to funding, rather than talking and sharing about funding. Or they fear they will be overwhelmed by the funding inquiries that will ensue.
- **Desire for privacy:** Foundations don't want to attract attention to themselves and their family members. This can be especially true in rural areas and for place-based funders who "don't want their name all over town." They may prefer to remain insular and within their own networks.
- **Humility:** No one wants to feel they are bragging about the money they give away. Funders want to be seen as the humble stewards they are. Some donors feel anonymous philanthropy is the highest form of personal giving.
- **Don't want to air family business:** Some families aren't transparent with each other, much less grantees or the public. If a family isn't internally communicating well, how can they be expected to communicate well externally?
- **Hush strategy:** Staying quiet about the work is an actual strategy. It allows foundations to strategically fund controversial and/or human rights issues, and, in some cases, can build trust and credibility with grantees who want (or need) to stay out of the spotlight.
- **Freedom to take risks:** Foundations may be more willing to take risks outside of the public eye. Failures can be kept discreet, and foundations can experiment and innovate without scrutiny.

in San Francisco, says this: “Information is power, and withholding it is a way to control outcomes. Certainly everyone does not need to know everything, and there are reasons why internal deliberations of trustees would remain private, or anything that might not respect individual privacy. Yet it’s not productive to withhold information about our mission, values, and strategies. We can’t hold ourselves publicly accountable and hide behind a private screen.”

Laura McCargar, president of the Perrin Family Foundation in Connecticut, agrees: “This is a predominantly white field, and we need to consider how a lack of transparency affects the beneficiaries of our work. Less transparency might make trustees feel more comfortable, but does it truly benefit the communities our foundation is set up to serve?”

Too often we see ourselves as responsible for serving communities, but not *listening* to communities, she says. “To be accountable, we need to invite in community voices to help guide us, and remember how difficult it is for folks to be transparent with us because of the power we hold. We need to ask them: how transparent do they expect us to be, and what do they need to know? Our role is then to negotiate what we hear from them,” she says.

Melinda Tuan at Fund for Shared Insight says transparency goes both ways: It’s about sharing, but it is also about listening. “It’s not about openness for the sake of being open, but being open to listening to the voices least heard in our society—responding, funding, changing how we operate based on the lived experience of those people at the heart of our work.”

Openness, she says, begins with a conversation. “Some foundations have never had a real conversation with grantees. They have transactions but not conversations; they are not meaningfully connected to the grantees or the people they seek to help. Staff and board need to know how to have these conversations in ways that don’t exacerbate the power dynamics.”

**Transparency is about creating access, cultivating trust, and creating conditions for mutual accountability.**

– Laura McCargar, Perrin Family Foundation

## A Word on Websites

A website is a minimal transparency tool, says Patrick Troska, executive director of The Jay and Rose Phillips Family Foundation of Minnesota ([phillipsfamilymn.org](http://phillipsfamilymn.org)). “At a minimum, people should be able to find you and get in touch with you, not have their question go into some black hole. We do exist in the public trust and are supposed to be responding to the public—and if we’re not doing that, what are we doing?”

Recently, the foundation revamped its website to be more community focused. There are now photos from the community, blog posts written by foundation staff and other guest writers, staff contact information, and funding guidelines. The foundation is even considering an interactive map showing where they fund.

The Perrin Foundation in New Haven, Connecticut also recently redeveloped its website ([perrinfamilyfoundation.org](http://perrinfamilyfoundation.org)). “When we started the process, we found we weren’t as transparent online as we thought we were,” says president Laura McCargar. “On our previous site, we had listed our board chair, but no other board members. We talked about grantmaking areas, but didn’t talk about how we encourage folks to build relationships. We listed our grant partners, but no financials.”

While it’s been a somewhat challenging process to redevelop the website, the “opportunity to discuss together how we publicly represent ourselves has been invaluable.” She says one of the discussion points was about how board members individually wish to be represented on the site. “Some felt photos might make it too much about the family, and others felt it would keep us too much behind a veil if we didn’t put photos up. These are important conversations to have.”

Resource Tip: Need a website? The Foundation Center offers eligible grantmakers free, customized website design and support through its Foundation Websites service. This services helps foundations share information about their programs, application guidelines, grant lists, and other materials. To learn more, visit [FoundationCenter.org/gain-knowledge/foundation-transparency/foundation-websites](http://FoundationCenter.org/gain-knowledge/foundation-transparency/foundation-websites).

## Why Transparency, Why Now?

Talking about transparency in philanthropy is nothing new. Yet it's a topic that seems to be on the minds of many, particularly in this age of growing government cuts and scrutiny. For the moment, beyond the basics of the Form 990, foundations have the freedom to choose for themselves how transparent they are. Although conduct as a field and interactions with policy makers and the public may demand a more defined field-wide position at some point, this paper addresses transparency only from an individual practice perspective.

Aside from the age-old and important argument that “foundations exist in the public trust, and the public has a right to know”—why the greater focus on transparency practices now? Here's a summary of what your colleagues say when making the case for more transparency:

- **Society is shifting:** An overall culture and technology shift is demanding more openness and transparency in all fields/industries, philanthropy included.
- **Next gen expects openness:** Millennials expect more from their boards when it comes to transparency and want to engage with grantee partners in a more open, hands-on way.
- **What's good for the goose:** If funders expect grantees to be transparent, they must be transparent with grantees. Mutual transparency builds authentic relationships and trust, and the shift from “transactional to relational” leads to bigger change.
- **Move toward equity:** As family foundations learn more about diversity, equity, and inclusion (DEI), they realize that transparency (or the lack thereof) is directly related to privilege and power—and that transparency within the wider community is a critical counter-action to inequity.
- **Get other funders and support to the table:** Being open about programs attracts co-funders, collaborators, and new ideas to the work. This means more impact is possible than can happen when funders go it alone.
- **Voice the issues:** Transparent funders can use their voice to lend weight publicly to issues they care about, and elevate the voices of others. This lifts the work of funders and their grantee partners.
- **Do it for the field:** Share learning—including and especially mistakes—for it strengthens the philanthropy field overall, and prevents funders from duplicating efforts.
- **Help a nonprofit out:** As government funding wanes, nonprofits are calling for more foundation transparency around how funders make decisions and what they are learning, so they can continue to prospect and do their work more effectively.
- **Time saver:** When a foundation is transparent, people are clear on what you fund and don't fund—helping you attract better-matched grant applicants, saving everyone time.
- **Work better together:** Internally within families and boards, honest, transparent communication “keeps it real” among members—helping to ensure everyone is on the same page, minimizing conflict and confusion, and serving as a self-reflective tool over time.

Foundations are funded in the public trust—money given into this trust is tax free, with the requirement that it be used to benefit the public. Why is the public kept in the dark about what goes on inside a foundation? What is the purpose of your foundation if it's not to benefit the public? Let's let the public in on the secret.

– Patrick Troska, *The Jay & Rose Phillips Family Foundation of Minnesota*

## Nonprofits Want to Know What Works

“In the early 2000s, foundations thought ‘if we don’t self-regulate, someone might regulate us.’ One way to self-regulate was to share more about what they were doing,” says Kevin Bolduc from the Center for Effective Philanthropy (CEP). “And so they did.”

