



THE CENTER
FOR EFFECTIVE
PHILANTHROPY

Sharing What Matters

Foundation Transparency



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MISSION

To provide data and create insight so philanthropic funders can better define, assess, and improve their effectiveness—and, as a result, their intended impact.

ACKNOWLEDGMENTS

We are very appreciative of the support that made this work possible. Special thanks are due to Fund for Shared Insight, which provided significant funding for this research. Our full list of funders can be found at the end of this report.



We are grateful to Lindsay Louie, Kathy Reich, Sarah Stachowiak, Melinda Tuan, and Fay Twersky for providing feedback on a draft of the survey used for this research. We are also grateful to Jacky Alling, Elizabeth Christopherson, Simon Delekta, Peter Dunn, Jeff Kutash, Lindsay Louie, Dick Ober, Jennifer Oldham, Hilary Pennington, Bob Reid, Fay Twersky, and John Tyler for providing feedback on an earlier draft of this report.

The authors would also like to thank CEP's President, Phil Buchanan, for his contributions to this research, as well as CEP's Art Director, Sara Dubois, for her design of the report.

This research is based on CEP's independent data analyses, and CEP is solely responsible for its content. The report does not necessarily reflect the individual views of the funders, advisers, or others mentioned in this report.

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It's clear from our research that foundation transparency matters, both to foundation leaders and to grantees.



Foundation
investments



EXECUTIVE SUMMARY

Transparency has become a buzzword in our society, but, in philanthropy, it's not always clear who the audiences for information are—or what is meant, exactly, by the word.

The Center for Effective Philanthropy (CEP) examined the perspectives of foundation CEOs and learned that there is much agreement on the audiences for their transparency efforts. Foundation CEOs also agree about what they believe is the most important information to share with those audiences.

Foundation CEOs' views on transparency, which largely match those of grantees, focus on the substance of their work, as opposed to financial disclosures or governance practices. However, foundation practice lags behind CEOs' beliefs, especially in the area of sharing information about what works.

We drew these conclusions from analyses of surveys of **145 independent and community foundation CEOs**, a review of more than **70 foundation websites**, and surveys of more than **15,000 grantees**.

Three profiles included in the report—Baptist Healing Trust, Central New York Community Foundation, and an anonymous foundation—provide a more in-depth look into what guides how transparent a foundation chooses to be, and what it means in day-to-day practice to be transparent. All three profiles point to the values of a foundation's leaders as a key determining factor.

It's clear from our research that foundation transparency matters, both to foundation leaders and to grantees. Yet, in some areas, there is significant room for improvement in the degree to which foundations' practices match the beliefs of their leaders about what is important to increase foundation effectiveness.

Key Findings

- 1** Foundation CEOs see grantees and potential grantees as the primary audiences for their transparency efforts. For community foundations, donors are also a key audience.
- 2** Both foundation and nonprofit CEOs tie transparency to the substantive work of foundations and describe it as representing the values of clarity, openness, and honesty.
- 3** Foundations are most transparent about their grantmaking processes and their goals and strategies.
- 4** Foundations are less transparent when it comes to sharing how they assess their performance or their lessons learned, despite their belief that it would be beneficial to do so.

What the foundation
is achieving



Experiences with
what has not worked





INTRODUCTION

Transparency is much discussed across sectors, with demands for—and promises of—more openness on the part of federal and local governments, corporations, and nonprofits.

Foundations have more latitude than most other institutions to decide what to share publicly beyond government requirements. Yet, transparency has been a topic of much conversation among funders, too. Some foundations and infrastructure organizations such as Foundation Center have sought to encourage foundations to share more information about their work, while others caution against over-regulating transparency.¹

Those who view transparency as unequivocally positive argue that transparency allows foundations to gain public trust.² Enhanced credibility is seen as a potential benefit of sharing information, especially if foundations talk about their failures and not just their successes.³ Sharing information can also enable foundations working on the same issues to learn from one another, resulting in fewer mistakes and less waste.⁴ Some argue that by not being more transparent about lessons learned, “Foundations collectively are missing an important opportunity to improve the design and implementation of their social investments.”⁵

However, not everyone calls for increased sharing. Some believe that foundations should strive for transparency in their decision-making and operations but preserve privacy by exercising discernment about when to keep information confidential.⁶ Jo Andrews, director of AriadneEuropean Funders for Social Change and Human Rights, writes, “We need to recognize that glass-pocket principles need to be more nuanced than they have been so far and that there are circumstances in which transparency can be a really bad idea.”⁷ Andrews goes on to provide examples of how making public even the names of grantee organizations can put those organizations at risk if they are working on issues that may not be aligned with government policy in their countries.

¹ “Fund for Shared Insight,” *About Shared Insight*, 2014, <http://www.fundforsharedinsight.org/what-is-shared-insight/>; Susan Parker, “Opening Up: Demystifying Funder Transparency” (New York: GrantCraft, 2014), <http://www.grantcraft.org/assets/content/resources/transparency.pdf>; “Transparency Tools,” *Glasspockets*, 2015, <http://glasspockets.org/transparency-tools/>; “What We’re Learning,” *The William and Flora Hewlett Foundation*, 2015, <http://www.hewlett.org/what-were-learning/>; Evelyn Brody and John E. Tyler, “How Public Is Private Philanthropy? Separating Reality from Myth,” SSRN Scholarly Paper (Rochester, NY: Social Science Research Network, February 27, 2012), <http://papers.ssrn.com/abstract=2016530>.

