



## Celebrate, Reflect, Resolve: Accountability for Giving Families Feature Article, December 2006 *Family Giving News*

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Accountability can be a challenging and complex issue for giving families, defined as they are by a deeply held private commitment to a public good. Balancing a family's need for privacy with the transparency required of nonprofit organizations can be tricky, but, in times of close media and regulatory scrutiny, it is a balancing act today's giving families find themselves performing more often.

Accountability has always been a concern for the philanthropic sector. Charitable assets are held in public trust, and there is

considerable federal, state, and local oversight of charitable dollars. Media and regulatory scrutiny comes with the territory, but that territory is changing fast. Philanthropic families are in control of larger amounts of charitable funds than ever before and, thus, the stakes have never been higher. Additionally, there is more information publicly and easily available about one's charitable choices than ever before. Giving families are expected to do great things with great wealth, and an informed public can now question whether or not family philanthropy is living up to its promise.

The end of the year brings with it opportunities for celebration, reflection, and resolution. This month's Family Giving News closes out another year with suggestions for taking advantage of these opportunities to demonstrate your philanthropy's commitment to accountable family philanthropy.

### Celebration

The coming of a new year is certainly a cause for celebration. While there is increasing scrutiny and skepticism surrounding the nonprofit world, there is also much to be celebrated. The word "accountability" conjures images of accounting—audits, recordkeeping, and what goes into Forms 990 and 1023—all of which is certainly a part of accountable family philanthropy. "No one can deny that accountability has its quantitative aspects," writes Colin Campbell in "Accountability as Telling Our Story" (available in the National Center's Living the Legacy.) "But accountability also comes with a second set of associations that ought to be far more appealing

and comfortable to family foundations. For in addition to taking a measurement, accountability means giving an account of yourself—put simply, it means telling your story.”

In Campbell’s formulation, accountability is about a philanthropy’s willingness to tell the story of its giving, a story that tax forms can only begin to capture. A year ago, a family foundation was concerned about the level of administrative overhead and wanted to know how it compared with several other foundations of its size. The National Center for Family Philanthropy took a look at the Forms 990-PF of a number of similarly situated foundations, one of which happened to be the George Gund Foundation, a Cleveland, Ohio-based family foundation formed in 1952 for the purpose of “contributing to human well-being and the progress of society.”

In Part I, Line 22 of the Gund Foundation’s 240-page 2005 Form 990-PF, you’ll find \$116,842 in printing and publications costs. You wouldn’t know this from looking at the administrative expenses listed on the 990, but each year the foundation commissions a photographer to highlight an area of interest for the foundation’s annual report. The brilliant photo essays underscore not only Cuyahoga Valley National Park (2005) or free clinics (2000) but George Gund’s devotion and his family’s commitment to supporting the arts as well.

Tax forms tell the public one story of X dollars spent here or there. Annual reports, web sites, and informal conversations with friends, family and colleagues tell another story, and the difference between the two narratives is as stark as the difference between the cold hard numbers of a tax form and the bigger pictures of the Gund Foundation’s annual reports. A concern for privacy or even anonymity need not prevent families from celebrating their giving—from telling family, friends, colleagues, and even the community at large, about their philanthropies’ motivations, achievements, and challenges.

## Reflection

The new year is also a time to reflect on the triumphs and tribulations of the past year, to take stock of our situation, and to consider where we might have done especially well and where we might have done things differently.

A number of philanthropic groups are helping giving families take stock of the governance, management, grantmaking, and family dynamics at work in their philanthropy. In Pursuit of Excellence, the National Center for Family Philanthropy has an assessment service for family foundations looking to become more effective and accountable. BoardSource and the Center for Effective Philanthropy are well-known for their board self-assessment resources and grantee surveys, respectively. Independent Sector has a comprehensive collection of the nonprofit world’s standards, codes, and principles.

As prelude to a more systematic inventory of your philanthropy’s practices, you may want to consider the lessons learned from an important 2004 report entitled Attitudes and Practices Concerning Effective Philanthropy by Francie Ostrower of the Urban Institute. In a survey of almost 1200 staffed grantmaking foundations, Ostrower found that “a substantial number of foundations are not engaging in practices that, by their own standards, are important to effectiveness.” Every day, giving families make important choices about where to commit charitable dollars, and they look for nonprofits doing innovative and inspiring work very well. To what extent do giving families turn this lens inward? What is it that you look for in an effective

nonprofit? What makes for a project or an initiative you want to be a part of? What do you look for in grant proposals? Can you see those characteristics in your own philanthropy?

The close of one year and beginning of another is a time to take stock—whether it's a systematic scan of your practices with a skilled facilitator or time spent thinking about the traits we look for in other effective charitable organization. Accountability is as much as about living up to our story as it is about celebrating it.

## Resolution

Finally, no new year would be complete without New Year's resolutions. Here are a few philanthropic resolutions you might consider this year:

- Strengthen the ability of the nonprofits you support to become more accountable organizations. Consider general operating support and/or capacity building grants that give nonprofits the time and resources to devote to full accountability. Consider funding workshops on governance and accountability for the boards of nonprofits in your region or areas of interest.
- Support infrastructure organizations that can act as watchdogs and educators, especially local and regional groups that work closely with foundations and nonprofits to promote effective and accountable philanthropy.
- Devote time to provide input for sensible and responsible government regulation.

This is just a start. January's issue of Family Giving News will feature "A Year with the Family," a month-to-month set of activities for giving families, and your New Year's resolutions for family philanthropy. Tell us what you're resolving to do in the new year. What are your hopes for your family philanthropy and for the sector at large? Tell us! We'll reveal your resolutions with a few of our own next month.

Resolve this year not only to celebrate your story and reflect upon it, but to write another chapter, perhaps a better chapter, in the new year.

## Accountability for Giving Families

While many philanthropists agree that accountability is an important philanthropic virtue, there are differing accounts as to what accountability actually entails. As Tony Proscio argued in his book *When Words Fail*, "The beauty of accountability in many (not all) of its philanthropic uses is that it seems to discharge a heavy fiduciary duty without breaking a sweat." Accountability can quickly become a sort of "you-know-it-when-you-see-it" concept leaving philanthropic families at a loss for what their responsibilities to various constituencies truly are. In what sense are we accountable to the public trust, to the communities in which we make grants, to nonprofits, to our donor's intent, to our trustees and to our staff members, if any? How do we act on these obligations?

For giving families, it may be helpful to think of accountability as a medium between privacy and transparency. If philanthropy was completely private, philanthropists would answer to no one. If

philanthropy was totally transparent, philanthropists would have to answer to anyone and everyone. The former is dangerous; the latter, impractical. Somewhere in between, family philanthropists can attempt to capture the best of both worlds while avoiding their excesses. By celebrating the stories that drive and animate family giving, reflecting upon them, and resolving to live up the promise they reveal, family philanthropies can find a balance where the private and public collide.