Over the past two decades, he says, the question around transparency has shifted. It has become less about self-regulation and public accountability, and more about effectiveness: How can transparency help everyone do their work better? “Our surveys at CEP verified that yes, foundations and grantees still care about accountability, yet even more, they see transparency as an opportunity to lift the field,” he says.

In 2013, CEP surveyed the nonprofit field, and the transparency topic came up a lot around funder/grantee relationships. “In this research, nonprofits didn’t focus so much on accountability—who was at the foundation, and what the goals were. Eighty percent of nonprofits said they wanted foundations to provide more practical information about what they were learning, what worked, and what didn’t work—and how they were assessing their own performance as a foundation.” (For the full report, see [Foundation Transparency: What Nonprofits Want](#), Center for Effective Philanthropy, 2013.)

In 2016, CEP conducted a follow-up study on foundation transparency—this time analyzing survey data from 145 foundation CEOs, more than 15,000 grantees, and 70 foundation websites. The report reveals two things: 1) funders see grantees as the primary audience for their transparency efforts, and 2) both foundations and grantees believe transparency about the substance of foundation work, rather than about financial disclosures or governance, matters most to effectiveness. (See [Sharing What Matters: Foundation Transparency](#), Center for Effective Philanthropy, 2016.)

It comes down to this: “Nonprofits want to be effective and efficient. Funder transparency about *what they learn* helps grantees be better at their work, and learn along the way,” says Bolduc.

Nonprofits also want foundations to be consistent in their transparency. In other words, transparency isn’t worth much if it comes with conflicting messages.

“It’s frustrating to nonprofits when they hear different messages from board and staff, or from one program to the next,” says Bolduc and his CEP colleague Grace Nicolette, vice president of programming and external relations. The same is true when a website says something that is outdated or misleading. “Make it a conscious decision to share openly and collectively what you know, and be consistent about how open you are and what you’re sharing across the entire foundation.”

### Transparency Tip

Want to up your transparency game? Be sure you are taking advantage of all the places you can share, online and elsewhere. For example, there is a lot you can add to your [Guidestar.org](#) profile that can help others understand your foundation and application process better. The same is true for the way you present information in your Form 990-PFs. According to Kevin Bolduc of the Center for Effective Philanthropy, “These are minimal steps that cost almost nothing. Fill these out so that grant seekers and other funders know what you are trying to accomplish in ways that are meaningful.”

Additionally, you can take advantage of online data sources like Guidestar to streamline your own grant processes. For example, some family foundations and donor advised funds retrieve nonprofit data directly from Guidestar for their grant applications—giving grant applicants a break from filling out lengthy application forms.

Grantees want to be effective and efficient. Transparency helps grantees be better at their work, and learn along the way.

– Kevin Bolduc, Center for Effective Philanthropy

## The Case for Selective Transparency

Transparency is not a one-size-fits-all approach, says Bob Reid, CEO of the JF Maddox Foundation in Hobbs, New Mexico.

In 2015, Reid studied transparency and opacity (meaning *opaqueness*, or a lacking of transparency) of private foundations for his Ph.D. dissertation at Oklahoma State University. He studied 33 foundations and 16 of their grantees, and was “dismayed at how private foundations were portrayed in the literature: that we conducted ourselves from behind a wall of secrecy and eliteness, and that we operated with insufficient accountability. These were popular opinions, but typically lacked data to support such claims. It didn’t square with my experience or the findings from my research.”<sup>2</sup>

“The foundations I studied employed transparency and opacity as tools of their philanthropic practice. They transitioned in and out of transparent and opaque practices in ways they believed supported their charitable strategy,” says Reid.

On its face, he says, there’s no doubt transparency is important for upping a foundation’s credibility and improving relationships with grantees. Yet, transparency is much more complicated than people acknowledge. His research suggests that private foundation boards and staff are incredibly effective stewards of charitable assets, and evidence from the IRS proves that private foundations represent one of the most regulatory compliant industries. He found that foundations tailored their approach to transparency as needed depending upon the party with whom they interacted—or what Reid calls *situational transparency*. With highly trusted parties they were exceedingly transparent, and with less trusted partners they were more guarded.

“Private philanthropy is freer to embrace risk, experiment, and innovate than are public funders, because they don’t fundraise or account to external stakeholders for their grant decisions,” he says. “We can use our private settings to take risks without damage to the institutional reputations of foundations. Grantees, too, reported that private foundations use their private circumstances, in which they can take risks and achieve greater results.”

Another issue has to do with the ability to make important grants that might be too controversial for public funders. “There are certain grantees, such as the Boy Scouts of America or Planned Parenthood, that have, on occasion, become politically tainted but are thought to do important work. By not publicizing these grants (other than in our tax returns as required), foundations can make decisions on technical merit rather than on political sensitivities.”



What about the argument that foundations are public entities, and should disclose it all? “Private foundations are under the section of IRS code governing private charities. They are extended by law the right to be more private than public. They absolutely exist for the public good, and there are requirements in the code for transparency. We have to disclose in tax returns foundation assets, to whom and in what amounts grants are made, key employees, board members, compensation details. That’s a remarkable amount of disclosure that is now easily available to the public,” says Reid.

<sup>2</sup> Findings from Reid’s research are summarized in a *Foundation Review* article, which can be downloaded at: <https://scholarworks.gvsu.edu/tfr/vol10/iss1/10/>

Reid reports that while private foundations in the U.S. hold collectively \$700 billion dollars, that amount is only approximately three-quarters to one percent of the assets of the entire third sector, of which foundations are part. “We’re a relatively small player in the philanthropic space. Blanket transparency can have the effect of making private philanthropy look and behave more like the rest of philanthropy. I worry that acting like all other categories of charitable grantmakers might cause private philanthropy to lose its secret sauce—the special contribution of innovation and risk taking that can improve philanthropic practices across the sector.”



“Let’s be careful about blindly grabbing onto an ideological position with respect to transparency,” he says. “There is nothing wrong with developing transparency related policy based upon philosophical convictions, but foundations would be well served to make sure they fully understand the benefits and risks of transparency on different subjects and with different audiences.”

“I’m not in favor of extreme transparency or extreme privacy. There is opportunity for enhancing foundation credibility when transparency is done

well, and foundations need to have a certain amount of transparency in the communities they serve to be meaningful players in the causes they care deeply about. Yet some foundations are also adept at employing opacity selectively to do things that might not otherwise be possible. There’s nothing *wrong* with private foundations being only as transparent as the law requires, nor is there anything wrong with choosing to be exceptionally transparent. It is useful to understand the trade-offs inherent in either decision.”

Blanket transparency can have the effect of making private philanthropy look and behave more like the rest of philanthropy. I worry that acting like all other categories of charitable grantmakers might cause private philanthropy to lose its secret sauce—the special contribution of innovation and risk taking that can improve philanthropic practices across the sector.”

– Bob Reid, JF Maddox Foundation

## Colleague Voices: When is Staying Quiet the Best Strategy?

According to Melinda Tuan of Fund for Shared Insight: “It depends on where a foundation is in their work, and what they fund. Some fund sensitive areas such as human rights. Should they be completely open and post all their grants on their websites? No. That would compromise their work, and possibly the safety of those they fund.”