² Brad Smith, “Foundations Need to Be More Transparent,” *Philanthropy News Digest*, January 29, 2010, <http://pndblog.typepad.com/pndblog/2010/01/foundations-need-to-be-more-transparent.html>.

³ Stephanie Strom, “Foundations Find Benefits in Facing Up to Failures,” *The New York Times*, July 26, 2007, sec. National, <http://www.nytimes.com/2007/07/26/us/26foundation.html>.

⁴ David C. Colby, Ph.D, Nancy W. Fishman, M.P.H., and Sarah G. Pickell, B.A., “Achieving Foundation Accountability and Transparency: Lessons From the Robert Wood Johnson Foundation’s Scorecard,” *The Foundation Review* 3, no. 1&2 (2011), <http://www.rwjf.org/en/library/research/2011/09/achieving-foundation-accountability-and-transparency.html>; Robert Giloth and Susan Gewirtz, “Philanthropy and Mistakes: An Untapped Resource,” *The Foundation Review* 1, no. 1 (January 1, 2009), doi:10.4087/FOUNDATIONREVIEW-D-09-00008.

⁵ Giloth and Gewirtz, “Philanthropy and Mistakes,” 115.

⁶ Council on Foundations and European Foundation Centre, “Principles of Accountability for International Philanthropy,” April 2007, <http://www.cof.org/sites/default/files/documents/files/PrinciplesAccountability%20for%20International%20Grantmaking.pdf>; Joel Fleishman, *The Foundation: A Great American Secret; How Private Wealth Is Changing the World* (PublicAffairs, 2007).

⁷ Jo Andrews, “When Is Transparency a Really Bad Idea?” *Alliance Magazine*, September 2014, <http://www.alliancemagazine.org/article/when-is-transparency-a-really-bad-idea/>.

The Philanthropy Roundtable, a network of charitable donors, argues that government has a legitimate interest in insuring that foundations are pursuing a charitable purpose and may therefore mandate disclosure of information necessary to that end.⁸ Beyond that, however, decisions about transparency should be voluntary. Noting that disclosure of some information may help to increase effectiveness, John Tyler, general counsel for the Ewing Marion Kauffman Foundation and a member of the Philanthropy Roundtable’s board of directors, agrees that such disclosure ought to be a foundation’s choice: “Each foundation’s decision to evaluate the question of expanding openness and disclosure should be made in light of the factors most relevant to the specific circumstances that define its character, serve its purposes, and most influence its operations... As with most decisions, balances must be struck and benefits and costs weighed.”⁹

While infrastructure organizations and individual foundation leaders have shared their views on transparency, much less focus has been placed on the perspective of perhaps one of the most important audiences—the nonprofits that receive funding from foundations. CEP sought to address this issue in 2012, by surveying 138 nonprofit CEOs across the country receiving funding from large foundations: 91 percent said that foundations that are more transparent are more helpful to their organization’s ability to work effectively.¹⁰ More than 90 percent also said they find it easier to have a good relationship with foundations that are more transparent.¹¹ As a result of these findings, in 2013, we added several questions to our Grantee Perception Report® (GPR) survey instrument that explores grantee perceptions of individual foundations. Our analyses of that data revealed that grantee ratings of a foundation’s level of transparency are a crucial predictor of their sense of the strength of their relationship with a foundation—confirming the findings of our earlier research (see Sidebar: Funder-Grantee Relationships pg. 12). The message from the grantee perspective is clear: To nonprofits, foundation transparency is of vital importance.

⁸ Brody and Tyler, “How Public Is Private Philanthropy?”

⁹ John Tyler, *Transparency in Philanthropy: An Analysis of Accountability, Fallacy, and Volunteerism* (Washington, D.C.: The Philanthropy Roundtable, 2013), 81–82, http://www.philanthropyroundtable.org/file_uploads/Transparency_in_Philanthropy.pdf.

¹⁰ Andrea Brock, Ellie Buteau, Ph.D., and Ramya Gopal, “Foundation Transparency: What Nonprofits Want” (The Center for Effective Philanthropy, May 2013), <http://research.effectivephilanthropy.org/foundation-transparency-what-nonprofits-want>.

¹¹ *Ibid.*

To date, there has been no systematic examination of what foundation leaders have to say on the topic of foundation transparency. In this report, CEP explores the following questions:

Who do foundation CEOs see as the key audiences for transparency?

How do foundation CEOs define transparency?

How does this definition compare to that of grantees?

How transparent do foundation CEOs believe their foundations currently are?

According to foundation CEOs, is there a relationship between transparency and foundation effectiveness?

To answer these questions, we undertook multiple data collection efforts:

We surveyed CEOs of U.S.-based independent and community foundations giving at least \$5 million in grantmaking annually; 145 responded for a 32 percent response rate.



We analyzed the content of 73 foundation websites.

We examined both qualitative and quantitative data from grantees to understand their perspectives on foundation transparency.





KEY FINDINGS

FINDING ONE

Foundation CEOs see grantees and potential grantees as the primary audiences for their transparency efforts. For community foundations, donors are also a key audience.

FINDING TWO

Both foundation and nonprofit CEOs tie transparency to the substantive work of foundations and describe it as representing the values of clarity, openness, and honesty.

FINDING THREE

Foundations are most transparent about their grantmaking processes and their goals and strategies.

FINDING FOUR

Foundations are less transparent when it comes to sharing how they assess their performance or their lessons learned, despite their belief that it would be beneficial to do so.

Limitations of this Research

As with any research project, we faced limitations when collecting, analyzing, and interpreting our data for this report.

