

Navigating Governance in Family Foundation Boards

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Overview

- Context of 2 overlapping systems
- Refresher on key governance duties and responsibilities
- Common family foundation governance challenges
- 3 promising practices
- Discussion

2 Overlapping Systems Family & Governance

Family

- An emotional unit or system made up of a set of people related by blood or intention.

Governance

- The system by which organizations are directed and controlled.

Presents both challenges and opportunities

What hat are you wearing?

Family Hat



Governance Hat



3 Duties of Board Members

Individual Board Members

1. Duty of care/diligence
 1. Reasonable person
2. Duty of loyalty (fiduciary)
 1. Conflict of interest
3. Duty of obedience
 1. Mission and purpose

4 Key Governance Responsibilities

The Foundation Board

1. Strategy
2. Investments
3. Administration
4. Grant-making

Role of the Board #1

Strategy

Set organizational direction

- Vision, mission, values
- Strategic directions, plan
- Foundation culture

Board function

- Processes (must have/nice to have)
- Evaluation and effectiveness

Role of the Board #2

Investments

- Protection of assets for ‘public benefit’
- Investment policy
- Investment committee

Role of the Board #3

Grant-making

- Distribution of income to qualified donees
- Clear criteria and processes
- Defensible grant-making

Role of the Board #4

Administration

- Legal and regulatory compliance
- Government filings, and records management
- Oversight of staff (if applicable)
 - Note- you can delegate authority but not responsibility

Common Governance Challenges in Family Foundations

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Common Challenges

1. Building the governance framework and board education
2. Family dynamics and social pressures
3. Having and using your voice

#1 Building the governance framework and board education

- Prioritize governance elements
 - Outline all elements of the governance structure you want
 - Prioritize – what now, what later, what over time
 - Put the “NOW’s” into place
- Increase board education as governance grows more sophisticated

#2 Family dynamics and social pressures

- Duties of care, loyalty and diligence supercede family
- Use governance to help navigate pressures from each other, as well as friends/colleagues/ organizations
- Take professional approach; emphasize strong governance and acting “by the book”

#3 Having and using your voice

- Duties of care, loyalty and diligence require you to ‘speak up’ and do so independently
- Find your voice at the table
- Invest in training, education and support
- Awareness

3 Promising Practices

1. Schedule governance orientation, and director education/training
 - Roles and responsibilities, code of conduct, COI

3 Promising Practices

2. Develop and table a governance check-list showing your foundation's status; prioritize outstanding items with a schedule for completion
 - See pg 24 of the PFC Governance Good Guide

3 Promising Practices

3. Model a professional organization with professional practices
 - Commit to good processes
 - Consider legal, tax and reputational implications

Resources

Good Governance: A Guide for Directors of Canadian Foundations (2014), Philanthropic Foundations Canada.

<http://pfc.ca/wp-content/uploads/2014/07/pfc-governance-guide-rev2014-full-en.pdf>

National Center for Family Philanthropy

<https://www.ncfp.org/topics/governance.html>

BoardSource.org