

# **Policy Regarding Grantmaking and the Racial Diversity of Nonprofit Boards**

## **Policy Statement**

The Z. Smith Reynolds Foundation (the “Foundation”) actively seeks to promote access, equity, and inclusiveness; and to discourage discrimination based on race, ethnicity, gender, age, socio-economic status, and other factors that deny the essential humanity of all people. It is the desire of the Foundation that all of its grantmaking policies reflect the belief that an organization’s performance is greatly enhanced when people with different backgrounds and perspectives are engaged in an organization’s activities and decision-making processes. Therefore, the Board of Trustees of the Foundation, adopted this policy for the purpose of insuring that all grantees of the Foundations have made all reasonable efforts to have racially diverse governing boards.

## **Diversity Standard**

In determining an acceptable level of organizational board diversity, the Foundation will look at the geographical area that the organization purports to serve. The expectation is that the organization will make reasonable efforts to have a governing board that reflects racial and ethnic makeup of the geographic area it serves.

## **Action Steps**

The following are a series of action steps to be taken by the Foundation when the governing board of a grantee organization does not have a racially/ethnically diverse governing board that is reflective of the geographic area served by the organization.

1. (a) The Foundation will send a letter to the organization indicating its concern over the lack of racial diversity along with materials that address how nonprofits can build a racially diverse board. The letter will also indicate the Foundation’s belief that racial diversity on an organization’s board is valuable to the organization’s growth and success. The letter will require the organization to respond with a written plan detailing how it intends to address the issue of board

diversity including a reasonable timeline for achieving the organization's diversity goal.

(b) If the organization, in good faith, determines that it will take more than one year for its governing board to become diverse, then the organization's plan must set out what steps the organization will take in the interim to be inclusive and to take into account the views and needs of diverse communities while it is implementing its diversity plan.

(c) Grant funds will not be disbursed until the written plan is received by the Foundation and approved by the Executive Director or the Executive Director's designee. Executive Director will report to Board of Trustees list of organizations requested to submit a written plan.

2. The staff of the Foundation will develop resources to assist grantees that request assistance in moving towards board diversity. Staff may, for example, conduct convenings to enable grantees to learn from each other or maintain a list of a diverse group of people who are interested on serving on the governing boards of non-profit organizations within the Foundation's focus areas.

3. If a subsequent application to the Foundation indicates that the organization's board is still not representative of the geographic area served and staff intends to again recommend the organization for funding, staff will meet with the organization to specifically address the issue of board diversity to learn what efforts have been undertaken by the organization pursuant to its previously submitted plan and to determine what progress has been made. If the grantee is not implementing its approved diversity plan in a timely manner, staff will verbally indicate to the organization that a lack of progress in increasing the racial diversity of the organization's governing board could result in the Foundation's declining to make future grants. Staff will summarize for the Board what it learns from conversations with the organization.

4. As a last resort, the Foundation will cease making grants to an organization that fails to implement its approved diversity plan unless the Board finds a compelling reason why it should continue to support the organization. The Foundation may at any point in time thereafter decide to fund the organization once the organization has made reasonable progress toward diversifying its board.

(Approved November 2005)

Amended May 2009