

Values-Aligned Philanthropy: Discussing Responsible Giving with Donors

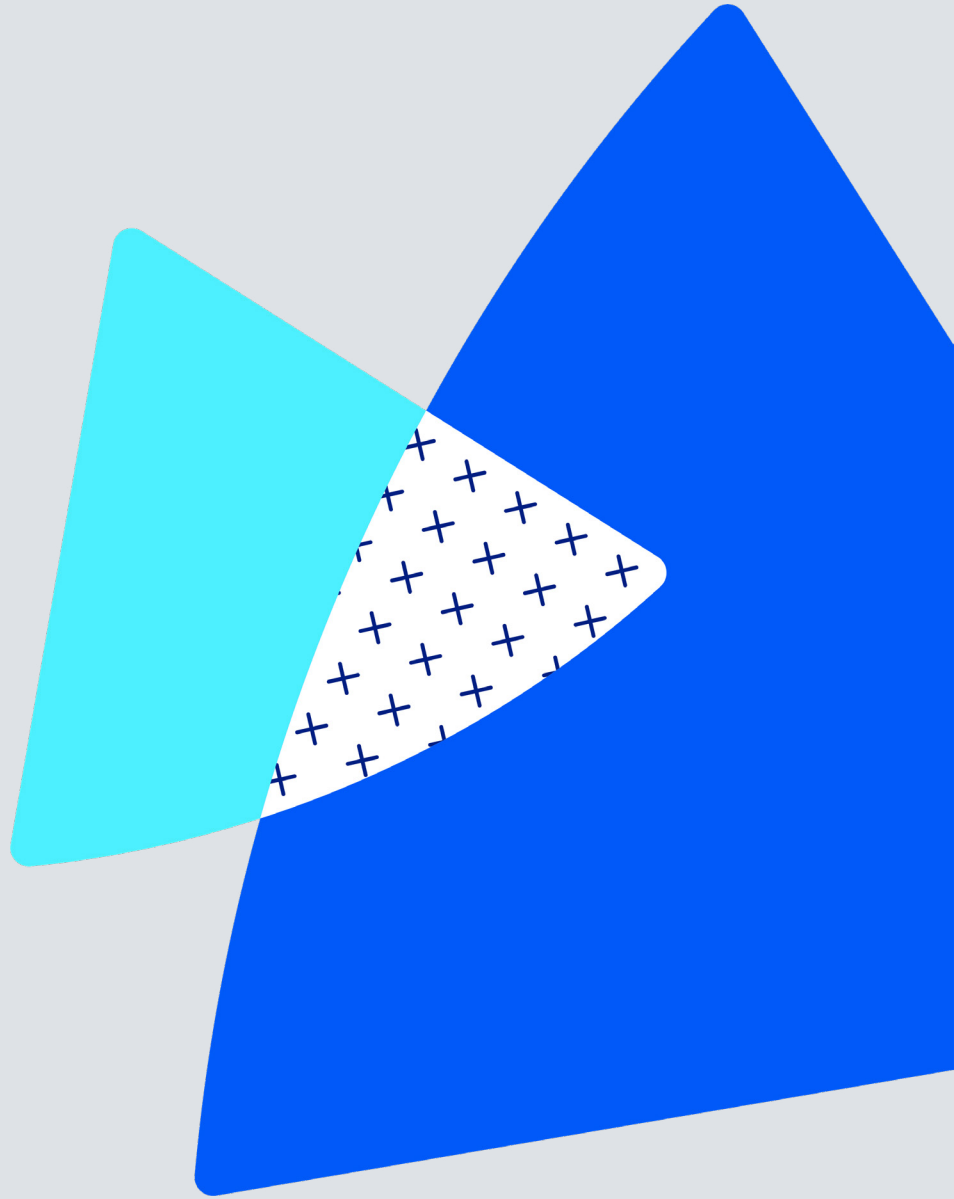
Introduction

Philanthropy has a responsibility to ensure charitable dollars do not support hate, extremism, or violence. The Council on Foundations' Values-Aligned Philanthropy initiative provides numerous tools to support foundations as they create policies addressing this critical issue, including:

- A [white paper](#), which features a landscape scan and case studies of philanthropy's efforts to combat hate.
- A [peer learning circle](#) for community foundation staff.
- An [online resource hub](#) with links to additional resources such as:
 - step-by-step guides,
 - sample policy documents.
- A [board discussion guide](#) to help ensure your board is committed to this process, and more.

Being proactive is essential. Implementing a values-aligned philanthropic policy provides clear guidance when concerns arise and reduces the risk of funding organizations that conflict with your values. Additionally, a clear policy communicates to donors, staff, partners, and the broader community that your organization will not support organizations that foment hate, extremism, or violence.

Foundation leaders who have adopted values-aligned policies emphasize the importance of ensuring all stakeholders understand both the policy and reasons for its creation. This guide compiles insights, tips, and advice from the field to aid your own efforts in navigating this topic with donors and addressing their concerns.



Contents

This toolkit helps community foundation professionals communicate to donors the importance of values-aligned grantmaking policies and guidelines while addressing organizational concerns.

