

Laying the Foundation Part Three: Aligning your Vehicles with your Values

*A Fundamentals of Family Philanthropy webinar recorded on
April 8, 2025.*



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FAMILY PHILANTHROPY

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Featuring:



Khalilah Burt Gason
Song Foundation



Sharon Schneider
Integrated Capital Strategies



Roxanne Stachowski
Rockefeller Family Fund

Transcript of the *Fundamentals of Family Philanthropy* Webinar, Laying the Foundation Part Three: Aligning your Vehicles with your Values, Recorded on April 8, 2025

Britt Benavidez

Welcome everyone. My name is Britt Benavides. I'm the senior manager of programs at NCFP. I use she/her pronouns, and I'm a white and Latina woman with short brown hair pulled back. I have brown glasses and I'm wearing a black turtleneck. Thank you for joining us today for our monthly Fundamentals of Family Philanthropy webinar. This series provides guidance on the core tenets of effective family philanthropy for motivations and values to governance, grantmaking, and succession.

The series is designed to equip giving families with the latest information on evergreen topics in the donor lifecycle through practical takeaways and diverse family stories that illustrate important practices. Before we begin, let me briefly share about our webinar technology. We're using Zoom's webinar platform and your controls are located along the bottom of your screen if you're on a laptop. Closed captioning has been enabled, and you can turn captions on and off by clicking the caption CC icon at the bottom of your screen. We want this webinar to be interactive, so please submit questions for the panelists as they come to you. To ask a question, please use the box with the Q&A icon at the bottom of your screen, and if you wish to remain anonymous, please indicate that by checking the box to submit your question anonymously. As a reminder, this webinar is being recorded and a replay will be made available to all attendees.

If you experience any technical issues, please try reconnecting to the technology or email me for assistance. My email has been placed in the chat. And as always, you're welcome to chat with us on Twitter about today's webinar using the #ncfpweb. Today's program is Laying the Foundation Part Three: Aligning your Vehicles with your Values, and we'll feature a presentation followed by a panel discussion to help guide conversations on your family philanthropy's values and how to decide which structures will best enable you to meet your goals. Whether you're a newer philanthropy or seasoned or a family member or a staff member, we hope you'll leave today's webinar with insights you can apply to your work.

So our goals for today's program are that you understand the different vehicles available to you. Learn how your family's values and mission can guide your philanthropic structures and gain insights for how to think about change and evolution and impact while remaining grounded in your values. We have a poll here, so I'd love to get a sense of who is in the room so that we can best tailor our panel discussion. If you could please respond to these three questions. What is your role or affiliation with family philanthropy? What vehicles do you currently use? Check all that apply. If your vehicle is not on here, please list it in the chat and what are you hoping to learn during today's conversation? So I'll leave this panel up for a few more seconds.

Looks like a lot of family foundation, staff. We have some advisors, also some board members. Most of you are using a private foundation followed by donor-advised funds. All right, just a few more seconds and then I'll share the results here. All right, a really great mix. Thank you so much for answering our poll questions. Now I'm thrilled to introduce our panelists to you. So today we have Khalilah Burt Gaston, Executive Director of the Song Foundation, Sharon Schneider, Founder and Principal of Integrated Capital Strategies, and Roxanne Stachowski, Deputy Director of the Rockefeller Family Fund. I'll turn it

over to Sharon now for our opening presentation, followed by a conversation with Khalilah and Roxanne. Sharon, over to you.

Sharon Schneider

Thank you. Hi, everybody, great to be here. I'm Sharon Schneider. I'm a white woman with short red hair and green eyes, and I'm wearing a blue sweater. So jumping right into the content, I'm excited to share with you some research that I conducted with a colleague about six or seven years ago, right when LLCs were becoming onto the scene as a common or more common philanthropic vehicle. Next slide, please. And we're going to go through some of the findings of that research to set the stage for our conversation with our panelists. So part of the context was just this evolving approach for achieving impact. It used to be that the question was like, oh, okay, you have a foundation and you give grants, and that's all there was to it. It was a pretty straightforward idea of what philanthropy was or impact is the word I used to mean philanthropy plus, right?

Because philanthropy is sort of the IRS defines what is charitable deduction worthy, and so philanthropy can feel a little narrow as being the IRS's definition of charitable purpose where impact is sort of a broader term to mean it could or could not qualify for let's say 501(c)(3) status. So there's all these different entities in the mix now besides private foundation, right? DAFs, family office, LLCs, people starting public charities, people starting social enterprises. C4 has become really popular in the last couple of years as a compliment and a part of someone's overall set of entities. So rather than having one thing, it's becoming more like a collage of organizations all under the same umbrella. Next slide, please. So one of the first questions that I often work with clients and ask them about to understand is, well, what assets are we actually talking about that you're trying to get activated for your impact work?