RESPONSE BIAS

We examined some characteristics of foundations from which CEOs did and did not respond, to understand whether our sample of foundation CEOs was biased in particular ways (see Appendix: Methodology). However, one variable we could not test was whether or not leaders of foundations that are more transparent were more likely to respond to the survey. There is no way of knowing to what degree this potential bias may have affected our results.

METHOD

Our surveys of grantee organizations capture grantee perceptions of foundation transparency, and our survey of foundation CEOs captures self-reported practices of their foundations. We tried to provide a more objective measure of transparency by documenting what information is available on foundation websites.

Most foundation CEOs—86 percent—believe transparency is necessary for building strong relationships with grantees.



FINDING ONE

Foundation CEOs see grantees and potential grantees as the primary audiences for their transparency efforts. For community foundations, donors are also a key audience.

Almost all foundation CEOs we surveyed believe it is very important for their foundations to be transparent with their grantees. Likewise, most CEOs believe it is very important for their foundations to be transparent with nonprofits considering applying for a grant (see Figure 1).

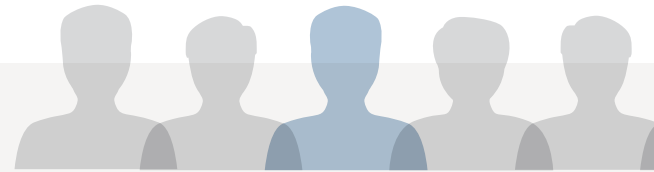
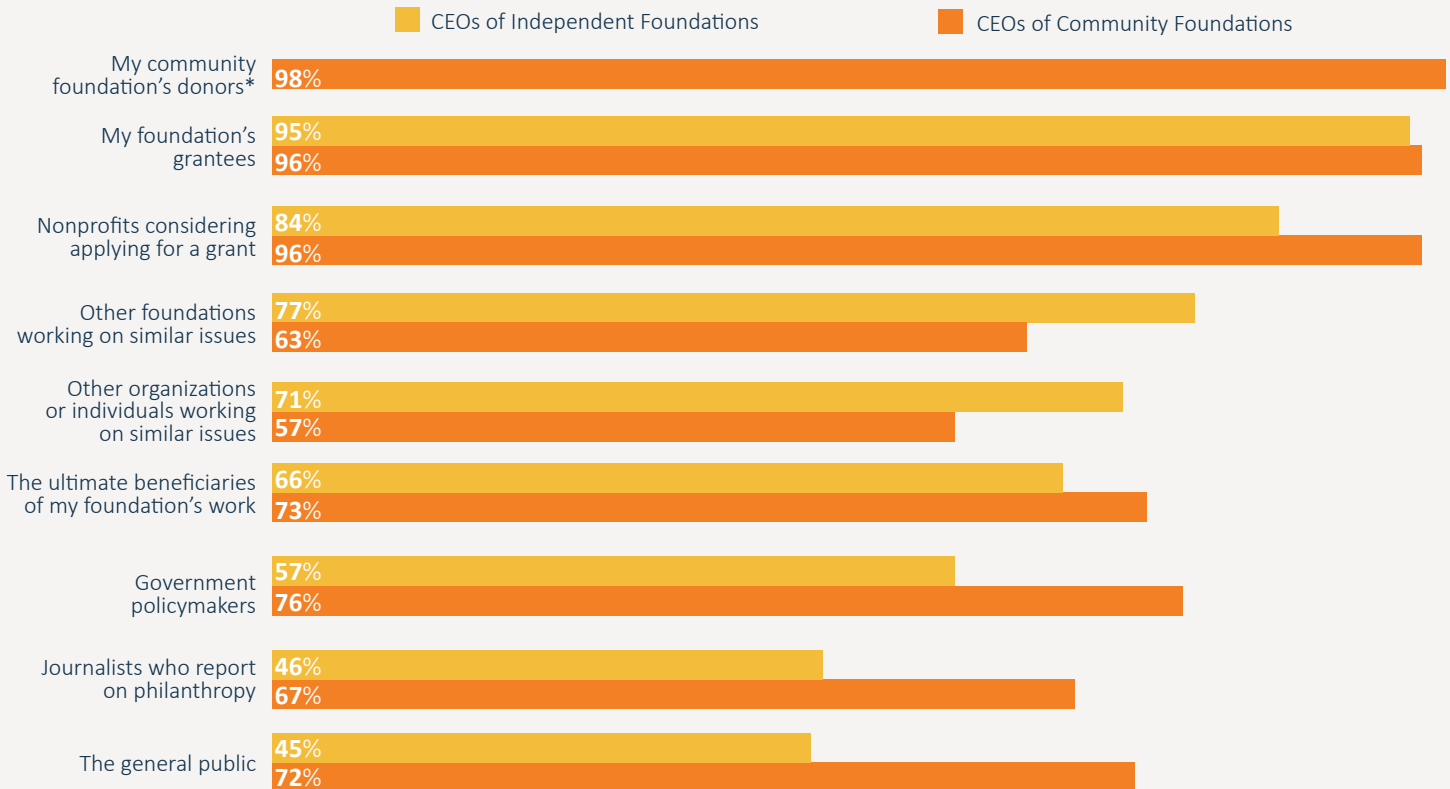


FIGURE ONE

Intended Audiences for Transparency:
Independent Foundations and Community Foundations

“How important is it to your foundation to be transparent with the following groups of external stakeholders?”



PERCENTAGE OF FOUNDATION CEOs WHO SAY “VERY IMPORTANT”

*This stakeholder group was only offered as an answer option to CEOs of community foundations.



