

Excellence in Giving

GUIDING BELIEFS & PRINCIPLES FOR NEW JERSEY GRANTMAKERS

CNJG

Central to the mission of the **Council of New Jersey Grantmakers** is its work to assist the state's philanthropic community in attaining the highest standards and honoring the public's trust. The Council's Guiding Beliefs & Principles are designed to support grantmakers in their day-to-day governance and operations. We believe these aspirations provide a meaningful framework and source of inspiration that can assist all types of grantmakers in achieving excellence in giving.

Excellence in Giving

GUIDING BELIEFS & PRINCIPLES

The Council of New Jersey Grantmakers believes:

- > Philanthropy contributes to a thriving democracy and is a privilege and responsibility.
- > Grantmaking is a partnership with grantees and the public, conducted in the public trust.
- > Philanthropy must be undertaken seriously and responsibly, adhering to all laws and principles of fiduciary responsibility.
- > Thoughtful grantmaking is informed by different perspectives, opinions, and experiences.

In accordance with these beliefs:

1. We deal respectfully and courteously with our applicants, grantees, and donors as well as with those seeking information about our programs. We honor the confidentiality of our applicants, grantees, and donors and exercise discretion in our communications.
2. We are clear and accessible about our goals and grantmaking processes and make information about our application requirements, funding priorities, and programs available on a timely basis.
3. We adhere to the highest ethical, legal, and fiduciary standards in our operations. We recognize and disclose conflicts of interest and work to avoid perceived conflicts of interest. We maintain active oversight of all financial and investment matters.
4. We regularly assess our mission and practices, including periodic review of priorities, policies, board activity, communications, and the impact of our grantmaking.
5. We seek to continually educate ourselves and expose ourselves to different perspectives, opinions, and experiences, and where appropriate, to share our learning and experience with our grantees, the public, and government officials.

To support New Jersey's philanthropic community in adhering to these principles, the Council of New Jersey Grantmakers provides opportunities for learning through ongoing programs, the sharing of best practices and lessons learned, and information about federal and state laws and regulations. The Council is mindful that its members have individual charters and varying levels of staff and board capacity, and we conduct our ongoing conversation about "best practice" with these differences in mind.

FOR NEW JERSEY GRANTMAKERS

After the Council of New Jersey Grantmakers adopted Guiding Beliefs & Principles for New Jersey Grantmakers in 2005, we asked leaders from all types of grantmakers within the Council's membership to share with us what the beliefs mean to them and how they might apply these aspirations in their work.

Excellence in Giving — Guiding Beliefs & Principles for New Jersey Grantmakers combines the wisdom gained through those conversations with a wealth of other tips and best practices in foundation governance and operations.

We realize that different types of giving organizations will perceive and apply this information in different ways, so we have included a wide variety of illustrations of how practitioners of philanthropy can demonstrate effectiveness and accountability within their organizations. Moving forward, sample documents and other information related to CNJG's Guiding Beliefs & Principles will also be accessible on the Excellence in Giving section of the Council's website.

This booklet is intended to serve as a practical guide. As you consider its contents, we hope you will think about what CNJG's Guiding Beliefs & Principles mean to you and additional ways that your organization can advance them from theory to action.

Since many of the issues that we as grantmakers are addressing are so complex, it is crucial for us to understand multiple points of view, community perspectives and the opinions and experiences of stakeholders. Only then can we begin to be informed and have an impact.

—Michael Bzdak, Johnson & Johnson

It is a privilege to engage in work that ennobles and enriches our society, but such work demands prudent and disciplined stewardship that cannot be compromised.

—Bill Byrnes, FM Kirby Foundation

a privilege and a responsibility

CNJG BELIEFS

1. Philanthropy contributes to a thriving democracy and is a privilege and a responsibility.

The Community Foundation of New Jersey maintains a philanthropic alliance — of donors, non-profits, and community and state leaders — that facilitates the public’s capacity for dialogue and action for the well-being of others and the betterment of communities. Because of the Foundation’s focus on creating effective responses to critical societal issues through collective action, we see every day how philanthropy plays an essential role in strengthening democracy. As such, philanthropic institutions have a privileged tax-exempt status and are committed to work in the public trust for the public good.

—Hans Dekker, Community Foundation of New Jersey

The late Alan Pifer, head of the Carnegie Corporation for much of the twentieth century, has argued that the unconstrained nature of philanthropy makes it uniquely valuable to American society. Because grantmakers are not concerned with profits, they are able to take greater chances than private businesses. Unlike government officials, grantmakers are not subject to the preferences of an electorate, and can invest in approaches that may take years to yield results. Unencumbered by bureaucracy, philanthropic organizations can mobilize funds quickly to meet emerging needs.

