

Guiding Principles
and Effective Practices
for Connecticut Grantmakers

a concise resource



Connecticut Council for Philanthropy

Serving funders. Advancing effective giving.

*As one of
the more than
2,000 funders
in Connecticut,
you enhance the
quality of life in
your community.
Please use this
tool to guide
your work.*

GUIDING PRINCIPLES AND EFFECTIVE PRACTICES FOR CONNECTICUT GRANTMAKERS

Philanthropy plays a vital role as a partner with the public, private and nonprofit sectors to strengthen and enrich the quality of life for Connecticut residents. Foundations and corporate giving programs in Connecticut reflect a range of charitable interests to promote the public good. The Connecticut Council for Philanthropy respects the diversity of their philanthropic goals.

Preamble

The Connecticut Council's Board of Directors offers these Guiding Principles and Effective Practices to its members and other Connecticut funders to articulate a shared commitment to excellence and to serve as a guide for Connecticut funders as we pursue our missions. Subscribers to these principles share a commitment to the public trust and adhere to the highest standard of ethical behavior in all aspects of our work.

We recognize that there are different ways to implement each of the Guiding Principles and offer suggestions found in the following pages. These can be adopted or adapted to best suit your organization.

*Effective
Practice
Options*

Guiding Principles

- 1 We act with honesty and integrity. We follow ethical practices in all aspects of our work and avoid conflicts of interest.
- 2 We honor the philanthropic mission of our organization and the intent of the donors who fund our grantmaking programs.
- 3 We value and affirm diversity in its many forms and endeavor to include the perspectives, opinions and experiences of the broadest possible cross-section of our communities to guide our work.
- 4 We are thoughtful and purposeful in our grantmaking, and periodically review and evaluate our mission, priorities, policies and practices.
- 5 We are accessible, communicate clearly and promptly with applicants, grantees, donors, peers and the public, and build constructive relationships based on mutual respect, candor and confidentiality.
- 6 We have an identifiable board, committee or other decision-making body that is responsible for the governance and oversight of the organization.
- 7 We provide appropriate, comprehensive and timely information on our work to the public, the media, government and all stakeholders.
- 8 We are aware of and fulfill our fiduciary and legal responsibilities.

**GUIDING
PRINCIPLE**

1

The most important persuasion tool you have in your entire arsenal is integrity
- ZIG ZIGLAR

WE ACT WITH HONESTY AND INTEGRITY. WE FOLLOW ETHICAL PRACTICES IN ALL ASPECTS OF OUR WORK AND AVOID CONFLICTS OF INTEREST.

Practice options may include:

- Adopt a conflict of interest statement which may include
 - a.** Disclosure of organizational affiliations with grantees, potential grantees or other constituents or vendors with whom the funder does business;
 - b.** Procedures for decision making when a board member or employee has a real or perceived conflict of interest; and
 - c.** Policies on acceptance of honorariums from a grantee or a potential grantee.
- Adopt a code of ethics which may include
 - a.** Act honestly, truthfully, consistently and with integrity and independence in all transactions and dealings;
 - b.** Avoid conflicts of interest and the inappropriate handling of actual or apparent conflicts of interest in relationships;
 - c.** Treat grantees fairly and treat every individual with dignity and respect, regardless of such factors as race, religion, gender and sexual preference;
 - d.** Treat employees with respect, fairness and good faith and provide conditions of employment

- that safeguard their rights and welfare;
- e.** Act responsibly toward the communities in which the funder works and for the benefit of the communities the funder serves;
- f.** Be responsible, transparent, and accountable for all actions taken in the public's interest;
- g.** Improve the accountability, transparency, ethical conduct and effectiveness of the grantmaking field; and
- h.** Work to improve the understanding of philanthropy, its appropriate application and potential consequences.
- Develop, adopt and disclose a whistleblower policy – a formal process to deal with reports of suspected illegal or unethical activities in the organization and to prevent retaliation.
- Develop a written policy that describes document retention and periodic destruction.
 - a.** Include guidelines for handling electronic files and voicemail; and
 - b.** Describe back-up procedures, archiving of documents, and regular check-ups of the reliability of the system.

