

# PRINCIPLES

Northern California Grantmakers

## Effectiveness & Accountability Principles

### Preamble

In our fundamental charge as stewards of resources dedicated to the public benefit, we uphold the legal obligations and fidelity to the purposes for which our philanthropic instruments were founded. Philanthropy plays a special role in advancing the greater social good, and those who practice it hold a unique public trust to manage philanthropic resources wisely. We recognize that this position of public trust grants us many privileges and also comes with significant ethical obligations and responsibilities. We understand that public trust in the performance of our work is the bedrock of our legitimacy. We work to strengthen the field of philanthropy and increase its effectiveness for the well being of the broader community.

### Purpose

This document is designed to promote greater awareness and stimulate vibrant, healthy discourse among NCG members about good governance and practice. It is written in the spirit of helping grantmakers better understand their strengths and limitations while boosting operations and overall performance. The principles and practices both reinforce legal requirements and reflect our aspirations toward higher ethical standards of good governance, effectiveness and the assurance of the use of private money for the public good. They reflect our dedication to strengthening the field of philanthropy and increasing its effectiveness for the benefit of the community at large. They are grounded in several common values including *integrity, trust, honesty, openness, fairness, humility and responsibility*.

Northern California Grantmakers

[www.ncg.org/principled](http://www.ncg.org/principled)

## 1: Purpose

*We have a clearly stated mission, funding priorities, decision-making processes and goals in pursuit of the public benefit.*

### ► Rationale

This is a statement of the most basic principle that paves the way for all others and their supporting practices: philanthropic entities must understand the mission-driven business they are in and state clearly to others how they intend to engage in philanthropic endeavors.

### ► Illustrative Practice

Develop and periodically review the foundation's values and mission statement, strategies, program areas and funding priorities, goals, annual and multiyear objectives and geographic focus.

## 2: Transparency

*We are accessible, responsive and make readily available basic information about our programs, funding priorities and application requirements.*

### ► Rationale

To discharge its public responsibilities and duties, philanthropic entities need to be open, accessible and structured in a way that facilitates give and take with the community. This is not only a critical step in getting the work done but it contributes to increasing public understanding of the nature of organized philanthropy and its role in civil society.

### ► Illustrative Practice

Make public (online and/or in print) the foundation's board of directors, mission, funding priorities, application process (including whether unsolicited proposals are accepted and how grantees are selected), finances, decision-making process, timetable, grantee list with amounts and purpose, etc.

### 3: Stewardship

*We manage our resources wisely, adhering to both our legal responsibilities and the highest standards of ethical behavior, while respecting donor intent. We actively avoid excessive compensation and unreasonable or unnecessary expenses in order to maximize philanthropic purposes, not private gain.*

#### ► Rationale

This principle captures the ultimate outcome if the principles and practices are fully instituted: wise stewardship. Philanthropic entities are mere stewards of the funds that they hold and are responsible to the broader community for how they expend those funds.

#### ► Illustrative Practice

Establish an audit committee to oversee accounting, financial reporting, compensation practices and the external audit of the foundation.

### 4: Responsible Governance

*Our governing bodies understand and embrace their responsibility to oversee the mission, strategic direction, finances and operations of their respective organizations, and do so with honesty and integrity.*

#### ► Rationale

Good governance flows from the board of directors of a philanthropic organization and strong, principled leadership ensures that the organization is run well enough to achieve its mission. Good governance is fundamental to upholding the public trust and discharging one's responsibilities appropriately.

#### ► Illustrative Practice

Regularly assess the relevance and effectiveness of your organization's grantmaking, board governance, management and investments, and publicly report the findings.

## 5: Accountability

*We embrace both the letter and the spirit of the law, taking full responsibility for our actions, communicating truthfully and understanding our responsibility to our colleagues in the field, the nonprofit community and the broader public that we serve.*

### ► Rationale

This statement underscores our understanding of the difference between the letter and the spirit of the law and reinforces our commitment to being held to the higher standard represented by the latter.

### ► Illustrative Practice

Develop a policy to handle good-faith complaints about violations of foundation policy or the conduct of foundation board and staff.

## 6: Respect

*We deal respectfully and act with honesty, integrity and openness with applicants, grantees, the government and the general public, and build constructive relationships based on mutual respect, candor, confidentiality and understanding*

### ► Rationale

Philanthropy is a relational enterprise. A major contributing factor to grantee success is the quality of their relationships with funders. For funders to be effective in their roles, they must place primacy in listening to and creating open, respectful and honest relationships with grantseekers and other stakeholders. The inherent structural imbalance between grantee and grantor dictates the establishment of mitigating policies and procedures that support honest and productive relationships.

### ► Illustrative Practice

Seek feedback (including that given anonymously) on foundation performance from current and former grantees and denied applicants.

## 7: Diversity

*We seek diversity and inclusiveness in order to reflect the communities served, to ensure that a range of perspectives inform our approaches, and to strengthen our ability to respond effectively to a changing society. We recognize that governance structures and bylaws might necessitate different practices of diversity within charitable entities.*

### ► Rationale

NCG members have a notable history of responding to changing demographics in our diverse region and facilitating the inclusion of all people. To reflect this history and proactively advance the development of diverse and responsive community, we establish diversity as a core issue and competency for philanthropic entities.

### ► Illustrative Practice

Incorporate diverse people, perspectives, knowledge and experience into the work, including subject matter experts or community representatives as speakers at board meetings, on committees or on advisory groups.

Provide diversity training and promote ongoing learning for governing board members and staff to ensure that internal and external processes and practices are culturally competent.

## 8: Equity

*We believe in fairness, equal access and opportunity and that society as a whole advances when people, regardless of race, class or other social differences, are able to achieve a better quality of life.*

### ► Rationale

As a community inspired by a vision of a better world, we believe that equity is a moral imperative that both stimulates and shapes philanthropy.

### ► Illustrative Practice

Employ multiple strategies to further your organization's mission including investing in public policy advocacy and other efforts that support the structural changes needed for a more equitable and just society.

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|------------------------|--|
| Purpose                | <i>Northern California Grantmakers and its members pledge to adopt these eight principles.</i>   |
| Transparency           | <i>Further, we pledge to work with the philanthropic community to advance practices aligned with these principles.</i>                                     |
| Stewardship            |  |
| Responsible Governance | <i>Together we will strengthen the field of philanthropy and increase its effectiveness for the well being of the broader community.</i>                   |
| Accountability         |  |
| Respect                | <i>As a member of NCG and of the larger philanthropic community, our pledge is three-fold:</i>   |
| Diversity              |  |
| Equity                 |  |
|                        | <i>1. to adopt these principles;</i>   |
|                        | <i>2. to demonstrate practices that reflect them; and,</i>   |
|                        | <i>3. to engage in a process of continuous learning and discovery with colleagues about effectiveness and accountability in the field of philanthropy.</i> |

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