# PART II: Funder Stories: 5 Approaches to Transparency

Transparency in theory is one thing, yet how do funders actually put transparency into practice? On the following pages, you'll read five snapshot stories from your family foundation colleagues. Each provides a slightly different take on how these funders think about and act on transparency—and what they have learned as a result.

## 1. Transparency is...Creating Internal and External Clarity

**Foundation:** Tracy Family Foundation

**Website:** [tracyfoundation.org](http://tracyfoundation.org)

**Geographic Focus:** West Central Illinois

### Approach:

The Tracy Foundation thinks of transparency in two ways—being open within the family, and being accessible to the wider community. Although they may not use the word *transparency* in board discussions, trustees do address the topic when it comes to trustee and family engagement. This is perhaps because the Tracy Family is a *large* family, with blood and family members adding to 24 in the second generation, 62 in the third generation, and 24 in the fourth generation.

According to president Jean Buckley, daughter of the founders R.T. and Dorothy Tracy, “From a grantmaking perspective, we’ve always been transparent in our process—communicating clearly on our website how to apply and when we make funding decisions. Yet, from a governance perspective, we realized we weren’t as up front as we could be.”

For example, for years the foundation has had a document outlining board member responsibilities and expectations. Yet there was nothing about board

selection. “Next generation family members asked us: how do we *really* select board members? What does the process look like? We decided to document that process in writing, and make it available to the extended family.”

The foundation now refers to this board document when bringing on new members, and shares it with second and third generation family members so that everyone is clear on the process and what is expected. “Because there are so many in the next generations, we’re trying to expose them to the governance of the foundation, so they can get a better grasp on what’s involved.”



This outreach to family members is important for the future, says Buckley. The foundation recently set up a private Instagram account for family members

“to engage and inform them on the many projects of the foundation.” Additionally, the foundation has a “members only” part of its website that lists information about its third generation grants, policies and guidelines, photos and more.

Right now, the foundation is planning for the next 20 years, she says, and that is calling on the board to be more transparent. “We’re asking each other tough questions that require us to be open and honest with each other, as board and family members. Questions such as: *Do we want the foundation to be a key family connector for the next many years? How will we handle our estate planning? Do we wish to do our personal philanthropy together?* It’s led to interesting conversations, and will continue to be essential in thinking about the future,” she says.

### **What’s Working:**

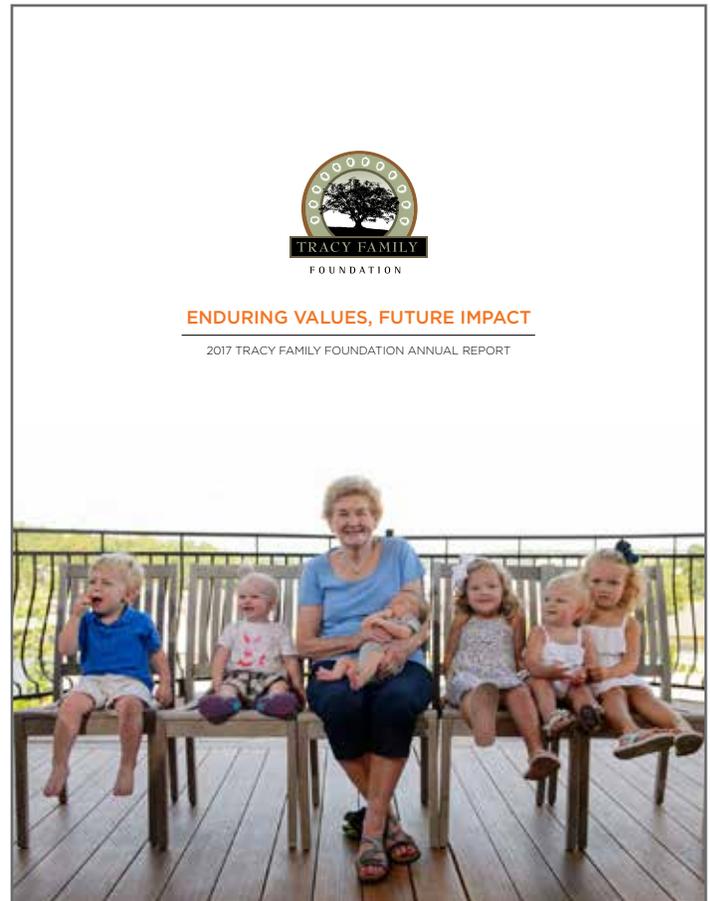
On the community side, the Tracy Foundation encourages grant applicants to consult with the foundation program manager to strengthen their applications and increase their chances of getting funded. “We see so many applications that come in and need a lot of work. This gives applicants some tips on making it better, and it helps our program manager get to know the organization and prepare to communicate to the board. About 72 percent of all our applicants take advantage of the opportunity to have this conversation,” says Buckley.

She acknowledges that a foundation can’t have that level of communication with applicants without a dedicated staff. It takes time to dedicate those resources. Yet, at the end of the day, she says, it saves time. “I used to spend my time reading through countless applications, sending emails and follow up emails. And more than half the time, it would postpone funding,” she says.

“Now that applicants have these pre-conversations with our program officer, the applications are clearer, and our discussions now are so much more efficient at board meetings. It’s improved our process and saved everyone time.”

### **Lessons Learned:**

“Some funders post a ton of information on their website, and this helps other funders. You can learn a lot about the work of colleague foundations when they have guidelines and grants listed on their sites.



It saves time for everyone—no one has to guess,” she says. “Funders can miss out on opportunities and connections and learning. We all learn so much from each other. If you are open about what you do and get together with others, more learning takes place,” says Buckley.

Buckley does acknowledge that there are challenges to transparency, particularly in small towns. “We live in a rural area, and no one wants to feel like they are bragging about giving away money,” she says. “Privacy can also be an issue. The more ‘out there’ the foundation is, people always want something from you, and there’s a good chance you’ll get stopped in the grocery store,” she laughs.

For now, they’ll keep the focus on the family when it comes to social media. “Several years ago, we discussed whether to use social media in a more public way, and decided, for us, it doesn’t warrant the human power to maintain it.” The foundation does inform the community through press releases on new initiatives and collaborations. “We’ve never been one to take the credit for grants, however we do see great value in highlighting the work of our grantee partners in the counties we serve.”

## 2. Transparency is...Building Authentic Relationships

**Foundation:** The Jay and Rose Phillips Family Foundation of Minnesota

**Website:** [phillipsfamilymn.org](http://phillipsfamilymn.org)

**Geographic Focus:** North Minneapolis

### Approach:

When Patrick Troska was promoted to Executive Director at the Jay and Rose Phillips Family Foundation of Minnesota, he turned his eye toward how the foundation could be more entrepreneurial. “Jay and Rose built their wealth as entrepreneurs, and it prompted us to get out from our desks, engage with the community, and interact in a more relational and less transactional way,” says Troska. “We realized if we were going to be in an authentic relationship with the community in any way, we would have to be more open and spend more time in the community. We had to share who we are if we expected others to share anything with us.”

The foundation didn’t use the word *transparency* much. What they did talk about was building authentic relationships within the community, and how to do it.

These types of relationships are newer to philanthropy, he says. Philanthropists have historically been more directive, and less in the role of listener. “We realized we needed to stop talking and authentically *listen*. That’s how we built relationships. We were transparent about our guiding values and that we wanted to be in true

partnership with the community. Even using the word partners as opposed to grantees intimates a different way of being.”