So is it just a giving budget, sort of a 5% if it's a foundation or some other defined amount, and I like to call that money you're willing to part with, some of it might come back, but the point is not to come back. The point is to accomplish the mission. Is it the assets set aside for a charitable purpose, whether you spend them out or invest them like the endowment of a foundation or DAF balance? Is that something you're trying to activate for your impact purpose? For other of my clients, there's then the personal portfolio, which is not in any charitable vehicle, but they'd like it to be aligned with their values. And so is that a capital that we're trying to figure out how to get it aligned? And then again, some people have a kind of strictly business bucket that is outside of their impact intentions and is more about generating wealth without consideration.

But honestly, that is part of what is shrinking, the idea that there are some places where your values and your mission don't apply. So it's really been moving up through these assets over time from just that small percentage, which we tend to talk about it as 5% because that's the foundation requirement, right? 5% giving minimum distribution, but it actually, again, in a family's assets, since the foundation might only be or the charitable assets might only be 10% of the overall wealth, the giving budget is actually 0.5% of their overall wealth. And so it starts to look like, what else can I get activated in alignment with my mission or at least not working against it? Next slide.

So my colleague and I looked at why the founders of, we talked to 20 different hybrid organizations that were using multiple of these tools and entities, and we looked at why they chose those entities and how they linked them into operating models. And what I mean by the operating models, if you go to the next slide, is that we found that people could have the exact same entities, but they are organized and relate to each other in very different ways. So for example, if you look at where the leadership and the strategy sits, where does the staff sit? Where does the money actually sit? You might have one model where there's a family office or an LLC that is sort of the mothership, and that's where everything sits.

And then the entities, whether it's one or more DAFs of private foundation are sort of checkbooks that execute on the strategy or the mission defined, or you could find that they have really separate entities that each have their own strategy, their own staff that are quite separate from each other. So it was important to look at both the entities, but how they connect into a single organization. Next slide.

Okay, so what we found was 20 families, 20 family organizations, 20 totally different organizations, but we were able to extract the variables or the reasons that they had made the decisions that they did. And knowing that this is going to be different for everybody, then the approach we developed, and that I use still is to kind of work through how the family feels about these variables and then sort of rank them in importance. And what we had found primarily, one of our big findings from this research was that families were primarily getting tax advice, that when it came to setting up an entity, their advisors were sort of trained to the assumption that the most important thing was to save on taxes and to maximize wealth creation and preservation. And in reality, the family members themselves didn't put those things quite as high on the list that taxes might be on the list, but they didn't want it to constrain them.

And so it was really important to articulate these other variables because it would change what structures and how they linked to each other. So I'm going to briefly, briefly go through to explain what these are, but just want to point out that there is a white paper based on this research that we'll share with you afterwards that has a lot more detail, and I believe it's available on the NCFP website as well. So that white paper's called Structuring for Impact and you can find a lot more detail there. So let's kind of briefly go through the nine. Next slide, please. Okay, so the first one is what tools do you want to use? Again, going beyond grants, now investments, advocacy and lobbying, again, being seen as a much more important, but some people are quite uncomfortable with the idea of getting involved with advocacy.

Some people want to include business operations, they want to actually set up and run things, whether they are for-profit or non-profit, like operating programs. Other people are like, no, no, no, we don't want that kind of engagement. So the first question is which tools are you trying to actually use? Next slide, please.

This one I think is probably the most important in some ways. It is the philosophy for achieving impact. So again, we found that some funders might be using both grants and investments and maybe C4, but they had different strategies associated with each. So maybe their grant making was around early childhood, which they feel should not have a for-profit motive, should not be investments, it should be grant money because that's purely charitable. Whereas their environmental work was highly investable areas that could actually theoretically generate returns or they wanted to advance new technologies. And so there was a different strategy that was guiding that investment work. The idea of the integrated approach is to say, I have one overall strategy or one overall objective, and these are all tools that I can deploy in advancing that objective so they are aligned. In this case, what I often end up building out for clients now is sort of a due diligence process where the first question is if everything this idea is representing or this organization, if everything they're telling me is true, does this advance my strategy?

And if the answer is yes, then you go into due diligence, which is really saying, is everything they're telling me true? Do I have confidence in their ability to accomplish this? And if the answer to that is yes, then you ask the question, what's the best way to structure this particular transaction? Should it be an investment? Should it be a loan? Should it be a grant? Is this a new thing that needs to be stood up or is it a C4 contribution? So again, structure becomes the last question after you've decided to do it, rather than the first question saying, "I'm only looking for grants." So this becomes a really important differentiator, separate approach integrated. Next slide, please.