FUNDER-GRANTEE RELATIONSHIPS

The importance of having strong relationships with grantees is likely a key reason why transparency with current and potential grantees is a priority for so many foundations. Most foundation CEOs—86 percent—believe transparency is necessary for building strong relationships with grantees.

Grantees also view transparency as key to the relationships they have with their foundation funders. Their ratings of foundation transparency are the strongest predictor of the strength of their relationships with their funders. In other words, grantees that rate their foundation funders as more transparent also perceive their relationships with their funders as stronger (see Sidebar: Funder-Grantee Relationships).

Other audiences for transparency

In addition to grantees and potential grantees, donors are also a key audience for community foundations. With the exception of one community foundation CEO, all say donors are a very important audience for transparency. In fact, CEOs of community foundations consider it very important to be transparent with almost all groups of external stakeholders (see Figure 1). For independent foundation CEOs, there is less consistency.

Along with their current and future grantees, CEOs of independent foundations also see it as very important to be transparent with other foundations, organizations, or individuals working on similar issues. However, fewer see it as being important to be transparent with government policymakers, journalists who report on philanthropy, or the general public.

The smaller number of independent foundations prioritizing these audiences may be due to the diversity of goals and ideological values of these foundations. For some foundations, for example, policymakers are simply not considered to be a relevant audience.

¹² Ellie Buteau, Ph.D., Phil Buchanan, and Timothy Chu, “Working with Grantees: The Keys to Success and Five Program Officers Who Exemplify Them” (The Center for Effective Philanthropy, May 2010), 4, <http://research.effectivephilanthropy.org/working-with-grantees>.

¹³ Ibid.

¹⁴ In 2010, CEP published “Working with Grantees: The Keys to Success and Five Program Officers Who Exemplify Them.” In this research, we listed what—at that time—was the strongest predictive model of funder–grantee relationships. That model has changed as we have added new items to the GPR survey.

A strong funder–grantee relationship is one in which grantees feel positively about their interactions with, and communications from, foundation staff.¹² In this research, we measured the strength of this relationship through our GPR survey by asking grantees about their perceptions of

- Fairness of treatment by the foundation;
- Comfort approaching the foundation if a problem arises;
- Responsiveness of the foundation staff;
- Clarity of communication of the foundation’s goals and strategy; and
- Consistency of information provided by different communication resources.¹³

When responding to the GPR survey, grantees are rating one particular funder. This enables us to gauge the strength of relationship between grantees and specific funders.

Over time, as we have honed our GPR survey instrument and gathered more data, we have been able to increase our understanding of what concepts predict the strength of relationship between a funder and a grantee.¹⁴ The following survey items, in order of importance, are the strongest predictors of funder–grantee relationships:

1. Overall, how transparent is the Foundation with your organization?
2. How well does the Foundation understand your organization’s strategy and goals?
3. How well does the Foundation understand the social, cultural, or socioeconomic factors that affect your work?
4. As you developed your grant proposal, how much pressure did you feel to modify your organization’s priorities in order to create a grant proposal that was likely to receive funding?
5. How helpful was participating in the Foundation’s selection process in strengthening the organization/program funded by the grant?

Questions for Reflection

With whom is it most important for your foundation to share information? Why?

How important is it to your foundation to be transparent with the following groups of external stakeholders?

Please rank the groups in order of importance:

- _____ My foundation's grantees
- _____ Nonprofits considering applying for a grant
- _____ Other foundations working on similar issues
- _____ Other organizations or individuals working on similar issues
- _____ The ultimate beneficiaries of my foundation's work
- _____ Government policymakers
- _____ Journalists who report on philanthropy
- _____ The general public
- _____ *If you are a community foundation*
_____ My community foundation's donors

How well do your foundation's communication practices reflect the importance of sharing information with the groups you ranked as most important?

How could being transparent (or more transparent) with your foundation's current and future grantees help you to build stronger relationships with them?

Why do you think that foundations being transparent matters so much to grantee organizations?

How might transparency with your foundation's grantees benefit the foundation itself?

FINDING TWO

Both foundation and nonprofit CEOs tie transparency to the substantive work of foundations and describe it as representing the values of clarity, openness, and honesty.

Only seven percent of foundation CEOs believe there is a consistent understanding among foundations about what it means to be transparent. But there is considerably more agreement among them than they realize. In responses to an open-ended survey item asking, “What does it mean to you for a foundation to be transparent?” half of CEOs’ responses mention aspects of their grantmaking, such as grantmaking processes, funding decisions, type or amount of support, expectations for grantees, or evaluation processes for grantees.

Also noteworthy is the considerable consistency between foundation CEOs and nonprofit CEOs in defining transparency. In a 2012 survey of grantees of large foundations, CEP asked nonprofit CEOs, “In one sentence, what does it mean for your foundation funders to be transparent with your organization?”¹⁵ Two-thirds of nonprofit CEO responses included mention of grantmaking—making grantmaking the topic most frequently raised by both foundation CEOs and nonprofit CEOs (see Figure 2).

“Provide as much information as possible to our grantees about our process as well as why a proposal gets funded or not.”

– Foundation CEO

“Foundation funders are transparent when they share clearly their funding priorities.”

– Nonprofit CEO

“To communicate...as clearly as possible all grantmaking priorities and strategies. To be as detailed as possible in explaining reasons for declines and provide an explanation of whether any changes to proposals would increase the likelihood of future funding.”

– Foundation CEO

“A funder is transparent when the funder makes clear its processes and priorities for awarding funding, an applicant’s odds of being funded, and how what the grantee does can feed into the grantor’s thought processes.”