Risk tolerance, long-term thinking, and the ability to respond quickly are characteristics that make philanthropy an important force for innovation and social change. Those who manage philanthropic dollars have a tremendous responsibility to ensure that the public trust and relative freedoms they enjoy are not abused, but rather, leveraged to accomplish the greatest possible good for society.

—Brent Thompson, William Penn Foundation

2. Grantmaking is a partnership with grantees and the public, conducted in the public trust.

Grantmaking done in partnership is the only way we are going to address society’s ills and create sustainable changes in our communities. The public raises the critical issues. The grantee brings the strategy and manpower to address the issue. And grantmakers have a range of critical resources — money, volunteers, social investments, grants and influence — to invest in creating the solutions and implementing the strategies.

The bedrock of this work is responsible stewardship. Each partner is charged with accounting for its resources and behavior in a legal and ethical way.

—Mary Puryear, Prudential Foundation

When we think about “best practice” in the field of philanthropy, particularly in relation to private foundations, it is worth remembering why those foundations were created in the first place. It was not to extend the prerogatives of wealth, but rather to provide the mission-driven non-profit sector with nimble, flexible, creative resources devoted to the common good. Thus it behooves us to listen carefully to the organizations we support, and the people they serve. We do our best work, I believe, when we see ourselves as part of a dynamic system comprised of people and organizations who envision and strive to realize a fairer, more just, more livable world.

—David Grant, Geraldine R. Dodge Foundation

in the public trust

principles of fiduciary responsibility

3. Philanthropy must be undertaken seriously and responsibly, adhering to all laws and principles of fiduciary responsibility.

There is no question that at times a precarious balance exists in the foundation world between the selflessness — and the selfishness — of giving. If we are unaware of, or do not respect, the laws that govern philanthropic activities, we risk sending the message that charity is all about self, instead of selflessness.

—Jennifer Chandler Hauge, Esq.,
Hyde and Watson Foundation

The Bank of America Charitable Foundation, one of the largest corporate foundations in the country, is committed to upholding the highest standards of corporate governance and ethical conduct in every area of endeavor. Throughout the communities where we do business, we empower our local executives to direct resources to the organizations and individuals they know are serving their constituents most effectively. As a result, the impact of our philanthropy is measurable and clear to our board of directors, our shareholders, our associates, and the community at large. Our commitment to effective philanthropy is one of the keys to sustaining the public trust and confidence in our company.

—Abby O'Neill, Bank of America

4. Thoughtful grantmaking is informed by different perspectives, opinions and experiences.

The Schumann Fund for New Jersey is committed to permanent, positive social change. We support leaders who are passionate about their mission, eager to explore new ways of addressing long-standing challenges, and willing to analyze the results of their efforts. We look to these leaders for their realistic appraisal of the challenges that confront their organizations. Equally we value the expertise of our board members and fellow grantmakers. Together, these diverse points of view enable us to develop a deeper understanding of the programs and policies that offer the hope of permanent change in the way our society addresses the need for quality education, social services, and environmental preservation with sustainable economic development.

—Barbara Reisman, The Schumann Fund for New Jersey

At the New Jersey Cultural Trust our priority is to strengthen the institutional capacity of our non-profit arts, history and humanities organizations. Educating ourselves on the issues and best practices helps the Cultural Trust remain relevant in our grantmaking priorities. To ensure effective grantmaking and the success of our grantees, we seek partnerships with state agencies and experts in the field to provide varied and knowledgeable perspectives. Our grantees, through their reports and our meetings, teach us about the value, impact, and need for Cultural Trust funding.

—Barbara Moran, New Jersey Cultural Trust

different perspectives, opinions and experiences

1. We deal respectfully and courteously with our applicants, grantees, and donors as well as with those seeking information about our programs. We honor the confidentiality of our applicants, grantees, and donors and exercise discretion in our communications.

Tips to ensure the highest standards...