He remembers a time when a group of community leaders said to foundation staff: “If you aren’t ready to come in and be vulnerable with us, then don’t come in at all.”

That was a wake-up moment, says Troska. “We found we couldn’t go in and out—we had to go all in with the folks connected to our mission. We had to learn to be vulnerable.”

### What’s Working:

First, foundation staff assessed themselves individually and as an organization using a tool called the Intercultural Development Inventory assessment. “We needed to understand how we show up in the community when it comes to race, diversity and equity—what are the biases and lenses we bring, how much space do we take up based on our level of privilege, and how can we, as a predominantly white staff, authentically work in a persons of color community? Understanding this was an important first step. It showed us who we are, what we needed to do differently, and what types of behaviors we would need to start to practice.”

“Next, we had conversations with anyone who would talk with us: community leaders, faith leaders, teachers, principals, students, business leaders, and more. We asked them: what are your hopes, your dreams for your community? What do you most want for this community?”

“Then? We listened.”



This wasn't always easy or comfortable. Troska remembers a moment at a community meeting when an angry leader shouted at foundation staff. "Who are you to be in our community, she said. We knew we needed to sit there and listen. And we came back the next week, and the next week, and listened more. We could have gotten defensive or run away. But we stayed and practiced a set of skills and actions that helped us show up differently."

"We now have a strong set of allies—folks who want to be a part of the work we're doing. A new set of leaders emerged from those conversations we had early on. We're now seen as a more trusted partner in the community, all because of the work we did to be more open to what the community had to say."

### Lessons Learned:

Authenticity and transparency go hand in hand, says Troska. It requires a different set of skills to do it right and well, and it takes time and effort.

Because the foundation makes fewer grants, it gives them the time to develop these deep relationships, says Troska. "We're not caught in a cycle of proposals and all the fishing that goes on. We only provide funds to organizations and efforts that we've gotten to know well. That opens up time for us to be in relationship with folks, because they aren't spending time trying to convince us that we should fund their ideas."

The end result is improved grantmaking and more impact, says Troska. "It's grantmaking that we worry less about. Because of the relationships we've built and connections we've made, we have trust in such a way that when grants are made, we know good work is getting done."

Is it board or staff that initiates transparency practices? It depends on the foundation, and the answer can be either or both. At The Jay and Rose Phillips Family Foundation of Minnesota, it was the staff that initiated the conversation, but with trustees who wanted to make a real difference in the community. They trusted the staff knew what was best to get the work done effectively.

"Building authentic relationships with grantees started at the staff level," says Troska. "This was a somewhat new way of thinking for the board. The fallback position of philanthropy is to take charge. A couple of times, our trustees said to us 'just do

it,' and we said 'we *can't* just do it—we have to do it in relationship with the community.' This was a watershed moment in our internal relationships. The trustees challenged us at times, and we challenged them back," he says.



This kind of open conversation—even mutual challenge—between board and staff can bring new growth. "In our case, it helped that staff leadership had been with the foundation a long time," says Troska, "and had already earned the trust of board members." It allowed us to have a more transparent exchange internally, he says, that ultimately led to more transparency and trust externally.

**Philanthropy is a relational business. You can only be game changing if you are in true relationships.**

– Patrick Troska, *The Jay and Rose Phillips Family Foundation of Minnesota*

### 3. Transparency is...Credibility to Bring Your Voice to the Issues

**Foundation:** Barr Foundation

**Website:** [barrfoundation.org](http://barrfoundation.org)

**Geographic Focus:** Boston region and selective national

#### **Approach:**

When Stefan Lanfer came to the Barr Foundation in 2008, it was just over a decade old, and did all of its grantmaking anonymously. “In 2009, Barr’s trustees decided it was time to be more open and transparent about the foundation’s work,” he says.

What drove the decision? “Mission. The board saw the potential to bring more value beyond its grant dollars alone—to elevate the voices and work of our partners, and also to use our own voice to contribute to public debates about the issues we focus on.”

The shift to greater transparency took time. One of the foundation’s core values is humility. For its many years as an anonymous funder, the prevailing view was that “attention ought to be on the community leaders and issues at hand, not us,” says Lanfer, who was tasked with leading the foundation’s communications efforts. “We weren’t interested merely in increasing visibility for Barr. We wanted to know how to use communications to further our mission.”

The first thing the foundation did was look to other funders who were doing this well, and whose approach aligned with Barr’s values. Through this assessment, Lanfer and his colleagues identified three common practices among field leaders:

- First, they develop a communications mindset across the foundation, building the discipline to ask: *What is our goal? Who is our audience? What are our messages? What will it take to move a set of ideas?*
- Second, they invest in grantee communications, where there is a potential for communications to add muscle to their efforts.
- Third, they are willing to use the foundation’s voice on issues.

“We realized there are times when the Barr Foundation lending its voice can be significant to issues affecting our city and region,” he says.

“It can spark, frame, and help shift important conversations.”

For example, like many cities, Boston has experienced a huge real estate boom along its waterfront, says Lanfer. “Over the last 10 years, development along Boston’s waterfront has exploded. Meanwhile media coverage and public debate have principally focused on the merits or concerns about individual projects—and not on growing concerns that Boston’s waterfront could end up being walled off from public use. In this context, Barr’s president, Jim Canales, wrote an Op Ed that ran in the *Boston Globe*, calling for a new conversation, and a different approach. He called for greater ambition and vision to create a waterfront that all can access and enjoy for generations.”



That one Op-Ed precipitated a significant increase in media coverage of the topic. At the same time, Barr launched a new special initiative focused on the waterfront, which has since awarded over \$11 million. Yet, it was a willingness to add its voice to the conversation, says Lanfer, that had that first, important amplifying effect. “It drew more attention to the cause and created a momentum that wasn’t there before, and has only continued to build.”

#### **What’s Working:**

“A foundation’s reputation and voice need stewardship just as its financial assets do,” says Lanfer. “When you communicate clearly and openly, it builds trust and credibility. People come to understand who you are and what you value. And it makes it easier for the right partners to find you.”

The Barr Foundation launched a new website in 2015, using the Glasspockets framework to guide them in creating a vastly more open, transparent,

and accessible digital presence. Previously, Barr published only a representative list of who its grantees were. Now, in a fully-searchable grantee database, they list every grant Barr has made since 2013, and they include award amounts and terms. For the first time, Barr published contact information for staff and names and biographies of all trustees. They've also built an electronic newsletter and more robust blog that they use as their primary news channel, and as platform for foundation leadership, staff, grantees, and other partners to share about their work.

All of this new activity does take capacity, Lanfer admits, and different foundations approach staffing in different ways. Yet, in Barr's analysis of other funders using these tools to greatest effect, they consistently found at least one dedicated staff person managing communications and, significantly, positioned as a strategic, leadership role, rather than as a support function. "This is strategy work. You want to do it right," he says. "When done well, communications is deeply integrated with strategy and mission. You can get an intern or part-time person who knows the technology to monitor your social media—but you probably shouldn't. Your website and your social media are the front doors to your foundation and need to reflect the deepest values and priorities of your organization. You don't want to delegate that."



