The NCFP Guide to...

Understanding Governance Models

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NATIONAL CENTER FOR
FAMILY PHILANTHROPY

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Introduction

Governance is the bedrock of effective family philanthropy.

Good governance ensures that the collective mission of a family's philanthropy takes precedence over individual interests, enables productive and inclusive dialogues, and prepares the philanthropy to adapt to complex challenges—especially as the philanthropy's leadership expands beyond a founding member or couple. The principles that support effective family philanthropy also support effective governance: accountability, equity, reflection and learning, and relationships. A sound governance structure reflects those principles and aligns and evolves with a foundation's purpose, mission, and circumstances.

Although philanthropic governance models are rooted in the traditional private foundation, you can apply the principles, policies, and practices that lead to effective governance across a wide range of philanthropic structures, including donor-advised funds (DAFs) and limited-liability companies (LLCs). This guide walks you through the factors to consider when designing or refining your philanthropy's governance, highlights four common models—rooted in who is making decisions and why—and provides guidance on how to optimize each model for effectiveness. It draws from interviews with more than 35 philanthropic families employing diverse governance approaches, as well as NCFP's decades of experience advising families navigating governance decisions.

Factors to consider when designing or refining your governance model

When it comes to your philanthropy's governance, form must always follow function. What do you hope to accomplish and what skills, knowledge, and capacity will you need to do it? The answers to these questions will help you shape your governance structure and policies.

There is no one right model for your governance, nor is there an expectation that every family should move from one model to another. However, the most effective families reconsider their governance structure over time and generations, ensuring that it continues to align with their purpose, whether or not that necessitates change. These factors will help you identify the functional motivations and needs so that you can choose the form that best aligns.

What is the purpose of our philanthropy? As part of determining the "why" of its giving, a family must identify its values and motivations as well as the change they hope to create. It's important to explore questions of purpose at the beginning of your philanthropic endeavors and throughout your efforts, as the answers will continuously guide and shape your philanthropy. We encourage you to bring together all family members that you hope to involve in the philanthropy to discuss what you are hoping to accomplish with it as well as the values that ground the work. For example, if one of your family's values is listening, you'd want to ensure your governance structure has built-in mechanisms for feedback internally and externally. The most important thing to consider is ***what*** you are hoping to achieve with your philanthropy and why before you design ***how*** you expect to achieve it.

Do we have the necessary expertise and perspectives to help us make more informed decisions? Once you have a good idea of what you hope to accomplish,

the next step is understanding what knowledge, skills, and expertise you'll need to accomplish it. For example, if your giving is focused on a specific issue, such as funding food insecurity, what expertise might you need to understand the needs, opportunities, and challenges in that field? How can you best access that expertise? Similarly, if you are funding in a specific geographic area, how can you ensure community voices are informing your decisions? If you are using a specific approach, such as market-based solutions, what level of technical expertise would you need to do that work effectively?

Are there family dynamics that we must consider? All families have dynamics, both positive and challenging. We have found that dynamics that exist outside the boardroom almost always find their way inside it, too. Before choosing or refining a governance structure, ask: Would one or more of these models mitigate any challenging dynamics? Would any models exacerbate existing challenges?

Who makes decisions? As you consider this question, it's important to think through who is the person or people in the family system who tend to make the decisions—whether explicitly or implicitly—and who may be making them in the future. For example, if your board members have equal say on paper, but everyone involved knows that the wealth creator's word is the one that really counts, or your family suspects that there may not be enough members of the next generations interested in participating in the future, you may want to build a governance structure that acknowledges this context and still enables effectiveness. One way to do that is to match different decisions with different decision-making practices. There may be consequential decisions, such as deciding the philanthropy's lifespan, that might require a supermajority or consensus or there may be decisions that you might delegate to a subset of the governing body or to staff members.

