



CHAPTER ONE

One day Alice came to a fork in the road and saw a Cheshire cat in a tree. Which road do I take? she asked. Where do you want to go? was his response. I don't know, Alice answered. Then, said the cat, it doesn't matter.

—Lewis Carroll

THE FUNDAMENTALS OF A MISSION AND GUIDELINES

Private philanthropy is a celebration of an individual's life. The values that permeate a private foundation's grantmaking are a direct infusion of the original donor's ideals, dreams, and passions.

An individual donor who decides to form a family foundation or set up a family fund is taking the plunge into a new world. This is one of the most exciting adventures in philanthropy — the birth of a unique charitable organization, unlike any other. To quote one family foundation trustee: "It is a time of enormous hope and possibility." The organization is ready for the founder or founders to mold it, to put their stamp on it, to shape it according to their ideals and passions; and everything is still possible.

The purpose of this manual is to help families accomplish their dreams and goals through the foundation's mission and guidelines. It focuses primarily on the mission, but also discusses guidelines, which are often (but not always) developed at the same time as the mission. The manual will also offer guidance to families whose organizations already have a mission and guidelines, but who need to make revisions because of changed circumstances.

THE INTERSECTION OF MISSION AND VALUES:

ARTICULATING VALUES THAT DRIVE FAMILY PHILANTHROPY

The mission of a family foundation or fund gives life and direction to the donor's values. It is the energizing and motivating force behind the organization. It provides the moral and ethical base from which the organization achieves its goals and objectives. The grants it gives will change over the years, but a concise and well-thought-out mission will remain a constant guide.

In defining the mission for a family philanthropy, the trustees and staff might ask themselves what originally motivated the donor to give to, let's say, the Boy or Girl Scouts. Was it about teaching children life skills, or enhancing their self-image — or was it simply a love of the outdoors? Did the donor give to the local church for a building fund or for outreach programs?

If the donor has passed away without articulating a specific mission it may be necessary to dig deeper to uncover the donor's values. Recently a charitable trust was formed upon the death of the donor, but the instructions in the will were hopelessly vague. Like detectives, the trustees looked for clues from the donor's life that could help them define the mission of the trust.

Lillian Berliawsky was the daughter of immigrants who settled in New York City around the turn of the century. As a child she found solace in the creative atmosphere of the settlement houses, which were nonprofit community centers in poor city neighborhoods, and it was there that she developed a love of music and the theater. When only a teenager, she, along with her sister, was obliged to leave school to find work. They became entrepreneurs, setting up a tiny storefront to sell sample handbags and shoes. She stayed in the retail business for the rest of her life and was successful enough to leave an estate in excess of a million dollars for philanthropy.

In her middle years she made her first foray into philanthropy, establishing a piano scholarship for young people in the rural state where she had relocated. She remained a "closet" philanthropist and had little contact with other philanthropic efforts in the region, which limited what she was able to accomplish in her lifetime.

The trustees of the Lillian M. Berliawsky Charitable Trust discovered in her life story three appropriate grantmaking themes. First was economic self-sufficiency for women and girls, a subject that informed her life. Second was the importance of bringing the arts to communities that do not have easy access to them, whether

poor neighborhoods in the city, or remote towns and villages in the country. And third was the need for creating a welcoming climate for philanthropists, no matter how modest. These themes provided them with the material with which to develop the mission of the trust.

LILLIAN M. BERLIAWSKY CHARITABLE TRUST

The mission of the Lillian M. Berliawsky Charitable Trust is to facilitate in the state of Maine access to the world of arts, in all its forms, by those individuals in rural parts of the state; to enable women and girls in the state of Maine the opportunity to become economically self-sufficient and entrepreneurial; and to promote the growth and reach of philanthropy in the state.

Those who direct and manage a family foundation or fund can use the donor's life and values as their compass — even when the foundation grows; the family disperses, or the needs of the community shift and change.