### Lessons Learned:

"Transparency comes down to this: how can you cultivate a level of trust? How can you show up

as a trustworthy organization committed to its community? How can you be regarded as a credible voice and constructive partner for the issues you work on?" says Lanfer.

If you're seen as a black box, it's not helpful to anyone, he says. "Without transparency, people will speculate. Once upon a time, when local media mentioned the Barr Foundation, they used words and phrases like, "secretive" or "famously private." "Now," says Lanfer, "the focus is on the work."



"Additionally, for journalists covering our issues, Barr is increasingly looked to as a resource. Sometimes, they call seeking a quote about what the foundation has funded. Yet, just as often, they call for context, asking 'who else should I talk to?' And, that is an opportunity for us to point them to our partners, and to elevate their leadership on the challenges facing our communities. That's a way foundations can be enormously helpful. It's not just grant dollars—it's being a connector. That comes from being open and transparent, time and again."

In this way, transparency is linked to leadership. "Transparency is the cost of entry. It's critical to use your voice, and to be that kind of connector in the community. If you're transparent and open about what you're investing in and why and how, it builds your credibility and platform to do that."

**Transparency is a lubricant for relationships to change.**

— Richard Russell, *The Russell Family Foundation*

## 4. Transparency is...Learning and Discerning

**Foundation: The Russell Family Foundation**

**Website: trff.org**

**Geographic Focus: Puget Sound region, Washington State**

**Approach:**

“When we started thinking about transparency, it was when we were looking at ways to help communities develop and how they could become more resilient, flexible, and intuitive in their own ways,” says Richard Russell, board member of The Russell Family Foundation (TRFF). “We looked at what was making a difference in the waters of Puget Sound. What we learned was that more than 50 percent of the pollution of Puget Sound comes from the communities surrounding it, and that those communities have a lack of consciousness that they live next to this incredible fjord and are dumping everything in there.”

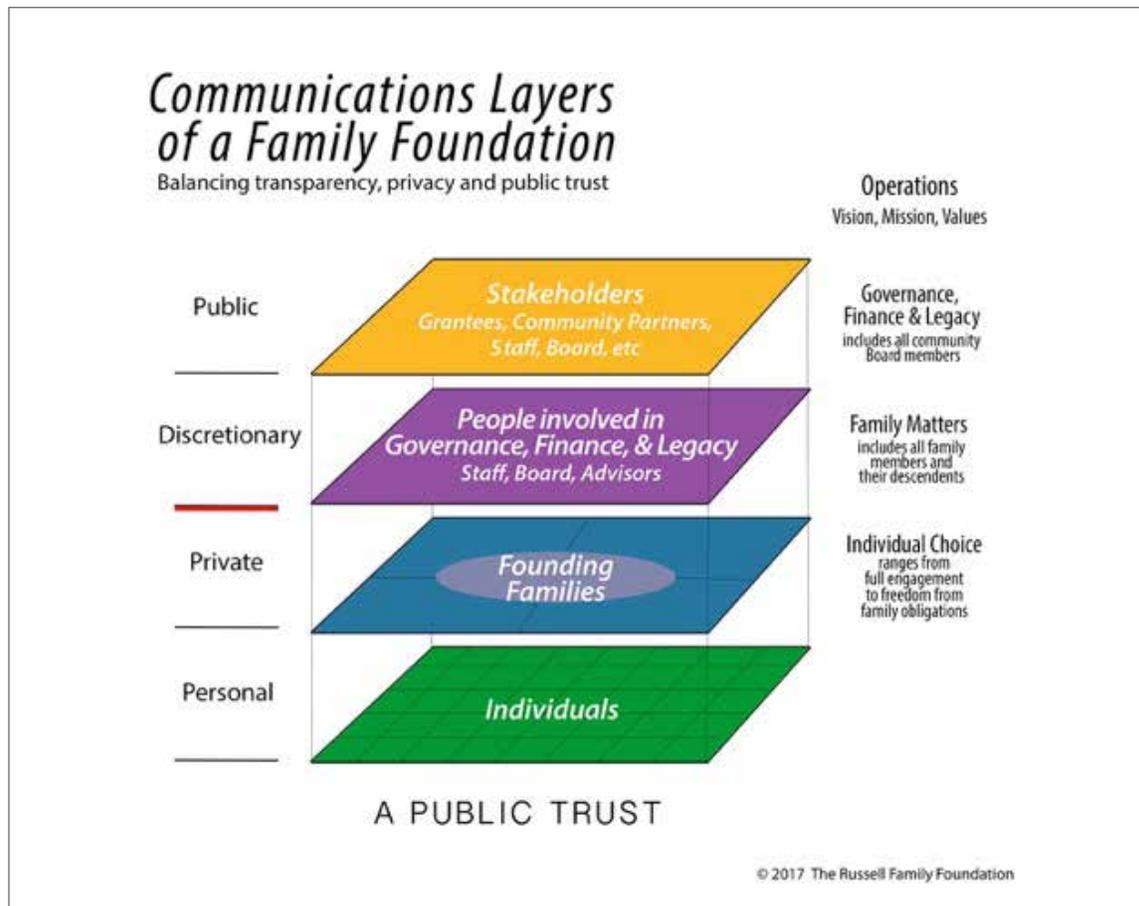
“We asked ourselves: what is our theory of change? What will make a difference down the road?” says

Russell. “We saw an opportunity to build trust and convene community. The more we can be open with each other, the better the quality of our connection.”

One of the ways to be open is to share mistakes, he says. “In our culture, mistakes are taboo. Yet revealing mistakes can be a source of strength,” he says. “We all think we have to protect ourselves. Yet a lot of our nervousness or fears around that are misguided.”

“My parents (George and Jane Russell, founders of TRFF) believed that you can advance progress so much faster if you got the right people in the room and got out of their way. If you try to keep people out of the room or hide mistakes that people are inevitably going to make, it injects more tension into relationships,” says Russell.

In the spirit of its founders, TRFF posts its mistakes publicly. In fact, for years, one of the most popular videos it ever posted was on a *failed* program related investment that it had made to a nonprofit. “The video featured interviews with the executive director of the nonprofit, interviews with me from TRFF, what we had learned, and how we the foundation processed these lessons learned across the silos,” says CEO Richard Woo.



“People don’t learn from each other if they aren’t open,” says Russell. “One of the most valuable things we’ve been able to do as a community leader is to convene people on issues that they *aren’t* talking about—to get people to let their hair down and talk openly. We all need to be a learning organization.”

### What’s Working:

Richard Russell and several board members of TRFF developed a framework that looks at the multiple layers of a family foundation enterprise. They use this as a tool—modeled after a multidimensional chessboard—to help them understand the layers of responsibilities and expectations they face in how they communicate, and with whom, every day.

The model has four levels: individuals; founding families; staff, board and advisors (people involved in governance, finance and legacy); and stakeholders (grantees, community partners, etc.).

“The ones we pay most attention to in transparency discussions tend to be the top and bottom: how we communicate with the community and public, and how we communicate interpersonally. Yet there are multiple layers between that—how transparent we are with board members who are not family, staff, grantees, etc.,” says Woo.

“This tool helps us initiate conversation about important issues, which might be difficult to surface otherwise. It illuminates areas where different types of communications are appropriate, and where boundaries may exist,” says Woo.