Again, taxes is on the list. So how do you feel about tax savings? Does everything need to be as much as possible using tax advantage dollars, which is going to affect whether you have an LLC, whether you have staffing that is in that LLC and you try to build the charitable entity or expenses that again, are paid

right out of a charitable entity using tax advantage dollars. But what I will say is that we've mostly found that for the family members, the founders, they don't actually want to be constrained tax advantage, by tax considerations. It's more important to them to have the flexibility and just the ability to do what they really want to do. And so it's important though to articulate this because advisors tend to assume that tax is really, really important and a driving factor. And so the process of articulating this and sharing it out to the advisors becomes just an important touchstone for the family. And if it is really important to them, great, you can make decisions accordingly. Next slide.

Again, a lot of entrepreneurs who I have worked with have control issues. They really want actual legal control, and there is a very wide range. You obviously have the most control with private entities like an LLC or family office legally. You can do kind of what you want within legal constraints, whereas let's say a donor-advised fund, once you put that money into a private foundation or a donor-advised fund, it does not belong to you anymore and you are subject to the policies and the board decisions of that entity. So some people say, "Okay, I'm okay with that." And other people are like, "No, no, no, I would never let a donor-advised fund tell me what I can and can't give to." Again, a private foundation still, you don't control personally, it's the board and it's the IRS and it has to be for what the IRS says is a charitable purpose. So it's sort of on a spectrum of control. And how important is that to the founder and the family. Next.

Similarly, this one is about privacy. And so are they trying to be anonymous, they want to be able to walk down the street and nobody knows who they are and they're just living their life totally anonymous? Do they want to actually be a brand? Do they want to create a public brand that is part of the strategy to be a good housekeeping seal of approval? So how they feel about privacy becomes really important because again, those charitable entities, the DAF, you can be very anonymous. The private foundation, there's a public tax return, right? C4s have a certain amount of public reporting. LLCs can be very private. So again, it's just one of the differences that should be considered. Next slide.

Okay, appetite for entity building. So again, the more that they want to be opportunistic, good causes, find things as they arise or someone tells them about it, the less staffing, the less infrastructure, the less expenses will be associated with administering that flight fee to extent that they want to have a fully-baked strategy, a staff, a professional staff conducting activities, doing due diligence, et cetera. Having expenses, having staffing, you have to have the appetite for building out that entity. So understanding is this going to be an organization fully formed with its own independent staff or is it more like a side project that someone in the family office will keep a Excel spreadsheet of the grants and their next installment date?

Next slide. Leveraging top talent. So part of that is about paying them. A big part of that is about paying them. And nonprofit entities have a lot more constraints about paying nonprofit level salaries, whereas for-profit entities have a lot more leeway in that. And then the question becomes, do they imagine the same staff handling both again through, if you have an integrated strategy, is that one team of staff that's handling all those transactions, whether they end up as grants, investments, loans, C4, et cetera. Or do you imagine separate staff handling the grants versus the investments? And so this ability though for people to work across many kinds of tools is again one of those constraints that you'd say if the staff sits in the foundation, the only things they can do have to meet IRS definition of charitable purpose.

So they can't work on C4 stuff if they're a full-time employee. So you could track their time, but they have to be employed by let's say an LLC. So a lot of times this, if this is really important, you have staff working across these tools. You put those staff in the family office, in an LLC, and then they might track their time and the LLC gets reimbursed accordingly by the foundation for time they spend on the foundation work by the C4 or not at all, frankly. Omidyar Network, at least at the years ago, used to just pay it out of their LLC non-tax advantaged dollars to give them the most flexibility and to avoid the idea

of somebody constantly questioning them about whether it was meeting the tax deductibility definition. So there's a lot to do here with the talents that you want to bring in, where you position them, what you want them to do, what you want to pay them. Next slide, please.

Conflicts of interest is when you're grant making in education and you're also investing in education maybe in EdTech for example, and selling into schools, and then you're giving grants to those schools. That's where questions of conflicts of interest of whether your grantmaking is supporting in some way you're investing can really become prominent. The thing is, it's not that hard to avoid legal conflicts of interest, and an attorney can help you structure things appropriately. That doesn't stop, however, an enterprising reporter from doing a story suggesting that you're doing something wrong and have a conflict of interest, and that's what we call headline risk. And so this one is really about what is the family's tolerance or level of comfort with headline risk? And if they have none again, then you're going to gravitate to a really separate approach or else manage that really carefully so that everything is done within the context only of a charitable entity. You don't mix LLC investments with foundation grantmaking and get close to each other if they're really worried about that. So understanding how they feel about and their tolerance for headline risk. Next one, last one.