- Establish and maintain relationships with grantseekers based on mutual respect, candor, understanding, and fairness. Consider and respect the confidentiality and privacy rights of grantees and applicants.
- Develop a policy that describes an appropriate framework and timeframe for responding to or handling requests for information, phone calls, emails, receipt of proposals, awards, denials, requests for site visits, and follow-up to site visits.
- Advise grantees in cases where information may be shared amongst other funders.
- Inform grantees when their pictures or products will be featured in foundation publications, websites, or other communication tools.
- Provide all trustees with copies of any formal documents used to create the foundation or any written correspondence that details the donor's goals and expectations for the foundation.
- State the donor's intent in every annual report and other appropriate foundation publications.
- Find related alternative grantmaking goals that reasonably honor the original intent if following the donor's specific instructions is impractical within a changing society.

Checklist/Documents:

- > Board-approved policy of communication
- > Brochure and applications in printed form and/or on website

Helpful Hints:

- > Non-staffed foundations can indicate, on the outgoing message, specific times when phone messages will be retrieved.
- > Acknowledge all grant requests in a timely manner and indicate if and when the applicant can expect to know the outcome.

At the Community Foundation we work hard to be open and accessible to nonprofits, and to share our experience as well as our dollars. We talk with them often, we offer training to help them understand the foundation world, and we share our perspective freely. We acknowledge that our work is impossible without them, and we do our best to build their trust every day.

—Nancy Kieling, Princeton Area
Community Foundation

2. We are clear and accessible about our goals and grantmaking processes and make information about our application requirements, funding priorities, and programs available on a timely basis.

Tips to ensure the highest standards...

- Indicate publicly the name of your organization's primary contact person(s), and if possible, publish a phone number, email address, office location, and office hours.
- Create grant guidelines that outline funding priorities, mission and intent, and what is expected of grantees.
- Create and make public a brief written statement that includes program interests, grantmaking policies, geographic or policy restrictions, application requirements, preferred ways of receiving applications, timing and methods of response to communications, and steps in the proposal-review and due-diligence processes.
- Provide forums to educate and train applicants.
- Include in the grant award letter information regarding payment procedures, reporting requirements, and the nature of any monitoring that will take place.
- Advise grantees, applicants, and the public, within a reasonable period of time, of significant changes in grantmaking priorities or procedures.

For the Albin Family Foundation, partnerships with grantees are a personal commitment that involves more than the financial support we give. Every board member is actively involved, through board service, hands-on work, and the annual grantmaking, in supporting what the organization is trying to do.

—Joyce Rappeport, Albin Family Foundation

Checklist/Documents:

- > Board-approved funding priorities and timeline for grantmaking
- > Print guidelines and/or a website including contact information, funding priorities, grant programs, and application

Helpful Hints:

- > The Foundation Center hosts websites for foundations seeking a web presence.
- > Include the names of staff and trustees on guidelines and other printed materials.

3. We adhere to the highest ethical, legal, and fiduciary standards in our operations. We recognize and disclose conflicts of interest and work to avoid perceived conflicts of interest. We maintain active oversight of all financial and investment matters.

Tips to ensure the highest standards...

- Develop and adhere to policies and practices, including a written code of ethics and a conflict-of-interest policy, to ensure that staff and members of the governing body act in an ethical and legal manner.
 - Require that trustees approve the organization's budget each year, and assess financial performance relative to the approved budget.
 - Ensure that expenses are reasonable, necessary, incurred in pursuit of the mission of the organization, and consistent with donor intent.
 - Maintain accurate financial records, prepare quarterly financial statements, and provide them to the governing body, addressing any differences between actual and budgeted revenues and expenses.
 - Secure an audit by an outside public accounting firm, or at a minimum, a review of financial condition by an outside firm.
 - Assure that any interim and annual financial statements, federal tax returns, and reports to state authorities fairly represent the financial position and financial activities of the organization and comply with the organization's governing documents. This can be done through review by the treasurer, president, or chief executive.
 - Establish roles and responsibilities of the governing body and clearly state them in policy documents.
 - Educate the governing body and staff about what constitutes a conflict of interest and prevent or manage any actual, potential, or perceived conflicts through disclosure, abstention, or other means.
- Develop a nominating and approval process. Host orientation, training, and ongoing development of the governing body to ensure that its members are competent, knowledgeable, and sufficiently diverse in point of view and experience to provide credible and effective oversight of all aspects of the organization's mission and operations, including legal, accounting, audit, and tax issues.
 - Establish a process for the regular review of the governing body's collective performance and of each trustee individually.