What level of control do you wish to hold? Once the functional questions are decided, a philanthropy can turn to selecting the right form. There are three components of a philanthropy's governance structure that are related to its decision-making: who is invited to be a member of the governing body, why, and who holds the authority to make which decisions. Understanding where and how your family wishes to retain control and when or if at all it wants to share or cede control is critical to identifying the right governance model for your philanthropy.

Four governance models

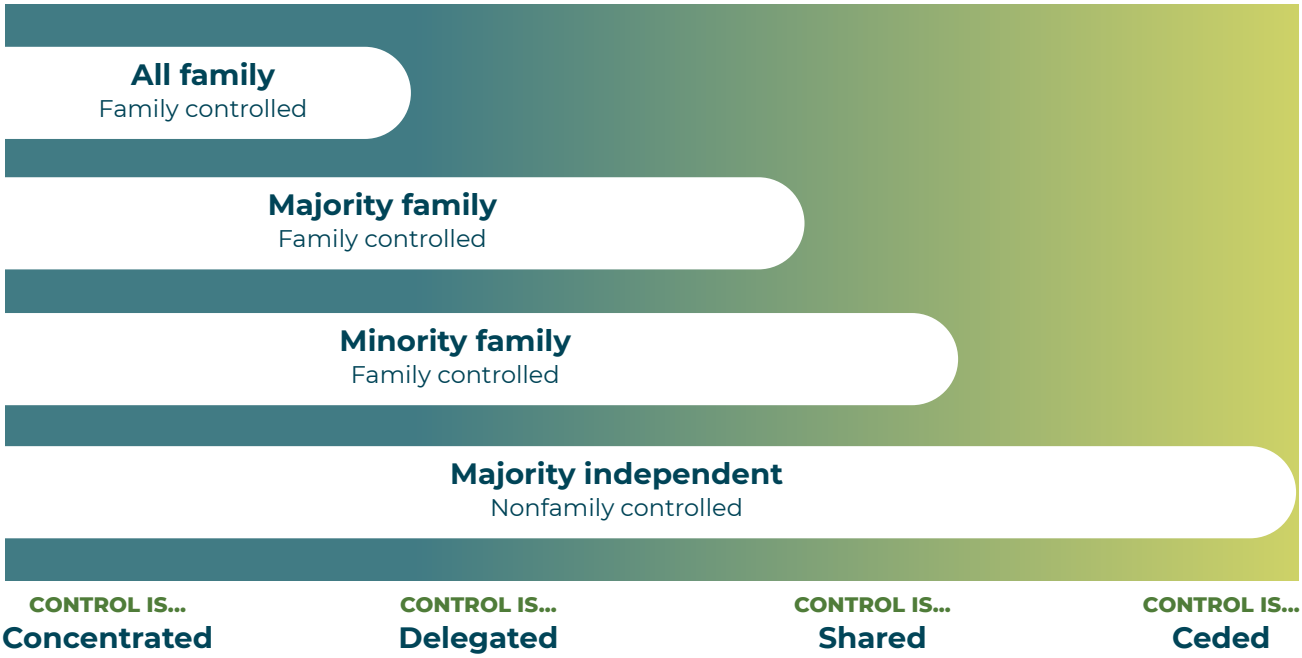
You can apply these governance models to any philanthropic entity. While the most common form of a governing body is a board of a private foundation, this guide is focused on any governing body with the authority to make decisions on behalf of the philanthropic entity.

These governing bodies frequently are composed of a variety of people, from founders of the philanthropy to their family members and nonfamily leaders, who are typically referred to as "independent" or "community" trustees or board members. These nonfamily leaders often include long-standing, trusted family advisors experts in a specific field, and/or people with lived experience relevant to the foundation's work. Often, much of a private foundation's initial governance structure is shaped by its bylaws or articles of incorporation. For a DAF or other sponsored philanthropic entity, it might be shaped by the rules of the sponsoring organization.