Okay. Anticipation of evolution. So what we found is that a lot of these funders started out in one place and something changed. They wanted to add a focus area, they wanted to get into investing where previously they'd only done grantmaking or they want to get into C4 giving. But the biggest one is probably this idea of the change in the founder of family engagement. And this is something I call the internal mission. So if the external mission is what you're trying to accomplish in the world, the internal mission refers to what is the family trying to accomplish for the family? And it could be something like keeping us together, passing on values, respecting or honoring the legacy of the founders, right? But when it's first being set up, a lot of times that internal mission is not really articulated. It's sort of in the ether as we want it to keep our family together or something, but it's never really articulated.

And then as the generations kind of pass, that lack of articulation can mean that the internal mission and the external mission start to clash. But also one of the big reasons that it starts to clash in the beginning, many of the founders think that, well, this is just our thing, or they want it to be their causes, their passion, not necessarily a family engagement. So how they feel about is this intended to become a family foundation, maybe as your family grows, as your kids get older, as the generations indicate interest, or is this kind of you, you and your spouse, something that you want to do and frankly may then sunset, may transition to a more professional staff management versus we're really prioritizing the family engagement and our internal mission, and that again will affect the choice of tools and their intended lifespan spending policy, et cetera, et cetera.

So that was a really quick spin through our different factors and the process, as I mentioned, next slide, the process that we go through to work with families on this is to again, understand their preferences on each decision factor and then kind of prioritize them. Is privacy the most important thing or is taxes the most important thing? Or what is control? But prioritizing them and then that is what we use to kind of come up with what's the right model. So the white paper has more information on which vehicles have which kinds of advantages and disadvantages in these different decision factors, and always happy to be a resource. But the last thing I want to say before we pull in our panelists is it's really, really important for the family to, or the founders of these entities to once they've done this, share it with all of their advisors.

So their financial advisor, the investment advisor, the state planning advisor, these advisors in the absence of this information are going to give you advice that assumes taxes and protecting and preserving and maximizing your wealth is the number one goal. And everything else will be subject to

that. And so that is how we found a lot of times families don't know how to articulate something different and they don't quite realize the flavor of the advice that they're getting.

So that's kind of the process in a nutshell. And at this point, I would love to pull in our panelists to join me and discuss a little bit about their own structures with some targeted questions here. And then we will turn it over to all of you to bring questions. So as you have questions for us as we go along, you can put those in the Q&A, and we'll keep an eye on that. But first we're going to get to know a little bit about our panelists. So Roxanne, I'm going to start with you. If you can introduce yourself and your organization, including staff size, asset size, whatever you're comfortable with, what entities are part of your organization to kind of give us context about where you're coming from.

Roxanne Stachowski

Sure. Thank you. I'm so glad to be joining you today, and I took so many notes during that presentation that was so helpful. So I am Roxanne Stachowski, I'm the deputy director of the Rockefeller Family Fund. I use she/her pronouns, and I'm a white woman with straight brown hair and I'm wearing a pink floral shirt. So the Rockefeller Family Fund is a 501(c)(3) public charity, and I can talk more about what that particular structure implies for how we do our work a little bit later. Our mission is to launch and cultivate and fund strategic efforts to promote a sustainable, just, free, and participatory society. We have three main program areas, economic justice for women, environment, and democracy. We are a staff of about 17 or 18 people, and we typically manage about 30 to \$40 million in grant making per year through our endowment, our special project funds, and our donor-advised funds. And we have a related 501(c)(4) organization as well. And I can talk more about that as we get into the details.

Sharon Schneider

Excellent. Thank you. Khalilah.

Khalilah Burt Gaston

Hello everyone. My name is Khalilah Burt Gaston. I use she/her pronouns. I'm a Black woman with a bob that's curly today. I wear glasses and I have on a black and white sweater. I am the executive director of the Song Foundation. We were founded in 2019 and transitioned to non-family staff in 2022. I actually sit in our family office, and so we deploy a number of philanthropic vehicles including a foundation, and then the donors have a few DAFs as well. Collectively, we have about eight employees and three of those work primarily for the foundation. I myself have about a 70-30 split, which allows me some flexibility to support the family across a number of philanthropic and community initiatives. Our foundation size is a little under \$40 million, and then there's approximately 10 million in another DAF. And so every year collectively we give a little bit under \$4 million. We're located in Southeastern Michigan, I'm based in Detroit, and we truly have a regional strategy. And so that's a little bit about us. Thank you.

Sharon Schneider

Thank you both so much. I would love to start with asking a little bit about how you came to the configuration of entities. So what made you each select that? And if it has evolved, maybe tell us a little bit about the evolution. Roxanne.

Roxanne Stachowski

Sure. Well, I should first just mention that there are many Rockefeller philanthropies I saw that Lourdes from the David Rockefeller fund is joining us today. So I should give a shout-out to all the other entities.