For example, “Sometimes we do investments that aren’t exactly secret but it’s not known yet,” says Russell. “There are times when telling everything that’s going on isn’t the right approach, and we

have to discern what is right to share, and when. Sometimes a little quiet is important to the success of a venture.”

“There are times when we may want to strategically remain quiet, to encourage and allow different rates of uptake with what we’re going to say. In other words, allow the recipe to fully cook,” says Woo. “It’s been helpful for us to use this tool to ask ourselves: when is the time for us to be fully transparent? And when is it time to conduct conversations below the radar for strategy’s sake?”



### Lessons Learned:

“The kinds of changes foundations want to make are not going to happen from technical solutions. We can’t just throw money at a problem because there’s not enough money. These dilemmas require human will and community will to put into place necessary changes,” says Woo. “We think of our grantmaking in that way. We want to transform the dilemmas we are trying to address, and transform the nature of relationship between grantor and grantee.”

This can’t be done without thoughtful attention to transparency. “Transparency relates to the question



of transaction versus transformation. These are core questions in the field. There are givers and receivers, those who have and those who don't. The obstacles around transparency lock in place some of those divisions," says Woo.

According to Russell, "As a field, the people who are philanthropists giving away money have a big series of grantee assumptions to overcome. There is a long-standing habit of philanthropy *not* being transparent, and we have to work through that resistance," says Russell. "The community is right to wonder."

"We had heard rumors that some will use honesty and transparency against us. Yet what we've found is that it has brought about a much more cohesive sense of community. It has put us much more on the same side of grantees," says Russell.

"Hopefully we have allayed their fears."

Philanthropy has been so reluctant to share its failures with other funders and the broader community. It would go a long way toward building trust if we did. We learn the most when we do things wrong.

—Pamela David, (Formerly) Walter & Elise Haas Fund

## 5. Transparency is... Sharing as You Go

**Foundation:** Bush Foundation

**Website:** [bushfoundation.org](http://bushfoundation.org)

**Geographic Focus:** Minnesota, North Dakota, South Dakota, and 23 Native Nations in that region

**Approach:**

Over the past five years, the Bush Foundation in Minnesota has worked actively against what it calls a fortress mentality in philanthropy.

"There's a famous (in philanthropy) quote that defines foundations as a 'large body of money completely surrounded by people who want some,'" says Jen Ford Reedy, president of the Bush Foundation. "There's truth to this statement, and this can lead foundations to have a fortress mentality—building moats and barricades in the form of needle-eye guidelines or brick-wall websites. The stronger our defenses, however, the more difficult it is to be exposed to enough ideas and engage with enough people to be truly effective."

Reedy and others at the foundation are committed to a "no-moat philanthropy" approach, and believe their efforts have made them smarter and more effective.

In the spirit of transparency, one of these "no-moat" principles is "share as you go."

"In the past five years, we've been working to get more of what we are thinking—and learning—out to the community. This has required adjusting our



standards and prioritizing just getting something out, even if it is not glossy and beautiful,” says Ford Reedy. “It has required a new, shared understanding with grantees and Fellows that their reports and reflections will be public, so as many people as possible can benefit from their experience. It has required designing our internal work—like strategy documents for the Board—with external audiences in mind so they are ready to share.”

### **What’s Working:**

First among its many efforts to “share as they go,” the Bush Foundation posts grant recipient reports on its website. “We introduced *Learning Logs* to make grant reports public, and, we hope, to give them life and utility beyond our ways. Grantees and Fellows share that they read one another’s reports as a way to get new ideas for overcoming barriers,” says Ford Reedy.

Second, the foundation shares its own lessons along the way by publishing learning papers. “We intended this to lower the bar of who, when, and how we share,” says Ford Reedy. “Our learning papers are not beautiful. They simply document a staff effort to process something we are working on and share our reflections.”

Third, the foundation also now ties its evaluations to outside audiences. “We invest heavily in external evaluations of our work, but in doing so, we have found that the end-product is often only useful to our staff and key stakeholders,” says Ford Reedy. They now think about evaluation with a sharing mindset. “We use a framework to identify the audiences who might care about or benefit from the lessons of an evaluation, what questions are relevant to each group, and what form or output would be most useful to them.”

Finally, the foundation believes in “webinars to the max.” According to Ford Reedy, “We host a webinar at the beginning of every application period for grant and fellowship programs to explain the process and what we are looking for. We also host them when we have a job opening to discuss the role and what it is like to work here. And we host them annually for our foundation initiatives to explain what we are up to and where we are headed.”

A webinar, she says, typically features a staff presentation followed by an open Q&A with videos archived on our website for anyone who missed it. “Webinars are not a particularly novel activity; however, we view them as core tool of permeability,” she says.

### **Lessons Learned:**

Greater transparency does come with a price tag, and according to Ford Reedy, “spending time and money on these activities means time and money not invested in something else. Everything we do is a tradeoff.”

For example, it takes operating expenses and staff time for the foundation to reformat grant reports to be shared online, and to conduct other “no-moat philanthropy” activities—such as holding office hours at various sites in the community, or operating hotlines for grantseekers and community members to call in.

“There is a lot of opportunity to advance our mission in the ‘how’ of grantmaking, and we weigh that as an investment alongside others. In our case, we did not have an increase in staff costs or operating expenses as we made this shift. We just reprioritized,” she says.

“We believe that if we do it right, we can have as much and potentially more impact from sharing the stories and spreading the lessons from our grantees and Fellows as from the investments themselves,” she says. “When we’re intentional about having impact through *how* we do our work—building relationships, inspiring action, spreading optimism—then we increase the positive impact we have in the region.”

*This section excerpted from Five Year Reflection: No Moat Philanthropy, Jen Ford Reedy, Bush Foundation, October 2017, bushfoundation.org.*



## Part III: Taking it Back to Your Board

### Transparency: Your Turn to Choose

When it comes to transparency, family foundations, by and large, choose the level of their liking—be it based on strategy, capacity, philosophy, or default. It's up to your board, perhaps with your staff, to decide on the right level of transparency for your foundation, and why.

According to Bradford Smith, president of the Foundation Center<sup>3</sup>: “Transparency is an ideal that each foundation has to pursue according to its values and means. It is something to aspire to, beyond compliance with existing regulation, and will be constantly redefined as foundations experiment, get feedback, and avail themselves of new technologies.”



“However, one thing is certain: As the practice of philanthropy is being disrupted by the digital revolution, choosing not to be transparent is an option whose days are numbered,” he says.

Others like Bob Reid of the JF Maddox Foundation say not so fast. “We need to think deeper about

transparency and how we interact with communities and the grantees we work with. Transparency as a universal idea doesn't always achieve our goals or maintain the credibility and trust we need with our partners. It's not a question of whether to be transparent, but how that transparency takes form. Let's be careful about who really cares about our work, and how we involve them.”

Suprotik Stotz-Ghosh at GEO says it comes down to relationships and results. “Transparency is a matter of a foundation's own appetite for relationship, as a means for greater results. Ultimately, family foundations have to choose how connected they want to be with grantees and stakeholders.”

“Family foundations can ask themselves how satisfied they are with their current level of results. If foundations want better or different results, the level of transparency in which they engage is worth examining,” says Stotz-Ghosh.