Checklist/Documents:

- > IRS Form 990 (or 990-PF or 990-T) filed for the most current two years
- > Board-approved annual budget
- > Organizational bylaws
- > Board-approved policies:
 - Code of Ethics
 - Conflict of Interest
 - Whistleblower
 - Document Retention
 - Board Member Roles and Responsibilities
 - Board Member Exit Interview
 - Financial Management
 - Risk Management

Helpful Hints:

- > Present the Form 990-PF to the entire governing body every year.
- > Download sample policies from the CNJG Excellence in Giving website.
- > Create a trustee orientation packet or book including bylaws, policies, grant guidelines, etc.

4. We regularly assess our mission and practices, including periodic review of priorities, policies, board activity, communications, and the impact of our grantmaking.

Tips to ensure the highest standards...

- Review the mission every three to five years to determine whether it continues to respond to those the organization serves and still represents the work the grantmaker undertakes.
- Evaluate regularly whether programs are effective in fulfilling the mission by consulting with the chief executive, staff, and, in some cases, outside experts.
- Set long- and short-term objectives for program and organizational effectiveness, and evaluate progress toward those objectives annually. Routinely collect the information needed for effective evaluation, including grantee progress reports, surveys from participants and/or clients, or focus-group analysis.

Checklist/Documents:

- > Trustee self-assessment
- > Long-term and annual goals
- > Policy defining timeline for regular assessment

Helpful Hints:

- > Periodically meet in retreat for planning purposes.
- > Download a sample trustee assessment from the CNJG [Excellence in Giving](#) website.

Our foundation treats grantmaking as a partnership and public trust with potential grantees. We try to provide clear guidelines and answer all inquiries and expect the same professionalism from the grantees. We believe that this philosophy of mutual respect and the sharing of information lead to a meaningful and productive relationship between us and our grantees.

—Bill Engel, Union Foundation

5. We seek to continually educate ourselves and expose ourselves to different perspectives, opinions and experiences, and where appropriate, to share our learning and experience with our grantees, the public, and government officials.

Tips to ensure the highest standards...

- Create a representative governing body and staff by considering the demographics of the geographic area served in the nomination and hiring processes.
- Designate funding for board development, and adopt a policy that identifies opportunities and requirements for ongoing board education.
- Encourage the collection of varied perspectives and sufficient information to inform decision making through site visits, grantee presentations, educational forums, and subject-matter experts.
- Share learning with grantees by publishing reports and convening meetings, conferences, or workshops.
- Participate in the Council of New Jersey Grantmakers or other organized groups such as the Council on Foundations, Committee for Responsible Philanthropy, or Philanthropy Roundtable. There are also affinity and service organizations for grantmakers interested in the environment, smart growth, disabilities, education, the arts, and many other mission-related issues.

Checklist/Documents:

- > Policy for ongoing board education and involvement
- > Line item in budget for board development
- > Site-visit framework/questionnaire

Helpful Hints:

- > Attend CNJG programs and annual conference for workshops for staff and trustees.
- > Family foundations can engage a consultant or an advisory group to inform trustees of trends, challenges, and opportunities facing the sector.
- > Become a member of a professional organization, such as the Council of New Jersey Grantmakers, that serves the philanthropic community.

other foundations in discussions about their practices, perspectives and experiences. To do this, Six Talents relies heavily on its membership in CNJG. The Foundation trustees also maintain ongoing relationships with their grant recipients to learn how their support has had an impact.

—Pat Collins, Six Talents Foundation

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Nina Stack, President

The Council thanks all those who provided leadership in the development and adoption of CNJG's Guiding Beliefs & Principles, including the following former trustees and staff members:

Jennifer Chandler Hauge

Hyde & Watson Foundation

Hunter Corbin

Hyde & Watson Foundation

Nancy Kieling

Princeton Area Community Foundation

Barbara Fulton Moran

New Jersey Cultural Trust

Betsy Michel

Jockey Hollow Foundation

Mark Murphy

The Fund for New Jersey

Maria Pinho

PSE&G

Barbara Rambo

Council of New Jersey Grantmakers

Barbara Reisman

The Schumann Fund for New Jersey

Deborah Sagner

Sagner Family Foundation

Pauline Seitz

Local Initiative Funding Partners Program
of the Robert Wood Johnson Foundation

Maria Vizcarrondo-DeSoto

United Way of Essex and West Hudson

Support for CNJG's Excellence In Giving: Guiding Beliefs & Principles for New Jersey Grantmakers initiative has been provided by the **Forum of Regional Associations of Grantmakers** and the **Edward W. and Stella C. Van Houten Memorial Fund**.

Council of New Jersey Grantmakers
101 West State Street
Trenton, NJ 08608

www.cnjg.org