There's the Rockefeller Brothers Fund and Rockefeller Philanthropy Advisors, and there's what individuals do in their different capacities. So just to be clear, I'm speaking only for the experience of the Rockefeller Family Fund. We are still a majority family board, although we do have three non-family members on the board now out of, I think it's 17 board members total. So I mentioned before that RFF is a 501(c)(3) public charity, but that was not always the way. We were founded in 1967 as a private foundation. But we changed our tax status in 1991, and I believe that we were the first philanthropy to make that change going from private foundation to public charity and I was not around in 1991 at the foundation.

But from what I understand, our leaders at the time made this change, this evolution, believing that it would enhance our ability to achieve our goals and to practice our values. So the values of creatively pushing philanthropic boundaries, of being willing to take risks, to pursue bold solutions, to lead the field of other philanthropies also seemed more possible with C3. And in practice, that means that we do still have an endowment out of which we give grants, but we also, our staff design our own programmatic strategies and that can involve hiring staff and consultants to achieve our goals. And it also allows us to partner with other oftentimes larger philanthropies who share similar goals. So we'll design and put together a program and approach other larger foundations, and they'll give us a grant and we'll work together to program their grant funds as well as our own from our endowment.

And of course as a C3, we also have greater flexibility to support lobbying and advocacy, which I think is one of the primary reasons that we made the change. So different institutions use different standards, but we take what is called the H election, and that allows us with the size of our budget to spend up to about a million dollars on lobbying activities per year. And we can do that either through making lobbying specific or earmarked grants to other organizations where we specifically say you can use this entire grant for lobbying, but it can also be our staff directly engaging on lobbying themselves. Just this week I'm working on getting one of our staff people registered to lobby in New Jersey or also hiring consultants who are permitted to lobby. And then about 10 years ago, the evolution continued when we formed a sister C4 organization.

Probably at the beginning of that phase, Sharon, when you were saying that it was becoming popular and in vogue to start a C4, maybe we were sort of at the beginning of that. So we started a C4 organization that's called the Tioga Fund. It's completely separate organization with a separate board, but we have a shared services agreement between the Rockefeller Family Fund and the Tioga Fund to provide staffing support. And the Tioga Fund is able to conduct unlimited lobbying and also to engage in some limited amount of political activity, again, providing more opportunities to achieve our programmatic goals. And then the last thing I'll say is that in my personal capacity, completely separate from those other institutions I mentioned a couple of years ago, I started working with individual members of the family on their political giving, which is just yet another tool to have impact on their goals. I can talk more about that in Q&A or offline, but those are the Rockefeller Family Fund and the Tioga Fund were the two main structures that I wanted to share.

Sharon Schneider

Thank you. Over to you.

Khalilah Burt Gaston

Yeah, I'll jump in next. So I have the pleasure of being the first employee that was hired in to work with the family about three and a half years ago. While I had experience in philanthropy coming from a large independent foundation, this was my first opportunity to work in family philanthropy. And so I enjoyed it initially and still do, but I was like, "Who are all of these people?" So it was a lot of advisors and a lot of

consultants and a lot of projects. And I started to call them the constellation of partners, and we brought in a consultant to really try to, I would say, delineate between the foundation and some of the donor advice funds. But then I started to really inquire to the partners and said, "What are your pain points in really working with the founders?" And they said they just really need staff.

Is there any way that they can build out more of a formal family office? And so six months into my tenure as the executive director of the foundation, we ended up building out a family office structure and then were advised to really move foundation employees to the family office in order to really enable maximum flexibility, I think, with some of their advocacy work. And also just in recognition that at the time we were very lean and we were a startup ourselves. The husband is a former tech entrepreneur, and so for him it's all about the lean startup. But over the past six to nine months, the family office has staffed up tremendously. And so most of the hiring recently has been on the family office side. So we are probably in the norming stage of our organizational development, really trying to understand how do we each support the overall mission and the vision for the family, but also try to hire with an eye toward a little bit more specialization.

My peer in the work is on the call today who is the chief of staff for the family office. And so I invited her here today once I saw Sharon's slide deck because I was like, "This is our life," right? Really as a startup trying to figure it out. And really, I would say helping the family who are first gen figure out what they want their work to be. They are living founders and decided early on that they do not want their family involved in the foundation. So that includes their children, their parents, their siblings, and we have transitioned within the past three to six months to bring on community trustees. And so they will still be life directors, but the governance of the foundation is shifting toward them being in the minority and us having more participation from local community leaders, which I do think makes them a little bit unique in their goals and in their approaches.