A family philanthropy can be successful using any of the four models covered here so long that it aligns with the family's purpose, its leaders are accountable to their role as stewards of charitable funds, and the decision-makers prioritize effectiveness toward achieving their philanthropic goals. The four models described here reflect the different ways families commonly answer the questions of who decides, why, and how:

1. **Family members comprise the entirety** of the governing/oversight body; all decision-making rests with the family.
2. **Family members comprise a majority** of the governing/oversight body, with nonfamily members as a minority. These nonfamily members have input and a vote in many decisions, but family retains control over the most consequential ones, especially those related to ongoing control of the philanthropic entity.
3. **Family members comprise a minority** of the governing/oversight body and share control over a variety of decisions, big and small. However, family retains control over the structure and any future evolution of the philanthropic entity.
4. **Few to no family members** are part of the governing/oversight body; control of the entity sits with nonfamily members.

FIGURE 1: Spectrum of Family Philanthropy Governance Models



1. All-Family Boards – Family Controlled



Who is in control: The most common approach to governance in family philanthropy is one where family members are the sole members of the governing/oversight body and hold all structural control over decision-making. In a DAF, this would be equivalent to all the advisors on record with the sponsoring organization being family members. While families using this model can and often do delegate routine decision-making to nonfamily committees or staff members, their control over governance and oversight means that they could rescind that delegation or overrule decisions at any time, even when they have no intent to do so.

What to consider: This approach is most common with new philanthropies, but it is also common and effective in leanly governed and/or staffed philanthropies, and especially in DAFs. All-family governance can be highly efficient, adaptive, and nimble,

especially when power is concentrated in a founder or founder(s) who can make decisions quickly and responsively. It also provides the environment for a full family endeavor, which is often cited as a motivating factor among philanthropic families. Some families are surprised, however, when existing and challenging family dynamics are as present in the philanthropy as they are elsewhere. The philanthropy itself does not guarantee harmony, and in some cases can cause further discord.

A drawback to this model related to effectiveness is that restricting decision-making authority to family members can result in a governing/oversight body that does not possess the set of skills, knowledge, or experience needed to be effective. Even within highly educated and accomplished families, it's rare to find both the breadth and depth of qualifications that they could find within a wider pool of nonfamily members. In addition, some families may not have a deep bench of family members who are eligible and able to serve in a governing role.

How to ensure effectiveness: A risk of relying on an all-family governing body is that a philanthropy's leaders may be missing crucial information, knowledge, and experience that would help them make the most effective decisions. To overcome this, some families establish advisory bodies and other extensions to their governance structures to bring additional insights and expertise. Others rely heavily on experienced staff members. This can include regular and rigorous learning agendas, use of expert consultants, advisors, and/or staff members to shape approaches and provide additional perspectives. It can also include advisory committees to support grantmaking work. What is most important is that a family routinely takes a critical eye to its own expertise and biases and ensures that it has practices in place to fill in the gaps and to offer alternative and challenging viewpoints.

CASE STUDY: The Laird Norton Family Foundation

The Laird Norton Family Foundation (LNFF) is a private family foundation based in Seattle. Eight generations of the family have been involved in its philanthropy and there are currently more than 500 living family members worldwide. The foundation gives approximately $1.5 million per year in grants through five program areas of shared importance to the family: arts in education, climate change, human services, watershed stewardship, and a youth grantmaking program that supports new giving priorities each year.

The LNFF governance board is comprised of nine members of the extended Laird Norton family who each serves for up to three consecutive three-year terms. Like the family, the board represents a range of experiences, interests, and individual histories. Each grantmaking program is led by an advisory committee comprised of Laird Norton family members who shape giving priorities and make funding decisions; the board of directors approves the committees' grant recommendations. Professional nonfamily staff members support the family's grantmaking through grants management and organizational administration, and spend time in the community to learn about LNFF giving areas and develop relationships with grantees and other partner organizations.

Reflection questions:

- How will you ensure that your decisions are informed by experts, especially if that expertise rests outside your family?
- How will you incorporate diverse viewpoints that might challenge your thinking and offer a variety of options?
- How might you build more authentic and trusting relationships with grantees and community partners despite the inherent power dynamics?