– Nonprofit CEO

¹⁵ Andrea Brock, Ellie Buteau, Ph.D., and Ramya Gopal, “Foundation Transparency: What Nonprofits Want.”

Beyond grantmaking, many foundation and nonprofit CEOs also mention that being clear, open, and/or honest is part of what it means to be transparent.

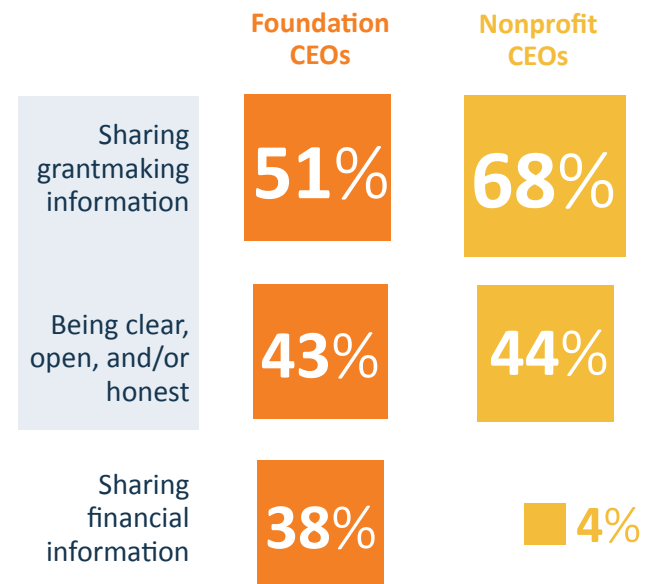
“To be open, honest, and clear about process, goals, priorities, and relationships.”
 – Foundation CEO

“Transparency means clearly stating their priorities and honestly letting us know why we were or were not selected for a grant.”
 – Nonprofit CEO

One area in which foundation and nonprofit CEOs differ in their definitions is the frequency with which they mention sharing information about finances. Of foundation CEOs surveyed, 38 percent mention foundation finances, including information about investing, accounting, and Form 990s or 990-PFs, but only four percent of nonprofit CEOs raise this topic in their definitions.

FIGURE TWO

What It Means To Be Transparent



Foundation CEOs were asked, “What does it mean to you for a foundation to be transparent?”

Nonprofit CEOs were asked, “In one sentence, what does it mean for your foundation funders to be transparent with your organization?”

IS THE SIZE OF A FOUNDATION RELATED TO ITS LEVEL OF TRANSPARENCY?

Grantees of smaller foundations tend to see their foundations as being more transparent than those of larger foundations. Specifically, grantees of foundations with fewer staff, lower levels of giving, and smaller asset sizes than the typical foundation(s) in our sample rate their foundations as being more transparent than grantees of foundations with more staff, higher levels of giving, or larger asset sizes than is typical.¹⁶

Interestingly, foundation CEOs see it differently. CEOs rate their foundations’ level of transparency similarly, regardless of the size of their foundation.

¹⁶ When referring to the “typical foundation,” we are referring to the foundation(s) in the sample with the median value for FTE staff, annual giving, and asset size (see Appendix: Methodology for more details).

Questions for Reflection

What does it mean to you for a foundation to be transparent?

What information do you believe is important to share with the foundation's grantees? With other audiences important to the foundation's work?

What information do you think is not important to share?

Do you believe there is a shared conception at your foundation of what information should be shared externally, and how?

FINDING THREE

Currently, foundations are most transparent about their grantmaking processes and their goals and strategies.

Most foundation CEOs think their foundations are transparent. However, more community foundation CEOs perceive their foundations as being very or extremely transparent than do independent foundation CEOs (see Figure 3).

Overall, foundation CEOs rate their foundations' current level of transparency highest with respect to grantmaking and the information that guides grantmaking. They believe their foundations are most transparent about

- The criteria the foundation has for nonprofits considering applying for a grant;
- The foundation's programmatic goal(s);
- The foundation's strategies to reach its programmatic goal(s);
- Who within the foundation makes decisions about which grants will be awarded;
- The foundation's process for selecting grantees (see Figure 4).

These ratings about foundation practice align with the finding that CEOs view grantees and potential grantees as being the most important audiences for their foundations' transparency.

FIGURE THREE

How Transparent Do CEOs Think Their Foundations Are?

Percentage of respondents who selected each option from 1–5.

- 1 (Not at all transparent)
- 2 (A little transparent)
- 3 (Somewhat transparent)
- 4 (Very transparent)
- 5 (Extremely transparent)