And I know Sharon mentioned earlier some of the tax advisors that question about no family involvement has been revisited so many times and people keep saying to them, "Are you sure? Are you sure you don't want your children involved? Are you sure you don't want your siblings involved?" And they continue to double down on that. That that is not their vision for the work. Their children are very active in other ways and want to give them the opportunity to really grow without any sort of perceived burden of trying to interpret years later what their parents would be wanting them to do with the foundation.

Sharon Schneider

And I am seeing that more where people want the foundation they first set up to be that external mission oriented entity with a kind of clear undiluted, let's say, mission. And so it's another reason people often set up a donor advice fund or a second or third entity is like, look, let's do your personal giving here, your discretionary giving so that the main entity or constellation of entities stays clean, if you know what I mean. It stays focused and clean on one thing. And so they might also just leave their children more money and say like, "Look, you can do what you want with your own philanthropic giving from what you're receiving. This is dedicated to the things that we have articulated." Roxanne, I'm curious about the kind of internal mission aspects for you as the evolution has also sort of similarly moved away from family focused, let's say unity goals to really focus on the external. Has that been challenging or anything you can kind of share with us about what the family's thought process was there?

Roxanne Stachowski

Well, it's interesting to hear you say that because I think that even with the sort of slow changes over time, of opening up to non-family engagement, I think there's still a very strong commitment to what we refer to as a generational legacy and the sort of wanting to pass on the value within the family writ large of being a vanguard or being on the cutting edge of philanthropy overall. It's a family that sort of started the modern philanthropic system in America, and I think there's a commitment to trying to push that boundary sometimes, at least there is at the family fund. And I think that goes back to its establishment.

When the family fund was established in the late '60s, it wasn't founded by these people, but it sort of became a place for the children of the brother's generation. It became their philanthropic home where they sort of learned how to be a board member and how to engage in using the tools of philanthropy to achieve their goals. And that generation just had a more sort of social welfare oriented philosophy, and they saw the institution of the family fund as the place where they could practice that approach. So when you were talking about the anticipation of evolution, that really resonated with the story that I have been told about the family fund and how we came to be the type of institution that we are. It was because that was sort of the value from the very early days of being committed to evolution.

Sharon Schneider

Yeah, and I would love for you, you promised this earlier to talk a little bit about setting up a C4, and again, as I've seen increasing interest from families in doing C4 giving, there's often a question of should we just write checks to other people's C4s directly to the people doing the work or should we form our own C4 and would love thoughts on why you decided to actually create a C4 of your own and what advantages that has?

Roxanne Stachowski

Yeah, I think that another value, at least at the family fund is a real commitment to a staff-driven approach because we are now on the fifth and sixth generation of the family. And so it's a very different situation from Khalilah's where she's working with the first generation of the family. So I think that over time there has always been this sort of staff-driven commitment. And so the decision to set up a C4 was a staff-driven consideration that there was a conversation brought up that was like, look, we're limited in the impact that we can have just with using the resources that the Rockefeller Family Fund and the staff will have more flexibility to participate in external conversations if they have the ability to consider part of their time as being done for the C4 as opposed to for the C3.

So I think it was really going back to the mission and programmatic goals of the family fund that drove the decision to start a C4 so that we could have more impact on achieving those program goals. And I think it's sort of interesting now with some of the individuals that I work with where they're really starting, Sharon, from the place of just totally absent the text consideration or things like that, totally focused on desire for impact and really wanting to consider that first before structure. And so I do, like I said before, I do work with a group of them that have sort of banded together and are working collaboratively, but doing individual political contributions, but knowing that they're doing it sort of together in a group.

Sharon Schneider

That's one of the other situations that I've seen where the reason that I'm thinking of one family in particular, the reason they started an actual C4 entity instead of just donating to C4s was so that that C4 could have staff and they could contribute from multiple players. So in other words, there were three different family members that wanted to do that all put money into a C4 which then could pay, the staff,

could pay expenses, could issue single contributions rather than the three of them making separate. So I think that desire to kind of do it together might be one reason to actually form an entity as well.

Roxanne Stachowski

Yes, well said. That is more eloquent than what I was trying to get at. But yes, I think the desire for collaboration is strong and the desire to leverage each other's contributions, having the ability to co-fund a staff person or an advisor or something like that instead of each person going out and getting their own political advisor to tell them how to do that work.

Sharon Schneider

We only have one question at this point, and so I'm going to ask from our people joining us. So anybody else has a question, please do put it in the Q&A section. But given that we only have one right now, before we get to that, I'm going to ask you one more question, which is about the dark side of having a complicated constellation of entities, which is on two fronts. One of them is it can be quite confusing to potential funding recipients to understand the constellation and how are you dealing with that as a brand matter, as a clarity to your partners.