2. Majority-Family Board – Family Controlled



Who is in control: The second model for family governance is one in which the majority of governing/oversight seats are held by family members and a minority are held by nonfamily members. In this approach, control is still held by the family, while including nonfamily members in many, if not all, decisions. This model also includes delegating some decisions to staff members. If using a DAF, this would mean including a nonfamily member as a named adviser to the fund.

What to consider: Families who adopt this approach see value in bringing in different perspectives to strengthen decision-making but still view their philanthropy as a family endeavor. While the balance of power is restricted to the family, introducing nonfamily members to the governing body, especially those who are proximate to the community and issues the philanthropy is addressing, invites nonfamily viewpoints and expertise into the decision-making process. This differs from having an advisory committee in that here nonfamily members have a vote. In addition to bringing in different perspectives, families may also take this approach when the controlling family is small, either in number of generations or family members. Often, philanthropies using this model find having more structure—such as having a staff and codifying more policies and procedures—is necessary for successful operations and decision-making.

How to ensure effectiveness: Successfully including nonfamily board members requires reflection and preparation. First and foremost, it is critical for families to have clarity about what they hope to accomplish by inviting nonfamily members to take on a governing role. Families might consider what expertise and perspectives are lacking in their family, how they might recruit people to fill the gaps, and, most importantly, how they will ensure the role has true authority and is not performative. For example, when the majority of the votes still rest within the family, how might the family be sure they welcome dissent from all individuals? It can be easy to operate in a consensus-in-name-only manner, where both family and nonfamily members do not feel comfortable voicing a dissenting opinion, even when strongly held. Voicing that dissenting opinion can be even more difficult when someone is the only nonfamily member. One way to ensure effectiveness is to state, ahead of discussion and decision-making, what decision-making method it will use (e.g., consensus, majority vote, etc.,) for which decisions and why, and then, in discussions, invite disagreement. It is also important to ensure nonfamily board members understand the philanthropy's norms, the roles and responsibilities of board members and staff, and its operational structures. Families welcoming nonfamily decision-makers must also be willing to shift their own norms to include different perspectives and approaches.

CASE STUDY: JF Maddox Foundation

The JF Maddox Foundation was established in 1963 by Jack and Mabel Maddox. The foundation's mission is to support innovations in education, community development, and social services to ensure people are attracted to and thrive in Lea County, New Mexico. The foundation's board is now composed of third- and

fourth-generation family members alongside community leaders with deep lived experience in the region. While none of the third-generation members still live locally, their commitment to the region is unwavering—and formalized in the foundation's strategy. Community board members are all based in Lea County and bring long-standing commitments to serving the local community with experiences in law, housing justice, child advocacy, hunger initiatives, and rural community advocacy, for example.

Most decisions are made with the involvement and participation of the full board, but certain significant decisions (e.g., deciding to spend out, changing the mission of the foundation, determining who will serve as board chair) are still controlled by family members. "There has been evolving dialogue within our board about decisions we feel strongly should involve the full board versus the nuance of decisions more appropriately made by family members," says Board Chair Catherine Maddox Walton.

Reflection questions

- Why do you want to include nonfamily board members? What gaps are you looking to fill and/or what expertise are you looking to add?
- How will you select nonfamily board members? What criteria ensure they bring diverse perspectives that complement family viewpoints?
- How will you ensure that nonfamily board members can genuinely exercise their authority, rather than simply endorsing decisions primarily made by family members?
- How will your family prepare for the transition to shared governance? What internal work is necessary to create space for nonfamily voices to be heard and valued?
- How will you navigate power dynamics between family and nonfamily board members during meetings and decision-making processes? What practices can create an environment where all voices are equally valued?