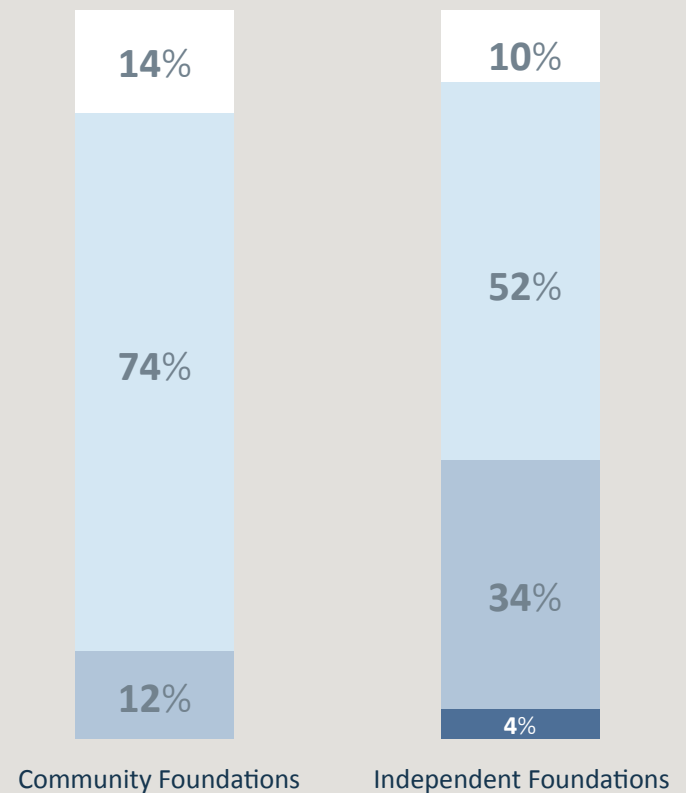
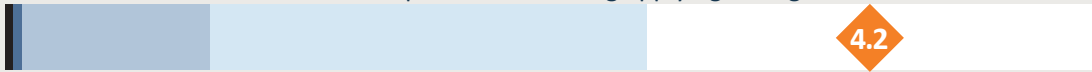


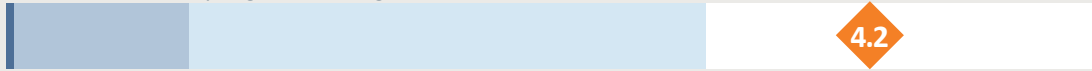
FIGURE FOUR

Areas Where Foundation CEOs Think Their Foundation Is Most Transparent

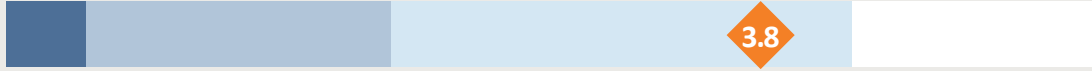
Criteria the foundation has for nonprofits considering applying for a grant



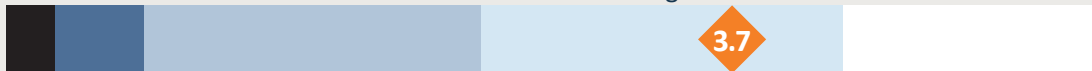
The foundation's programmatic goal(s)



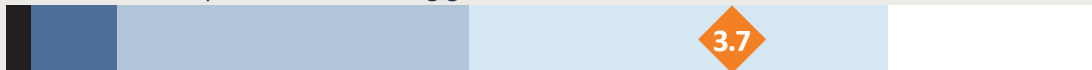
The foundation's strategies to reach its programmatic goal(s)



Who within the foundation makes decisions about which grants will be awarded



The foundation's process for selecting grantees



0% 20% 40% 60% 80% 100%
Percentage of respondents who selected each option from 1–5.

Answer to: How transparent do you believe your foundation currently is with respect to each of the following? Ratings were on a 1–5 scale.

- 1 (Not at all transparent)
- 2 (A little transparent)
- 3 (Somewhat transparent)
- 4 (Very transparent)
- 5 (Extremely transparent)
- Mean Rating

Foundations' Efforts to Increase Transparency

About 70 percent of foundation CEOs in our sample believe that their foundations are more transparent today than they were five years ago.¹⁷ To learn more about how foundations increased their transparency, we asked these CEOs to describe what changes their foundations made during these five years.¹⁸

IMPROVED COMMUNICATION

Of these CEOs, 83 percent say they have become more transparent by increasing the amount or improving the quality of communication with different groups.¹⁹ More than half specifically mention increasing or improving communication with grantees, potential grantees, or declined applicants.

One foundation leader comments, “[We have] increased our communications with grantees regarding the criteria for competitive grants, the selection process, and follow-up conversations regarding effectiveness of the programs.” Another states, “When a grant is made or declined, we try to give specific reasons why the action was taken.”

The remaining foundation leaders who say their foundations have increased or improved communication have focused their communication efforts on foundation staff, the foundation's board, the foundation's donors, the community, the public, or on other general or unspecified groups.

One CEO says, “[We] engage Board and staff in meaningful discussions about all aspects of Foundation operations and decision making.” Another comments, “We have shared our mission and programmatic goals and strategies more broadly.”

INCREASED FOCUS ON LEARNING

About one-third of foundation leaders who say their foundations have become more transparent say they have done so through efforts to increase their foundations' knowledge.²⁰ Responses mention efforts such as sharing information with other organizations and individuals, assessing the foundation's impact, and being more open about the foundation's failures.

One CEO says his/her foundation has “hired a communications director to ensure that our learning is being shared with our community.” Another mentions the “launch of [a] learning and evaluation function” at his or her foundation. A different foundation leader states, “I have served on panels discussing our work, sharing our successes and failures.”

¹⁷ This percentage represents 99 of the 145 CEOs in our sample.

¹⁸ Of the 99 CEOs who were asked this follow-up question, 90 responded.