People say foundations won't be relevant in the future if they don't adapt, but I don't think that's true. Foundations will always be relevant. They will always have the money, and people will always want that money. Effectiveness, though, is a different question.

– Suprotik Stotz-Ghosh, GEO

<sup>3</sup> Smith, Bradford. *Transparency: One Size Does Not Fit All*. Philanthropy News Digest, 2010. <http://pndblog.typepad.com/pndblog/2010/02/transparency-one-size-does-not-fit-all.html>

## Talking About Transparency as a Board

Want to think deeply about transparency, and develop a strategy going forward? The first step is to dedicate time to discuss it as a board.

Here is a list of questions you can use as conversation starters. This list is a long one, and you may choose to discuss these questions in chunks, rather than all at once. Insert your own questions based on your family and foundation circumstances, and the communities you serve.

It's a good idea to revisit your foundation's transparency practices on a regular basis to make sure they are relevant and effective—at least once every three years.

One of the first steps family foundations can take is to talk about transparency as a board. It's important to talk about it, regularly and often, so that there are no defaults in perpetuity.

— Kevin Bolduc, Center for Effective Philanthropy

### Understanding Our Current Practices and Attitudes:

- *What does transparency mean to us?*
  - *How do we talk about transparency as individuals? As a board? What words/language do we use to describe it?*
  - *How might we use transparency to understand ourselves, and others, in a more meaningful way? What do we want to learn?*
  - *What do we think will happen if we share more with the community? What are our hidden fears around that?*
  - *What are the expected benefits and risks of enhanced transparency?*
- *Should the level of transparency change according to the level of relationship/partnership that exists between a foundation and a given outside party?*

### Accountability:

- *To what extent should we think about the relationship between accountability and transparency?*
- *To whom are we accountable, and why?*
- *What are the public's expectations of the foundation? Our grantees' expectations? Our stakeholders' expectations?*
- *What do specific audiences need to know from us, and why? How can we find out?*
- *In what ways can we meet their needs to know, while honoring our own needs? How do we balance the two?*

### Communications:

- *What does our foundation value, and how do we communicate those values to the various communities we serve?*
- *How do we currently invest in and shape the way we communicate?*
- *How does transparency show up in our communications practices now?*
  - o *How do we currently use our website or other external communication strategies to communicate clear, updated, consistent, and useful information?*
  - o *What do we (and don't we) currently include on our messaging/website? How does this compare to other foundations that we respect and admire?*
  - o *If we don't have a website, or have one that is vague or out of date, why is this? How is it serving us/not serving us? How is it serving/not serving our grantee partners, community, and the public?*
  - o *How do we currently use social media, if at all? How might we use these outlets in a way that would serve us (as a board, as a family) or serve our grantee partners?*

## Talking About Transparency as a Board (cont.)

- *How do we assess what's working/not working about the way we communicate?*
- *How much of the foundation's internal business and processes are grantee/public-facing? Why or why not?*
- *What are our boundaries about what we share with whom, and what we don't?*
- *How can we make sure we are consistent in our messaging, across the entire foundation, and what we share externally and with whom?*

### **Inclusiveness:**

- *What is our role and response in promoting a just and equitable society, and how does transparency relate to that?*
- *How inclusive are we of grantees, of stakeholders, of the wider community?*
- *How transparent are we about our diversity, equity and inclusion practices?*
- *How can we do better about being in community?*
  - o *How can we minimize power dynamics?*
  - o *How can we show up more authentically and build trust?*
  - o *How do we truly listen, and ensure we hear the voices of others?*
- *In what ways can we use our own voice and elevate the voices of others on issues to help us achieve our mission?*
- *In what non-virtual ways we might be more visible in the communities we are working in, if applicable?*

### **Internal Practices:**

- *What level of privacy and autonomy do family members seek to have as individuals associated with the foundation?*
- *How open are board members with each other? How open are board members with staff, and vice-versa?*
- *What incentives do board members and staff members have to be honest with each other?*
- *What can we learn from each other that we aren't already learning?*

- *How much of the foundation's internal business and processes are shared with extended family? Why or why not?*
- *How comfortable are we sharing our mistakes internally? In what ways do we share what we learn from those mistakes?*

### **Operationalizing Transparency:**

- *How will we dedicate the resources, time, and capacity toward more transparency, if that's what we choose?*
- *What written policies, if any, do we have on transparency now—and what would be helpful to have?*
- *How often should we revisit transparency as a board, and as a staff?*
- *As we think deeply about transparency, how might we share what we learn with the field?*

### **Strategy and Effectiveness:**

- *How satisfied are we with our current level of results? How might changing our level of transparency lead to better results?*
- *What are the cons and challenges we see related to transparency? How might we overcome those challenges?*
- *In what circumstances would it be more strategic for us to use selective transparency?*
- *How can we discern the right audiences and timing for what we share?*
- *How does transparency relate to our willingness to take risks? In what circumstances does it inspire or impede risk-taking?*
- *What should we share publicly? What should we share with all grantee partners, some grantee partners?*
- *What is our role in sharing what we learn (including our failures) with other funders? What benefit does this have for us, and the impact we want to make?*

## Transparency as a Core Value

How do other families speak to transparency as a core value of their work? Here are some excerpts from family foundation websites that reference transparency as one of the foundation's top values. Note the various language and lens through which different family funders view transparency in their work.

### Barr Foundation

*We aim to be open and transparent about our work and to contribute to broader efforts that promote and advance the field of philanthropy.*

### Bernstein Family Foundation

*We believe that the field of philanthropy is strengthened when leaders in diverse fields share and learn from each other. By sharing ideas, we can reduce redundancy and improve efficiency models.*

### Bush Foundation Operating Values

*The Bush Foundation adopted these operating values in 2013. The values guide our strategic and operating decisions.*

#### **Spread Optimism.**

*We encourage individuals and organizations to think bigger and think differently about what is possible. We are positive and supportive in our internal and external interactions.*

#### **Work Beyond Ourselves.**

*We actively seek opportunities to work in true collaboration with others to have more impact. We are willing to both lead and follow. We candidly share what we learn with others.*

#### **Everybody Matters.**

*We are a champion for both excellence and equity inside and out of the Foundation. We have fair, open and inclusive processes. We work to raise overall quality of life while also closing opportunity and achievement gaps.*

#### **Steward Well.**

*We demonstrate appreciation for the Foundation's history and thoughtfully build on its legacy. We hold ourselves to high standards of integrity and accountability and conduct ourselves in a way we hope would make our founders proud.*

#### **More Good. Every Year.**

*We are a true learning organization and work to be smarter and more effective every year. We never lose sight of the reason we exist: to do the most possible good with the resources left to the community by Archibald G. Bush.*

### The Case Foundation

*We share our expertise and experience openly—successes and failures alike—to accelerate collective learning and progress.*

### Bainum Family Foundation

*Integrity—Be open and transparent. We value and understand the importance of transparency. This keeps us honest, authentic, and accountable.*

### Richard W. Goldman Family Foundation

*We will conduct ourselves with integrity and transparency, striving always to achieve the highest standards of conduct.*

### Einhorn Family Charitable Trust

*Humility. Our partners are the experts and we value their time. In a spirit of partnership and transparency, we help them achieve great things.*