**GUIDING
PRINCIPLE**

2

WE HONOR THE PHILANTHROPIC MISSION OF OUR ORGANIZATION AND THE INTENT OF THE DONORS WHO FUND OUR GRANTMAKING PROGRAMS.

Practice options may include:

- Provide all trustees with copies of the documents creating the foundation/fund and any other written correspondence that details the donor's goals and expectations for the fund;
- Have donor(s) talk with the board about their goals and expectations and their purpose in creating the charitable fund – documenting the conversation for future reference and generations;
- State the donor's intent in every annual report and other appropriate funder publications; and
- If our changing society makes following the donor's specific instructions unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community, find related alternative grantmaking goals that reasonably honor the donor's intent, subject to court approval as may be required.

**GUIDING
PRINCIPLE**

3

WE VALUE AND AFFIRM DIVERSITY IN ITS MANY FORMS AND ENDEAVOR TO INCLUDE THE PERSPECTIVES, OPINIONS AND EXPERIENCES OF THE BROADEST POSSIBLE CROSS-SECTION OF OUR COMMUNITIES TO GUIDE OUR WORK.

Practice options may include:

- Consider the demographics of the geographic area served when nominating board members, hiring staff and selecting consultants;
- Invite grantees and other community representatives to help with a periodic review of grantmaking priorities; and
- Consider how the grantmaking process can support diversity.

WE ARE THOUGHTFUL AND PURPOSEFUL IN OUR GRANTMAKING, AND PERIODICALLY REVIEW AND EVALUATE OUR MISSION, PRIORITIES, POLICIES AND PRACTICES.

**GUIDING
PRINCIPLE**

4

Practice options may include:

- Develop clear goals and procedures that define program interests;
- Evaluate grants and program areas;
- Share findings with others;
- Collaborate with others doing similar work;
- Affiliate with grantmaker associations to learn best practices and compare with others; and
- Adopt mechanisms, such as grant agreement letters, required progress reports, and evaluation tools to assess progress in achieving grantmaking objectives.

Quality is never an accident; it is always the result of intelligent effort
- JOHN RUSKIN

The real death
of America
will come
when everyone
is alike
- JAMES T. ELLISON

WE ARE ACCESSIBLE, COMMUNICATE CLEARLY AND PROMPTLY WITH APPLICANTS, GRANTEES, DONORS, PEERS AND THE PUBLIC, AND BUILD CONSTRUCTIVE RELATIONSHIPS BASED ON MUTUAL RESPECT, CANDOR AND CONFIDENTIALITY.

Practice options may include:

- Share with the public the grantmaking priorities of the funder;
- Respond promptly to all requests for information;
- Promptly acknowledge receipt of a proposal (e.g., email message or postcard);
- Send a timely denial letter to those applicants that are unsuccessful and, where appropriate and to the extent possible, discuss with the applicant why the proposal has been turned down;
- Include in the grant award letter payment procedures, reporting requirements and the nature of any monitoring that will take place;
- Consult and seek permission as appropriate when pictures or programs will be featured in a funder publication, website or other communications tool;
- Advise grantees, applicants and the public, within a reasonable period of time, on significant changes in grantmaking priorities or procedures; and
- Provide an address and the name of an individual to contact for information.

WE HAVE AN IDENTIFIABLE BOARD, COMMITTEE OR OTHER DECISION-MAKING BODY THAT IS RESPONSIBLE FOR THE GOVERNANCE AND OVERSIGHT OF THE ORGANIZATION.