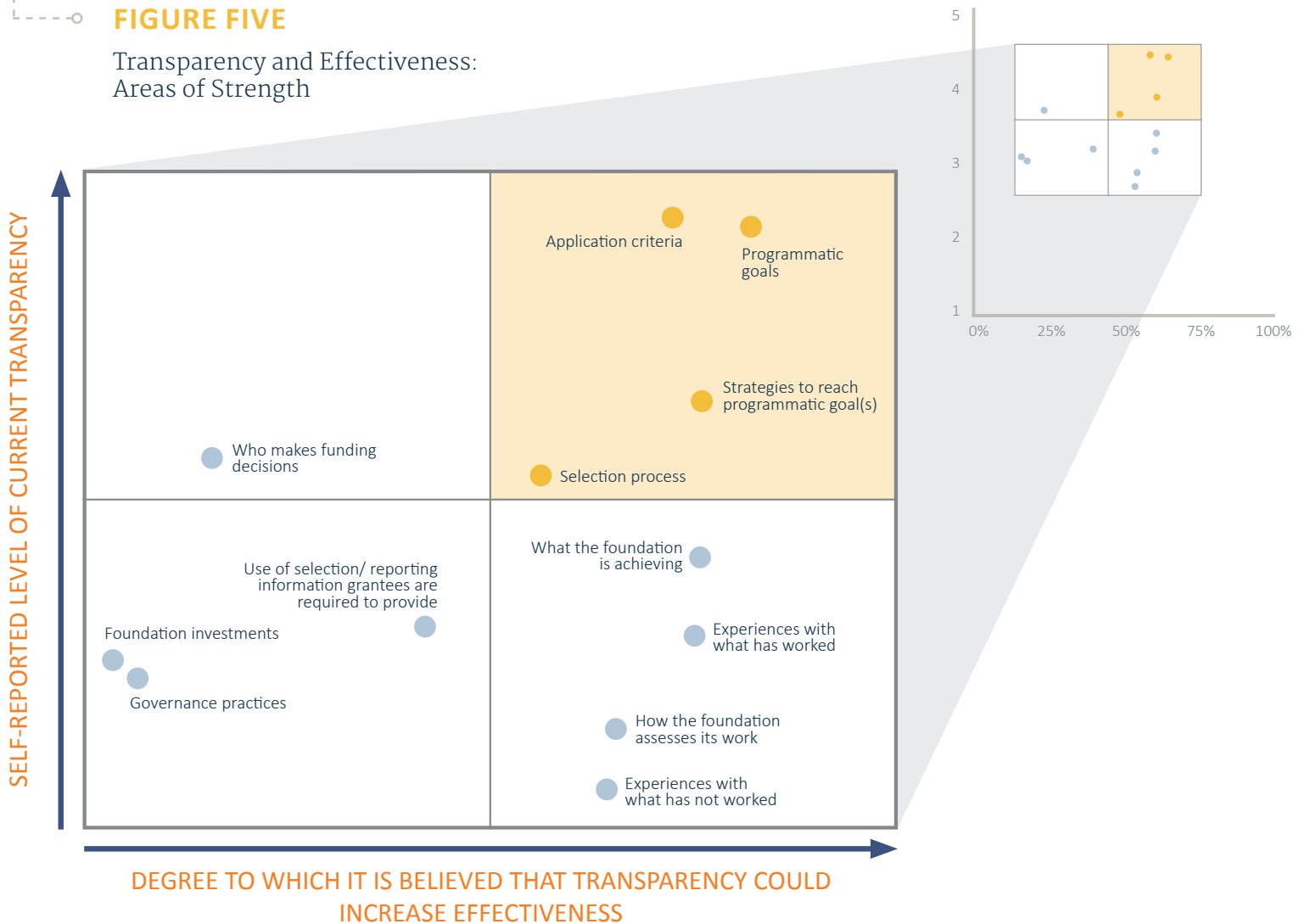
¹⁹ This percentage represents 75 of the 90 CEOs who responded to the follow-up question.

²⁰ This proportion represents 29 of the 90 CEOs who responded to the follow-up question.

Foundation CEOs tend to focus their transparency efforts in areas where they believe being transparent will increase effectiveness (see Figure 5). Almost three-fourths of CEOs believe being transparent about the foundation’s programmatic goal(s) could increase the foundation’s ability to be effective to a significant extent, and 69 percent believe being transparent about the strategies used to reach those goals could do so. Additionally, two-thirds of CEOs say being transparent about the criteria the foundation has for nonprofits considering applying for a grant could increase effectiveness significantly.

FIGURE FIVE

Transparency and Effectiveness:
Areas of Strength



For the horizontal axis, CEOs were asked, “To what extent do you believe a foundation being transparent about each of the following could potentially increase its ability to be effective?” Scale based on percentage of respondents who said, “To a significant extent.”

For the vertical axis, CEOs were asked, “How transparent do you believe your foundation currently is with respect to each of the following?” Scale based on mean rating on 5-point scale from “Not at all transparent” to “Extremely transparent.”

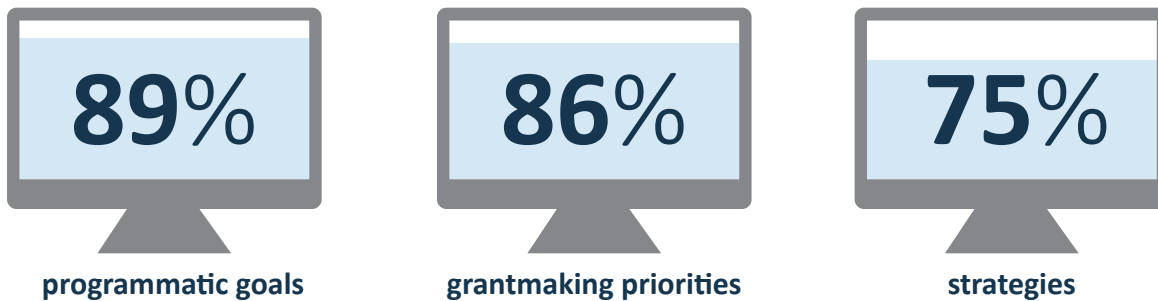
An examination of 73 foundation websites confirms this self-reported data. Almost all of the foundations' websites coded for this study contain programmatic goals and current grantmaking priorities, and three-fourths include the strategies used to reach these programmatic goals (see Figure 6).