DEVELOPING A POLICY TAILORED TO YOUR COMMUNITY	03
NOTIFYING DONORS	04
DENYING A GRANT	05

Developing a Policy Tailored to Your Community

Community foundations that we spoke to emphasized that flexibility and clarity are essential for any policy. They recommend having an external-facing policy supported by internal procedures. We advise that you:

- **Clarify the "why":** Your donor-facing documents should clearly outline the values driving your policy. Rather than focusing on what you will not fund, connect your policy to the values that informed its creation.
- **Maintain flexibility:** Your policy should allow for adaptation to changing landscapes. No single resource or external list of hate groups should be the sole basis for your policy.
- **Choose language thoughtfully:** You know your donors and nonprofit partners best – ensure your policy uses language that resonates with your audience.
 - Different community foundations use various names for their policies. Some explicitly label their objectives as anti-hate or anti-harm; others may update their grantmaking or due diligence policies instead.
 - For some foundations, a policy that addresses hate and extremism might not resonate as strongly as one emphasizing inclusivity, belonging, and public safety.

DEVELOPING A VALUES-ALIGNED PHILANTHROPY POLICY

The Council has [published](#) a toolkit to guide community foundations in developing and implementing values-aligned grantmaking policies. In it, we recommend following these steps:

- **Lay the groundwork:** Ensure your staff and board understands the importance of the issue at hand and how it impacts both your foundation and the broader philanthropic sector.
- **Define your values:** Collaborate internally to identify a set of values related to hate-funding. These may include freedom of expression; diversity, equity, and inclusion; and/or others.
- **Create and adopt your policy:** Determine the scope and type of policy that will guide your grantmaking.
- **Communicate your policy:** Inform your donors about changes to your grantmaking policy. Consider any additional external communications needed.
- **Implement your policy:** While it's rare for grants to be flagged under most anti-hate policies, consistently apply your standards if an issue arises.



Notifying Donors

Community foundations should establish a procedure for informing donors about their policy at the outset of its adoption – proactive communication to all stakeholders can prevent many issues before they arise. Consider also sharing the rationale behind the development of the policy with your donor community – was there a specific incident that prompted the policy? What changed?

Framing is crucial. Instead of stating that you will refuse to fund certain issues, emphasize that you are clarifying your organization's values and aligning your work, including grantmaking, to reflect the values of the donors themselves. Present the new policy and procedures positively, perhaps as an updated practice to better align with the field or a function of enhanced due diligence.

Approaches to informing donors about the policy vary but can include:

- Including policy changes in your annual report or other regular communications.
- Sending an announcement to all donors when the policy is finalized to inform them about the enhanced due diligence process.
- Updating donors individually as you communicate with them about their funds.

Additionally, when donors open a fund at your community foundation, ensure that a values-aligned policy is included in the documents they receive.

Ultimately, transparency is the best policy. This procedure represents an additional service your staff provides, and most donors will appreciate your proactive approach.



Denying a Grant

Sometimes, the hardest thing to do is tell a donor “no.” You may feel like you’re denying their free speech, but this is a common misconception: once donors make a contribution to a donor-advised fund they transfer ownership of those funds to the DAF-sponsoring organization. Or you might worry that a donor will move their funds or cease working with you. However, developing a values-aligned policy means standing firm in your decision.

It’s important to note that negative reactions occur infrequently – the community foundations we consulted for this guide reported only a handful of incidents. Still, to prepare your organization, understand the who, what, why, when, and how of informing a donor that you are denying a grant – and ensure you have a strong rationale.

- **Who:** Choose the best person to speak with a donor who has recommended a grant that was denied. For many, the donor services staff member they know best will be the most effective communicator. However, for some donors, a senior leader, such as the CEO or a board member, may be most appropriate. Consider both the donor’s profile and their potential reaction.
- **What:** The language you use to communicate your denial to a donor is crucial and should be

influenced by the design of your policy. Your message can also present alternatives to the initial grant recommendation that honor the spirit of the request without violating your policy.

- **When:** Transparency is key. Your donors should be aware that a grant may be denied if it conflicts with your policy. When a grant is flagged, notify the donor promptly and keep them informed as the process moves forward.
- **How:** Emphasize the shared values between your foundation, your donors, and your community, focusing on your commitment to community service. Consider the most effective way to communicate: For many donors, an email may not suffice; a phone call or in-person meeting might be more appropriate.

Grounding your procedure in a clear “why”

All conversations about denying a grant should reference your policy. The language in your policy should be clear yet flexible, allowing for adjustments to the nonprofit landscape while clearly stating that you will not fund organizations that do not align with your values.



BUILDING A STRONG “HOW”

Having a framework for these conversations is essential. One community foundation we talked to uses the following approach:

- Provide the fund advisor with a copy of the policy and inform them that a specific grant recommendation will be reviewed.
- After the review, if you decide to deny the grant, explain to the donor why the grant recommendation violates the policy. Focus on the rationale rather than emphasizing the process itself.
- If the donor disputes the denial, consider escalating the conversation to the CEO or board level.
- If possible, redirect the donor to organizations that align with their philanthropic goals without violating your policy.
- If the donor remains dissatisfied, assist them to close their fund(s).

We value your partnership.

The Council on Foundations commends your commitment to addressing this important issue. We understand it's not easy, but we're here to support your efforts to prevent the funding of hate and extremism.

We hope this toolkit has been a valuable resource and encourage you to visit our Values-Aligned Philanthropy Resource Guide for more information. If you can't find what you need, contact us at govt@cof.org and we'll do our best to assist.

We welcome your feedback and questions and encourage you to explore all Council resources, events, and publications related to Values-Aligned Philanthropy on our [website](#).