3. Minority-Family Board – Family Controlled



Who is in control: In this approach, family members hold a minority of board seats. However, they retain structural control over a set of core decisions that dictate the strategic direction of the foundation. These decisions often include ones related to overarching mission, the ability to appoint and remove board members, changing bylaws, the rate they spend assets, and decisions about the lifespan of the philanthropy. While family members hold authority over the most significant decisions, routine board business is under the purview of the full board, giving nonfamily members significant authority to influence its day-to-day practices. This dual-class system is often referred to as "member/director" or "class A/class B director" models. It is a model you might see in an LLC, but is unlikely to be possible in a DAF, due to individual fundholders having advisory but not legal roles.

What to consider: Some families choose this model out of necessity: for a variety of reasons, there are not enough family members available, interested, or qualified to oversee the philanthropy. Others choose this model because it aligns with a commitment to include nonfamily perspectives in the philanthropy's decision-making. The reasons to include others can vary: wanting specific expertise, lived experience, community representation, and more.

Using this model, the foundation can benefit from greater diversity in perspectives and expertise while retaining overarching control over the mission and future of the philanthropy within the family. For this shared-control model to feel real and to minimize power dynamics, the family must be clear and consistent in the ways it holds and uses its power. For example, if a family invokes its ultimate authority where it had previously delegated the decision-making, the power imbalance is even more stark, highlighting the discrepancy between board composition and authority.

How to ensure effectiveness: Successfully using this model requires that the philanthropy has a clear mission and well-established policies and practices in place. The philanthropy's work must evolve according to mission-related needs rather than family interests. Philanthropies that adopt this approach typically shift the roles of their governing body to focus on strategic considerations, delegating routine decision-

making to staff members. It is vital to be clear about these roles and to truly delegate. A clear signal that the family is willing to truly share its power would be to open positions of power, such as the board chair, to anyone on the board, and not just family members.

Families choose this model to center the mission of its philanthropy over family interests, and so they must be careful that using the philanthropy as a forum to display and learn values, providing leadership development opportunities, and/or fostering interpersonal relationships are secondary to the mission of the philanthropy.

CASE STUDY: Bainum Family Foundation

The Bainum Family Foundation was founded in 1968 and is based in Washington, DC. Its governance is built on a dual-class structure that balances family engagement with professional oversight. One class ("members") are family members responsible for the foundation's mission, vision, and spend rate, as well as for selecting board members, appointing the chair, and approving strategic direction. The other class ("governing board") is a mix of family and nonfamily members tasked with routine board-level decision-making. Nonfamily members have comprised the majority of the governing board since a governance shift in 2015 under the leadership of second-generation family member Barbara Bainum, the board chair and CEO at the time. While enhancing the board's professionalism, expertise, and autonomy through the addition of independent directors, Barbara also sought to preserve family involvement in the foundation's long-term direction. Also at that time, the Bainum Family Foundation made an intentional decision to shift the profile of nonfamily trustees from close confidants to people who brought knowledge and experience relevant to the foundation's focus areas.

Reflection questions

- How do you balance the family's structural control over core decisions with the nonfamily majority's influence on routine governance? What mechanisms ensure accountability in both contexts?
- How does your foundation address the inherent power imbalance when family members can overrule decisions made by a nonfamily majority? What practices help mitigate potential tensions?

- If this is a new model, what ways has transitioning to a nonfamily majority board shifted conversations about equity in your governance and grantmaking? What further steps might you take to center equity in your approach?
- If this is a new model, how has the transition to minority family representation changed your foundation's approach to learning? What perspectives are now included that weren't before?
- How do you balance honoring family legacy while embracing new directions that may emerge from a more diverse board? What processes and practices help navigate potential conflicts?
- How do you foster authentic collaboration between family and nonfamily board members when there's an underlying power differential? What practices help build trust across this divide?

4. Majority-Independent Board – Nonfamily Controlled



Who is in control: In this construct, the family holds no structural control over the foundation's governance, while one or more family members still serves in a governing role. In giving up structural control, a family cedes power to an independent board, which includes decision-making authority for short- and long-term decisions on mission, lifespan, and other factors.