### William J. and Dorothy K. O'Neill Foundation

*Respect and Transparency: We respect and value the expertise of those with whom we collaborate in our shared work: our non-profit partners, the individuals who lead them, each other as family members and staff. We are transparent, among ourselves and with our partners, in how we accomplish our grantmaking and in our decisionmaking.*

## Transparency as a Core Value (cont.)

### The Jay and Rose Phillips Family Foundation of Minnesota

*With power and its accompanying privilege comes a higher level of accountability to the communities we intend to impact with our resources.*

*We are committed to acknowledging and undoing the power imbalance that has historically defined the grantor-grantee relationship, as well as the lack of accountability to which foundations have historically been held. Building quality, trusting and reciprocal relationships is central to our collective work. While the law has certain requirements of us as foundations, we will hold ourselves to a higher standard and be transparent in our interactions, decision making processes, and strategic ambitions.*

### McKnight Foundation

***Accountability:** We use the Foundation's resources in a transparent manner for public benefit. We assume responsibility for high quality decisionmaking based on analysis, wisdom, experience, and judgment.*

***Integrity:** We strive to do the right thing. We are honest and forthright, and people can trust what we say.*

***Respect:** We listen to diverse perspectives. We approach relationships with humility, openness, and honesty. We engage constructively with partners, colleagues, and the communities we serve.*

### Quimby Family Foundation

*We commit to seeking and sharing feedback to encourage open communication and foster collaboration.*

*We request honest feedback on our approach and theory of change to ensure our priorities are relevant and meaningful to the nonprofit community and that we are supporting not hindering our mutual aspirations. We genuinely want to know what we could be doing better and feedback is incorporated into our ever-evolving process. When asked, we will be honest and transparent about our process and decision-making.*

*If we have concerns about an applicant's approach, leadership, or capacity, we challenge ourselves to offer honest and supportive feedback.*

### The Russell Family Foundation

*We value families as unique communities of individuals.*

*We value integrity in an environment of mutual trust and respect.*

*We value honest and constructive communications.*

*We believe in life-long learning.*

*We accept our responsibilities as humble stewards.*

*We value courage in our programs and we are satisfied with quiet impact.*

### William and Flora Hewlett Foundation

*We are committed to openness, transparency, and learning.*

*Openness and transparency facilitate learning and are part and parcel of being a learning organization. We should share what we are doing freely with grantees, the field, and the public. By doing so, we invite others to tell us why our approach may or may not be right and how it could be better. We empower intended beneficiaries as well as grantees to share reactions and give feedback, and we enable experts in relevant fields to offer criticism and advice. Broadly sharing information about our strategies and practices also encourages input from the wider public, whose welfare is our ultimate objective.*

*Openness and transparency can help build trust, but only if we are genuinely open to hearing what others have to say. Inviting feedback is meaningful only if we sincerely listen to new ideas, new perspectives, new approaches, and new ways of thinking. This is true of conversations among our own staff as much as discussions we have with others. We encourage an internal environment that is open to deliberation, in which staff as well as grantees and external partners are empowered to debate and dissent as part of a process of making decisions that—once made—we get behind and work together to execute.*

## Resources to Learn More

### Articles and Reports

[\*A Guide to Good Practices in Foundation Operations.\*](#) Guidestar, 2017. Guidestar.org

Callahan, David. [\*Attention Humble Philanthropists: Your Low Profile is Hurting Your Cause\*](#) and [\*Darkness Grows: Time for a New Conversation about Philanthropy and Transparency.\*](#) Inside Philanthropy, August 2017. InsidePhilanthropy.org

Callahan, David. [\*The Price of Privacy: What's Wrong With The New Shadow Giving System.\*](#) HistPhil, August 1, 2018. HistPhil.org

Cohen, Rick. [\*10 General Guidelines for Greater Foundation Transparency.\*](#) Nonprofit Quarterly, November 14, 2014. NonprofitQuarterly.org

[\*Foundation Transparency: What Nonprofits Want.\*](#) Center for Effective Philanthropy, 2013. CEP.org

Nolan, Clare. [\*Open for Good: Knowledge Sharing to Strengthen Philanthropy.\*](#) GrantCraft, 2018. Grantcraft.org

Parker, Susan, et. al. [\*Opening Up: Demystifying Funder Transparency.\*](#) GrantCraft, 2014. Grantcraft.org

[\*Project Streamline: Practices that Matter.\*](#) Grants Managers Network, 2013. PeakGrantmaking.org

Reid, Robert. [\*Foundation Transparency: Opacity—It's Complicated.\*](#) The Foundation Review, Volume 10, Issue 1. March 30, 2018.

Russell, Richard, and Woo, Richard. [\*The Lasting Value of Transparency.\*](#) National Center for Family Philanthropy, January 25, 2018. NCFP.org

[\*Sharing What Matters: Foundation Transparency.\*](#) Center for Effective Philanthropy, 2016. CEP.org

### Transparency Assessment Tools and Other Resources

[\*Foundation Websites:\*](#) a web design and support service for private foundations and grantmakers, Foundation Center. Foundationcenter.org

[\*Funder Feedback:\*](#) created by funders for funders, this tool enables grantees to submit anonymous feedback to foundations. Funderfeedback.org

[\*Does Your Foundation Have Glass Pockets?\*](#) Tool to assess your foundation's online transparency and accountability. Foundation Center, 2016. Glasspockets.org

Le, Vu. [\*Foundations. How Aggravating is Your Grantmaking Process? Use This Checklist to Find Out.\*](#) NonprofitAF.com

## About the Author



**Elaine Gast Fawcett** of PhilanthropyCommunications.com is a philanthropy writer and communications consultant who has been telling people's stories since fifth grade. For nearly 20 years, she has worked to strengthen the philanthropic sector sharing stories, tools, and practices that move family philanthropy forward. Elaine has interviewed 1000+ philanthropists, entrepreneurs and nonprofit leaders, and published a number of books, toolkits, articles and reports for foundations, nonprofits and grantmaker associations—including NCFP. Elaine lives in Northern California (Walnut Creek) with her husband and three young girls.

## About the National Center for Family Philanthropy

The National Center for Family Philanthropy (NCFP) is the only national nonprofit dedicated exclusively to families who give and those who work with them. We provide the resources, expertise and support families need to transform their values into effective giving that makes a lasting impact on the communities they serve. Together, we make great things happen.

### *Thanks to Our Sponsor*

NCFP offers special thanks to the Fund for Shared Insights which has provided financial support for our work highlighting the value of transparency in family philanthropy.

### *Transparency in Family Philanthropy Task Force*

NCFP's Transparency in Family Philanthropy Task Force was established to help guide and develop new NCFP tools and resources to help families thoughtfully consider the value and dimensions of transparency in their giving.

Bobbi Hapgood, Board Member, Educational Foundation of America

Bruce Karmazin, Executive Director, The Lumpkin Family Foundation

John Mullaney, Executive Director, The Nord Family Foundation

Kelly Nowlin, Trustee, Surdna Foundation

Laura McCargar, President, Perrin Family Foundation

Pamela David, Senior Fellow, Northern California Grantmakers

Patrick Troska, Executive Director, The Jay & Rose Phillips Family Foundation of Minnesota

Richard Woo, CEO, The Russell Family Foundation

Robert Reid, Chief Executive Officer, JF Maddox Foundation