Practice options may include:

- When recruiting board members, consider:
 - a. Agreement with the stated purposes of the foundation/donor;
 - b. Willingness to participate actively;
 - c. Policy, programmatic and fiscal experience;
 - d. Commitment to the integrity of the grantmaking process;
 - e. Reputation for fairness and equality;
 - f. Diversity of thinking: philosophy, gender, race, ethnicity and socio-economic status are some examples; and
 - g. Willingness to become informed.
- Orient new board members to their responsibilities by sharing the three duties of care, loyalty, and obedience, as well as copies of bylaws and other organizational documents, adopted policies, examples of grants and communication tools such as annual reports.
- If trustee compensation is provided, consider the appropriateness of fees in relation to responsibilities, time commitment and the federal guidelines for public charities on intermediate sanctions and rebuttal presumption.
- Implement a conflict of interest policy to ensure that personal interests of board members and staff do not conflict with the funder's mission and purpose and which may include:

A great board is not a gift but a victory
- BILL FIELD

**GUIDING
PRINCIPLE**



- a.** Disclosure of organizational affiliations with grantees, potential grantees or other constituents or vendors with whom the funder does business;
 - b.** Procedures for decision making when a board member or employee has a real or perceived conflict of interest; and
 - c.** Policies on acceptance of honorariums from a grantee or a potential grantee.
- Schedule regular reporting to the board of program objectives and performance.
- Establish a process for the regular review of the board's performance as a body and of each trustee individually.

WE PROVIDE APPROPRIATE, COMPREHENSIVE AND TIMELY INFORMATION ON OUR WORK TO THE PUBLIC, THE MEDIA, GOVERNMENT AND ALL STAKEHOLDERS.

Practice options may include:

- Select and publicize the name and contact information for the funder's primary contact person.
- File complete and accurate required government and financial reports
- Provide a full and clear description of the funder's grantmaking priorities through a print or electronic brochure or website that should include:
 - a.** Mission and goals;
 - b.** Program interests, funding priorities and any restrictions on what is supported;

- c.** Geographic limitations;
 - d.** Preferred format for applications;
 - e.** Application deadlines and the process for acknowledging receipt of requests;
 - f.** Dates and process for notifying applicants of a decision;
 - g.** A list of grants made in the previous year;
 - h.** Policies and practices for multi-year funding; and
 - i.** Average size and range of grants made.
- Publish the following information, as appropriate, about the funder, either in print or on the website on a regular basis (ideally annually):
 - a.** Names of board members;
 - b.** Names and titles of officers;
 - c.** Listing of staff;
 - d.** Grants for the fiscal year;
 - e.** Grantmaking priorities and application process;
 - f.** Summary of audited financial information; and
 - g.** Contact information for the funder.
- Make information available through appropriate organizations such as the Foundation Center, Council on Foundations, and the Connecticut Council for Philanthropy, in order that the grantmaker's goals and priorities may be published in appropriate public foundation directories.

WE ARE AWARE OF AND FULFILL OUR FIDUCIARY AND LEGAL RESPONSIBILITIES.

Practice options may include:

- Create and adhere to investment policies that support the long term goals of the organization;
- Complete and file all reporting documents required by law in a timely manner (e.g., Form 990 or 990-PF);
- Adhere to generally accepted financial standards with regular financial statements and, where possible and practical, an annual independent audit;
- Create and adhere to a spending policy;
- Base administrative expenses for effective grantmaking on regional and national surveys and ensure they are not excessive or disproportionate to the amounts spent directly for grants and technical assistance to grantees;
- Make reasonable efforts to stay informed of changes in the law that impact legal and fiduciary responsibilities; and
 - a. Join a philanthropic organization; and
 - b. Subscribe to a philanthropic publication.
- Adhere to state statutes, IRS and other regulations and file other legal reports as required.

About the



Established in 1969, the Connecticut Council for Philanthropy is a nonprofit membership association of grantmakers including foundations, corporate giving programs, federated funds, and individual donors. Our mission is to promote and support effective philanthropy for the public good in our state. The Council is committed to:

- being a reliable source of education and information about grantmaking;
- providing the means for exchange of ideas, experiences, information and expertise among Connecticut grantmakers;
- being a leader and catalyst for philanthropic action in response to community issues;
- increasing public understanding of the value of and need for philanthropy;
- increasing and diversifying philanthropy.



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