What to consider: This model exists in a minority of family philanthropies and most frequently occurs after multiple generations of a family have served on a board. Like the preceding model, it can occur out of necessity, be part of a deliberate evolution, or be a mix of both. In some cases, a family philanthropy can become so synonymous with a community over time that it makes sense for it to evolve to become a community endeavor rather than a family one. For example, this can be an option for philanthropies that have a deep commitment to place but no longer have family members living in the

area. By taking this approach, a family's legacy, values, and impact can live on beyond its active involvement.

How to ensure effectiveness: Because family members stay involved in governance, even if in a minority position, it is exceptionally important that any family members involved do not play an outsized role or have an outsized voice on the governing body. Another practice a family might choose ahead of ceding control to nonfamily is to ensure that the history of the family philanthropy, its founding values, and its desired purpose are well documented for the future governing body and not reliant on stories passed down over generations between family members.

CASE STUDY: The Barr Foundation

Barbara and Amos Hostetter recognized early on that a governance structure reliant on just two people was unsustainable for a growing institution. They decided to bring in outside perspectives, first by inviting a newly appointed president to join as a trustee. Together, the three of them explored the range of possible scenarios to expand governance. Following a year-long period of exploration, they decided to gradually add trustees who were not family members, to bring new perspectives and mitigate power dynamics in which deference to the family might stifle deliberation. Importantly, they also decided that the family would eventually become (and remain) a minority on the board, and that each board member would have an equal vote and voice. In doing so, the Barr Foundation intentionally shifted from a tightly controlled family foundation to what they have described as a "legacy foundation", deeply connected to the values of the founding family but ultimately stewarded by a broader community. The founders hope that the foundation's core values—humility, curiosity, risk-taking, investing in leaders, striving for impact, centering racial equity, and taking the long view—will remain central to the foundation over time. At the same time, while Barr is a perpetual foundation today, they are committed to allowing future trustees the flexibility to adapt as they see fit, including decisions about the foundation's strategies, geographic focus, program areas, and spend-down provisions.

Reflection questions

- How will ceding structural control change your philanthropy's approach to accountability? Who has the philanthropy been accountable to and how might that shift?
- What is motivating your family to fully cede control to an independent board?
- How might the board composition and decision-making evolve once your family relinquishes structural control? What additional perspectives will influence the foundation's work?
- How might you balance preserving meaningful elements of family legacy while embracing the philanthropy's independent evolution? What aspects can endure and what might need to change?
- What role will family stories, history, and values play in board discussions and decision-making? Where will these perspectives be relevant and where should they take a back seat?

Conclusion

Effective governance requires ongoing learning, reflection, and adaptation.

Governance works best when it evolves over time based on the needs of the family and the philanthropy's mission. Taking the time to reflect on what is working and where adjustments are needed helps ensure that decision-making structures stay aligned with overarching values and goals. Change is inevitable; creating the space to adapt allows families to navigate generational transitions, shifts in strategy and approach, and external challenges with clarity.

Additional Resources

- Family Giving Lifecycle: Governance, National Center for Family Philanthropy, 2025.
- The Essentials of Good Governance webinar, National Center for Family Philanthropy, 2023.
- Governance Practices for Better Decision Making, National Center for Family Philanthropy, 2022.
- The Family Council: The Heart of Intergenerational Governance, FinCommunications, 2025.
- The Successful Family Philanthropy Board Chair: Leading with Passion and Purpose, National Center for Family Philanthropy, 2026.
- Nonprofit Board Committee Members: Who Should Serve on Which Committee?, BoardSource, 2026.

About NCFP

The National Center for Family Philanthropy is a network of philanthropic families committed to a world that is vibrant, equitable, and resilient. We share proven practices, work through common challenges, and learn together to strengthen our ability to effect meaningful change. As a trusted partner to philanthropic families, we understand the complexities and opportunities of giving together, and we equip families to effectively navigate the changing world. We support family philanthropy decision-makers by offering signature programs and events, peer-based learning opportunities, tools and resources, community, and personalized support. Learn more at www.ncfp.org.

About the Author

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