WHY DEVELOP A MISSION?

- ▶ **The mission clarifies what the family hopes to accomplish through their grantmaking, and in what areas it will make grants to get there.** All founding documents for charitable vehicles include some sort of statement of purpose; the actual term can vary from state to state. The law does not require a mission statement separate from this statement of purpose and many family philanthropies don't have one, especially in the formative years when the original donor is at the helm.

The mission does state the purpose of the foundation or fund, but it goes far beyond that basic function.

- ▶ **The mission helps the family set a course that transcends generations.** Older family members must ultimately hand over the torch to the young. Free and open conversations about the mission can give all the generations a chance to build upon the original donor's legacy, as well as express their hopes for the future and their vision for the family's philanthropy.
- ▶ **The mission enables the foundation to see where it is deviating from its expectations and goals so it can make course corrections.** By including several goals in the mission, the family foundation can act more strategically, building in

review of its goals in three or five years to see how far it has come, and whether it needs to revise its thinking.

- ▶ **The mission identifies gaps that the foundation or fund can fill.** Most family foundations are small, with assets of less than \$5 million. Taking time to think and talk about the mission can focus the family on applying their resources where they can do the most good.
- ▶ **The mission enables the organization to be more strategic.** For example, a mission can allow for grantmaking through collaboration and matching grants, thereby harnessing the power of larger organizations and compounding the impact of a family's grantmaking.
- ▶ **The mission ensures that the family members are truly in sync.** Family trustees sometimes think they're in agreement when they may not be. The discussion around the mission early on can reveal and help reconcile important philosophical differences.
- ▶ **The mission strengthens the role of the family in the foundation.** As family foundations grow and, sometimes, involve non-family members in the process, some families fear they will lose the family legacy and influence. By devising a clear mission, a family can assure that the foundation is headed in the direction that's right for them.

WHY DEVELOP GUIDELINES?

By describing the parameters of the fund's grantmaking — grantmaking areas, geographic focus, the nature of the grants, the kinds of organizations supported — guidelines perform a dual function:

- ▶ **The guidelines focus the family's grantmaking and their search for viable programs to support.** Carefully wrought guidelines are essential when it comes to evaluating proposals, conducting site visits, planning board meetings, or educating themselves in the areas the foundation funds.
- ▶ **The guidelines help prospective grantees target their proposals appropriately.** Making the guidelines as specific as possible shows respect and consideration for the nonprofits who are seeking grants. They can ensure that only appropriate proposals make their way to the foundation for consideration, saving time and expense for both foundation and nonprofit.

TOGETHER, MISSION AND GUIDELINES PUT A PUBLIC FACE ON THE FOUNDATION.

When an individual or family forms a foundation, those funds are dedicated to the public good. The charitable vehicle, through reporting requirements, is open to public view, and may play a visible philanthropic role in the community, the region, even sometimes the nation.

Therefore, a crucial role for mission and guidelines is to **establish the foundation's identity in the public mind**. Defining its mission and guidelines helps the family see its role in the universe of philanthropy. And it gets the foundation's message out to the philanthropic community, the media, and the public.

Moreover, mission and guidelines **show the community that the foundation sees itself as a public steward**. It's always a little risky for a foundation to "go public," to commit itself to a course of action and open itself up to scrutiny. But with a well-articulated mission and guidelines, it can position itself far more effectively in philanthropy and advocate more forcefully for the kind of change it envisions.

A trustee of the Lillian M. Berliawsky Charitable Trust agrees: "To some, the mission and guidelines may seem at first glance to be mere boilerplate. But they are much more. Without a well-thought-out and expressed set of directions, how would we know which direction we should take? If the goal of philanthropy is to create change, how is anyone going to know that's what we want to do if we don't say it? Mission and guidelines are a declaration — and an affirmation — of a positive course in an imperfect world. By putting them out there, we are taking a stand on behalf of a better future."

