REVIEWING DONOR LEGACY *and* DEFINING FUTURE DIRECTIONS: *the* CURRENT FAMILY FOUNDATION

By Charles H. Hamilton

Each and every foundation conducts its review of donor legacy differently, depending upon the unique characteristics of the family and the foundation. The Current Family Foundation recently went through a successful process of review highlighting the donors' legacy. It invigorated the foundation's programmatic grantmaking, and moved the board of family members—from several generations—forward with a common family legacy. Their story provides a good example of a process that families can use to develop and adapt to their particular circumstances. Illuminating the donor's legacy, engaging the staff and trustees in a discussion about the foundation's future, and developing a statement of values and beliefs that reinvigorates and affirms the family legacy, are all important goals for families going through this type of process.

For the Current Family Foundation, the process of reviewing the legacy left by the two primary donors actually began over a decade before the board of directors decided to hold the retreat discussed here. The executive director at the time had conducted several oral history sessions with the two primary donors several years before their death. This couple was actually the second generation of the founder. As the daughter and son-in-law, they had made the most important imprint upon the foundation, and were also to leave the bulk of their estates to the foundation, thereby increasing its assets many fold. While professionals deeply engaged in their own business interests, each person had devoted considerable time to charitable and philanthropic interests, especially in the last decade of their lives.

When the board agreed ten years after these donors' deaths that they all needed to review the past and prepare for the future, the board asked the executive director to prepare a variety of materials that would become the basis for a long weekend board retreat. The process followed and the excerpts below give an idea of how this particular foundation developed materials to help trustees think more clearly about the issues of donor legacy.

PREPARING THE BOARD RETREAT MATERIALS

The Current Foundation grew from the philanthropic interests of a couple in a major American city. Over many years the foundation had left a huge impact on the philanthropic life of this city. Major cultural institutions and charitable causes owed much to their financial contributions, leadership, and persuasiveness. Indeed, they had set the tone for much of the emerging nonprofit world in the city.

The review and "codification" of their legacy was conducted both to help the executive director better understand the values and goals of the foundation, as well as to set in motion an ongoing process to engage generations of trustees in discussions about the legacy of the foundation as it moved into the future.

The board retreat materials that went out to trustees to help them think about these issues consisted of nearly 100 pages and included the following six major sections:

Oral History of the Donors

Many years earlier the executive director at the time had conducted a series of oral histories with the two primary donors. Slightly edited versions of these histories were included in the materials along with an analysis from the executive director, a portion of which is excerpted here:

> Related to possible funding goals, the oral histories provide a fascinating learning experience about the lives of two remarkable people. In conducting the interviews, I was constantly struck by the sense of engagement they had with their respective spheres of activity and the commitment they brought to everything with which they became involved.
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> I was also struck by some of the similarities and differences in their personalities and interests. Although you [the board of family trustees] know more about these matters far better than I, I thought I would make an attempt at distilling from the histories some of the common values they seem to have shared, as well as some of the differences, with an eye to suggesting the background for the development of our new guidelines.
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> Both donors seem to have been deeply committed to the basic values and pluralism of American culture, equality, ethical conduct, creative approaches to meeting human needs, leadership, and joining public good and individual initiative. They always took their civic commitments very seriously and worked tirelessly for the success of the many institutions in which they were involved. Personal ties and friendships seem to have been enormously important to them throughout their lives.
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> His special personality characteristics—candor, trust in associates, initiative in starting things and making things happen, sense of humor, love of the outdoors, respect for integrity in business and personal life, and commitment to the well-being of the community—

> radiate from the oral history.
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> Her oral history expresses her commitments and interest in even greater detail. Her own fine collections and board involvements in several major institutions demonstrate her deep support in those cultural areas. She frequently uses the words "quality" and "integrity;" these seem to be primary values, which she seeks whether in people, institutions, or philanthropic activities. At the same time, she made great efforts to interest future generations and a wider public in the arts.

Wills

Each donor's will designated certain institutions to receive modest bequests, but most of the funds were left to the Current Foundation as first one donor passed away and then the other several years later. As she expressed it:

> I am making only nominal bequests to the organizations in which I am primarily interested because of the substantial bequests I am making to the Current Foundation... I request that the foundation continue, subject to changing times, the contributions to the organizations and causes in which I have been interested during my lifetime and of which the trustees of the foundation approve. This request is precatory and not mandatory.

Testimonials

Several brief memorials and articles written by friends and family were included in the board retreat materials. They helped fill out a fuller picture of each donor from different perspectives. One testimonial, written by a daughter and her daughter talked movingly of the help and guidance they had each received by their parents/grandparents. A long-time friend at a major cultural institution wrote another article, which provided family members with a rare "outside" look at their mother's influence as well as her view of including family members in her philanthropy.

Giving Records

Staff members summarized each person's historical giving patterns. This presented a further indication of the traditional charitable interests of the two donors. First there was a summary of the major foundation gifts with which they were involved during their lives. Second was a list in greater detail compiled from records, checkbooks, and tax returns of their individual giving. The lists reaffirmed what was known from other sources, but several little surprises also surfaced.