But it can also be quite challenging internally as an operational matter that if you need to report on the education funding area and what gifts you've given, but they've gone out of four different entities and rolling that up is a very manual process or deciding what gets funded out of where, because managing this one has a distribution requirement, this one doesn't. There's a lot that goes into the operational side that can be quite complicated when there's multiple entities. So would love for you to comment on some of the ways you've navigated those complexity challenges that come along with having more than one entity.

Khalilah Burt Gaston

Well, I think it's important to one, have grace. Grace for your peers, grace for yourself, and then also have a conversation about just the level of transparency that you want with external partners and try to work through it in real time. So I have had to acknowledge that I have a little bit of privilege as the first employee, so everything makes sense to me and how we're structured and why we're structured. But as we started to hire new staff, it occurred to me that they needed more transparency not only to the structures that exist, but why the organizations and entities are structured this way. And some of that does have to do with IRS regulations, other considerations also have to do with that anonymity and where the family is related to some of their other giving. I think externally we do, we are at a place within our local region where people do have a lot of questions for us and are communicating that they are confused in addition to a lot of the work that we do through the foundation and advocacy work.

My board chair is an active angel investor within the tech ecosystem. And so we receive a number of inquiries from startups, from VCs who are like, "Oh, well, why can't we also get a grant if he has made an investment in our company?" And so we've had to be very diligent in explaining to people the reasons behind some of the decision-making. And I would say most recently I have tried to shift a little bit of where I spend my time because I recognize that if I'm visible in certain spaces to the degree that he is, the confusion actually increases. So in the tech space, while we do have a portfolio where there's alignment, we focus on inclusion in the tech space and then out of the family office side, that's also a shared value. However, when we're in public, sometimes it means that maybe I'm not there to represent, maybe it's just the family office that's the lead or vice versa.

Maybe it's an event where the foundation just shows up and we don't have family office representatives. And so we've been more, as of late, more thoughtful and I think have had more

conversations about externally, how people perceive our work. The, I would say, language around wealth or the structures of wealth isn't something that the average community member has a lot of accessibility to. They want to know what is the most expedient way to get the resources that I need. And so we try to hold that value and also just try to be very, very transparent about what is the motivation for the partnership and what is the motivation for the work that we're doing with you as a potential partner.

Roxanne Stachowski

Yeah, I would say external confusion is just something we have to navigate daily given the name of our organization and the number of similar sounding entities out there. And so I think we're just well-practiced in having to explain who we are and what we represent regularly. I think the part of your question, Sharon, that I acknowledge is a daily challenge for us, it's just legal compliance, especially as the C3 that engages in lobbying. We have to work very closely with our program teams to determine what is and isn't appropriate for RFF and what maybe they should consider is a better project for the Tioga Fund, especially when we're working at the state level.

Every state has its own different set of rules around lobbying and registration and things like that. So we're hosting frequent trainings for our staff who then also sometimes have to have a conversation with grantees to educate them about where our lines are, because I think it's important to note that there's what the law says, but then there's also the policies that an organization adopts for itself internally in partnership with their council for what makes the most sense for that organization. A lot of this is not black and white, it's very specific to each organization's risk tolerance level and best practices. And I feel like a lot of time is spent just sort of communicating out our own, like where we draw the lines based on what we feel comfortable with.

Sharon Schneider

Yeah.

Khalilah Burt Gaston

I love that, Roxanne, because it's individual to the risk profile. Sometimes I'll have peers say to me, "Oh, you're so lucky because you work with a family that has pretty much a high risk tolerance." I'm like, "Well, it's great, and we get to be very flexible," but at the same time as the executive director, I have to be thinking about the compliance and sometimes saying to the board, let's slow down here until we have the right structure in place. We are setting up our first kind of impact investing program and definitely needed to make sure that we had the structure before we started making investments, especially those that may be done in concert with the family office. So I have learned so much just in the three and a half years that I've been in this role and it's liable to change in a couple of months. And so I love the example, Roxanne, of just the evolution of the work. It's really important.

Sharon Schneider

I'll give one more example of evolution and then we'll take our question here, but I worked with a family that had originally one large foundation that it was their family name. They governed it together, they picked the program areas together. It was intended to be the legacy foundation for the family, but as they got into the third generation, the individual family members were interested in, they had some discretionary giving that they could do through the single private foundation. So everybody took 20% of the budget of the overall grant making budget. 20% of that was then divided between the family members that they could do for discretion. And over time, not only did that amount grow as the

foundation's endowment grew, but their interest became increasingly diverse. And not only were they diverse, but in some cases they were the opposite sides of the same issue.