Interviews

Finally, the staff conducted interviews with all board members (not all are family members) and more in-depth interviews with current family member trustees. As the introduction to this section of the materials explained:

> As part of the preparation for this retreat, staff conducted interviews with each of you in November and December. In the interviews you all made comments about your parents' and grandparents' legacy and how you would see the Current Foundation continuing and advancing this legacy as it moves toward the future.
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> Most of the program areas most frequently mentioned continued your parent's and grandparents interests. Other areas were mentioned as well... There was some difference of opinion in how much emphasis should be placed on each area or whether there should be specific allocations to any given field.
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> In looking toward the future, there was general agreement that the legacy included the potential for both maintaining traditional interests and taking a proactive stance toward newer areas of concern. One family member commented that, "Philanthropy should not only be doing good work but should be generating excitement." A cousin thought that the foundation should be: "(1) true to the founders, (2) relevant to current needs, (3) innovative and proactive, and (4) focused in several areas."
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> There was also significant interest in the role of the foundation relative to the family's leadership in the community and in the role of family participation in the foundation—"inculcating, reserving, and embodying values." A related comment was that the foundation "should find the common ground of the family's interests and pursue that agenda, avoiding pork-barrel philanthropy." Some expressed the opinion that the foundation's grantmaking style—responsive, non-bureaucratic—was also an important reflection of the founders' legacy.
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> Finally, the issue of the ultimate duration of the fund was raised. There was concern that generations down the line might be too diffuse or uninterested to keep the foundation going as a coherent entity. Should there be an anticipated lifespan or at least an opportunity for a "sunset" provision to be invoked at some future date if there were insufficient interest in the family to continue?

The Current Context of Philanthropy

The final section of the board retreat materials was a paper prepared by the executive director. It included a brief summary of the field of philanthropy, and in part read:

> Large foundations are not only few in number, they are also facing increasing demands on their resources from the nonprofit sector in the face of escalating social needs and the absence of adequate government support in areas such as education and human services. Many foundations have recently undertaken thorough reviews of their programs to assess how they can apply their resources strategically to have maximum impact in areas of critical social need.

The starting point for these reviews is typically an exploration of the founder's intent in establishing the foundation in question: his or her basic interests and values. Then the analysis moves forward to explore how grantmaking focused in specific areas can use the unique qualities of philanthropic dollars to the greatest effect. Often the outcome is a decision by the foundation to concentrate resources in a few selected areas and/or adopt a strategic approach aimed at transforming a segment of public sector activity.

The field of organized philanthropy as a whole is still relatively young. The growing body of literature about philanthropy, however, makes it increasingly clear that philanthropic resources are more valuable than ever and their wise use will be critical to the solutions of some of our most difficult social problems. The local environment mirrors the national context in many ways.

THE BOARD RETREAT

The board retreat materials were distributed well in advance of the weekend meeting, which was held at a small hotel in the country. In his introduction to the materials, the executive director referred back to the board's past interpretation of the donors' legacy and to board discussions of the evolving nature of the foundation. The board had developed a list of six general charitable principles and key values. While not the kind of donor legacy statement anticipated for this planned board retreat, these values had been embodied in program interests and in the actual grantmaking of the Current Foundation.

The executive director outlined in advance the key questions for the upcoming retreat:

Do you continue to believe that the following general statements of principle adequately embody the legacy of your parents?

- Concern for the quality of life in our community
- Concern for the disadvantaged in society
- Values of self-help and compassion
- A tradition of philanthropic behavior
- Support for specific institutions
- Commitment to the traditional interests and values of our parents and grandparents and an eagerness to express that legacy in innovative ways.

Are there additions or modifications you would make in carrying on or extending the legacy?

This session seeks to arrive at your common understanding of the legacy of the Current Foundation (or a clarification of different interpretations where they may exist) and to determine how that legacy may combine with your own visions about the future of the foundation. We will attempt to answer four key questions:

1) What is your consensus about the philanthropic legacy of your parents and grandparents?
2) Where do your interpretations of this legacy differ?
3) How do you view the specific role of support for the community in this legacy?
4) Taking into account both the legacy and the current context of philanthropic need, what is your vision of the Current Foundation for the future?

To answer these questions, we hope you will be willing to describe your personal interpretations of the legacy at the opening of this retreat. Based on your candid comments and the historical materials about your parents and grandparents presented to you, the discussion will then seek to place the Current Foundation in the present context. You will, for instance, be asked to determine whether a list of six existing guiding values and priorities of the foundation is agreed upon, whether there should be additions to the list, and what your consensual view is of the role of support for certain causes...

CONCLUSION

The board retreat was both difficult and rewarding. The executive director was especially pleased that both generations of the family board talked candidly about their common values and their diverse goals: "The conversation at this meeting was much more grounded in the history of the donor's impact on the foundation and much more personal." Several months later, the executive director and the board chair prepared a five page report that sought to summarize the common legacy that everyone agreed to while acknowledging points of tension:

> The board retreat of the Current Foundation took place in a wonderful setting. After two days, we [the executive director and board chair] can report that everyone seemed exhausted and energized, all at the same time. What we were able to accomplish should not be overshadowed by the unanswered questions and occasionally sharp disagreements. Based on your sense of the legacy left by our donors, your feeling about your own ongoing contributions to that legacy, and your convictions about where the Current Foundation should move in the future, a number of key decisions followed. We will summarize them in the following pages...

(This case study is based on the experiences of a real foundation. The name of the foundation and other details have been changed to protect the anonymity of the foundation and the individuals involved.)