And at that point we had to develop sort of a policy, and I ended up recommending that they just move the discretionary giving out of the foundation because there was enough confusion, there was enough... And so some of them wanted to set up their own foundation and that was fine, and some wanted to set up a donor-advised fund, but then we went through the same process with them to decide what entity that they should set up for their own giving, because again, their needs were quite different and it was almost like starting over again. So we find that as you get into a subsequent generations and there's more money and there's more people and their interests are diverged, it really, it's worth revisiting some of the assumptions that were in that first generation that maybe weren't even articulated, but were kind of built into the structure from the beginning because life changes, people move away.

That's another big one of evolution is nobody lives in the town anymore. So, okay, I'm going to grab our question here, which I'm so glad you asked this, Anu, because it was the same question I had when Roxanne was describing that they are 501(c)(3) public charity, which requires the public support test or requires... So the question of are you fundraising, how are you meeting that and knowing you had to do that, what was the why not a private operating foundation, for example?

Roxanne Stachowski

Yeah. Yes, yes. So the public support test is a complicated math formula that our accounting team helps us with. We recently had one single large contribution that required me to dig in more than I normally do on whether we were going to have a challenge with our public support test because you have to bring in outside sources of funding and it has to be diverse, and there's a certain formula to figure out that, and it's over a five-year period of time. But yes, we raise funds from other foundations normally, typically through partnerships on specific programs, not general support. It's usually for very targeted reasons. I do not know for sure, but I am guessing that the way that we met it in the early days was also through contributions from individual family members.

Individual family members still do make contributions that are a significant part of our unrestricted budget, but that has become a smaller portion compared to what we get from other foundations. And I can't really speak to why we didn't consider the private operating foundation model, but I'll say that I know part of your question was about expenditure responsibility grants. We still have to make expenditure responsibility grants sometimes, depending on if we're giving to a C4, but only to... As a C3, we can give grants to C4s, but we have to exercise expenditure responsibility to ensure that they're only using those funds for the social welfare portion of their work.

Sharon Schneider

Yeah, those foundations giving to you don't have to exercise expenditure responsibilities where they would if you were a private foundation.

Roxanne Stachowski

That's right. That's right.

Sharon Schneider

That is an advantage.

Roxanne Stachowski

That's right. And different grants that we take in have different restrictions based on their level of risk tolerance and things like that. So, yeah.

Sharon Schneider

Wonderful. Thank you both so much. This has been a great conversation, just the tip of the iceberg. And like I said, there'll be resources shared back out. I'll turn it back over to Britt and NCFP to close this out.

Britt Benavidez

Thanks so much. Sharon and Khalilah, I saw you nodding along with Roxanne. So any final words you wanted to share with everyone?

Khalilah Burt Gaston

I would just say, I think, again, depending on where you are in the lifecycle of your organization and knowing that there's always an opportunity to pivot or to evolve is really exciting. And so I was reflecting on that like, oh wow, there may be different structures that we can use or can create in this initial phase of our startup.

Britt Benavidez

Fantastic. Thank you so much. Thank you all. Thank you Sharon, Khalilah, Roxanne, for sharing your knowledge and your expertise with us. We're so grateful for your time and I would be remiss to not congratulate you, Khalilah, on your NCFP fellowship, so stay tuned to learn more from her and her work. I'm going to launch another poll here just to keep us honest and make sure that we met our goals today. We're so glad that you all joined us. Jen, if we could bring the slides up for some quick announcements here. We recently released our trends in Family Philanthropy 2025 report. So if you have not downloaded yet or thumbed through it, this is our third national benchmark survey of family foundations that we release every five years. It includes data on asset sizes, payout rates, grantmaking, family dynamics, and much, much more. So you can download the full report on our website.

I've also put our survey link in the chat if you would like to share any feedback with us on today's program. So just some really quick announcements about our upcoming programs. We've taken your feedback on past ones and have developed a really exciting lineup for the fundamental series this year. Next month's webinar is in partnership with the Disability and Philanthropy Forum. We will be talking about funding equity, disability inclusion, and grantmaking. Very excited for that conversation. And then in June, we will have a community conversation, which is a webinar open to the field. So please share it far and wide. And it features NCFP fellow, Dimple Abichandani, in a conversation with our CEO Nick Tedesco. That webinar is called A Philanthropy for Our Times: Reimagining Purpose and Practice in a New Era. And we'll provide some really practical takeaways for meeting the moment that we're currently in.

So the full series can be on our website. We hope you'll continue joining us the second Tuesday of every month. In addition to our webinars and other programs, we're pleased to offer a range of our peer networks for those interested in connecting to family philanthropy, colleagues with similar objectives, challenges, and shared experiences. You can find out more about all of those on our website and always email us for more information. And thank you everyone again for joining us. A reminder that the recording and related resources, Sharon literally wrote the paper on this that will be sent out in the resource list. So we'll send all that out by the end of the week and remember to join us on May 13th for our next webinar. Take care and see you soon.