Foundations seldom post information about their assessment approaches and lessons learned.

FIGURE SIX

Information about Goals and Strategies on Foundation Websites

Percentage of foundation websites that have this information.

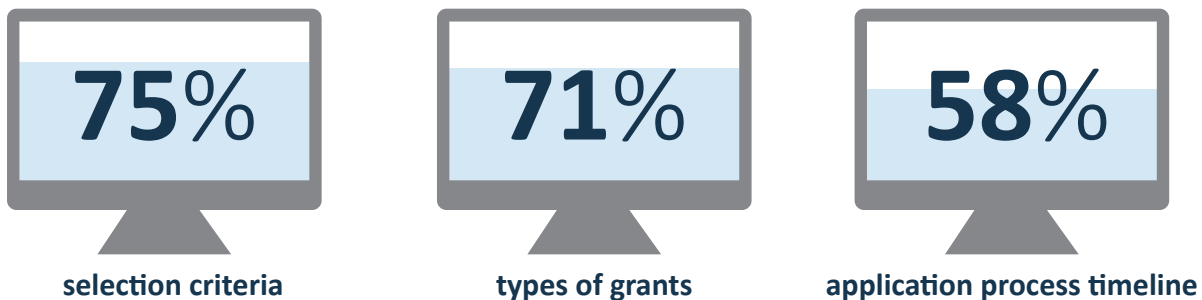


Three-fourths of foundation websites provide selection criteria (either open-application or invite-only criteria). Almost 60 percent of the websites provide a timeline for at least some of the foundation's application process. The majority of foundations also specify on their websites the types of grants they provide (see Figure 7).²¹

FIGURE SEVEN

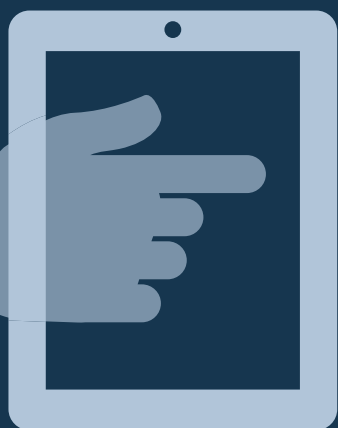
Information about Grantmaking on Foundation Websites

Percentage of foundation websites that have this information.



²¹ Examples of grant types include general operating support, project-based grants, operating grants, capacity-building grants, and program-related investments.

FOUNDATION WEBSITES



Other than 990 forms, websites are the main source of foundation data available to the public. Nearly eight in 10 grantees and nine in 10 declined applicants use foundation websites.²² About 45 percent of donors use them as a resource to learn about foundations' work, and 35 percent use them to achieve personal charitable-giving goals.²³

Foundations differ greatly in the type and amount of information they provide on their websites. For example, some foundations provide extensive details about their criteria for evaluating grant applications, while others simply state their mission. Given the spectrum of information sharing, we investigated three questions:

1. What types of information do foundations share on their websites most and least frequently?
2. How much information do foundations typically provide on their websites?
3. Is the amount of information foundations provide on their websites tied to grantees' perceptions of their funders' level of transparency?

We coded 73 foundation websites based on their provision of information across 60 different criteria (for more information on this process, see Appendix: Methodology).

MOST AND LEAST FREQUENTLY SHARED INFORMATION

Almost all foundation websites share basic information such as staff names, board names, and mission statements. Each of these types of information is provided by at least 90 percent of websites. Foundation websites also frequently include programmatic goals and strategies, current grantmaking priorities, and/or lists of grantee organizations and the amount of grant dollars awarded to them.

In addition to sharing this basic data, some foundations take further steps to disseminate information about their

work. For example, beyond providing staff names, The William and Flora Hewlett Foundation shares the race, gender, and age distributions of its staff.²⁴

In contrast, foundations seldom post information about their assessment approaches and lessons learned.²⁵ Only four percent of foundations share comprehensive assessments of their performance. Five percent share their experiences of the tools/method they have used to assess performance, and five percent share lessons they have learned from projects that have not succeeded.

PROVISION OF WEBSITE INFORMATION AND GRANTEE PERCEPTIONS OF FOUNDATION TRANSPARENCY

Our analyses suggest that there is more to transparency than what appears on a website. Results of statistical analyses show that providing more information on foundation websites does not correlate with grantees' perceptions of their funders' level of transparency.

If quantity does not matter, what about quality? While we did not code for the quality of specific information, we did look at the overall navigability of websites. Websites were coded as difficult to navigate if they had poorly functioning or no search bars, unintuitive headers, or unintuitive organization. Surprisingly, the navigability of foundation websites also had no significant relationship to perceived levels of transparency.

²² Grantee data comes from the fall 2013 to spring 2015 rounds of CEP's GPR (sample size of 15,167 grantees). Declined applicant data comes from the spring 2004 to fall 2015 rounds of CEP's Applicant Perception Report (APR; sample size of 7,081 declined applicants).

²³ Donor data comes from the summer 2009 to fall 2015 rounds of CEP's Donor Perception Report (DPR; sample size of 10,073 donors).

²⁴ "Demographics," *The William and Flora Hewlett Foundation*, 2015, <http://www.hewlett.org/about-us/staff/demographics>.

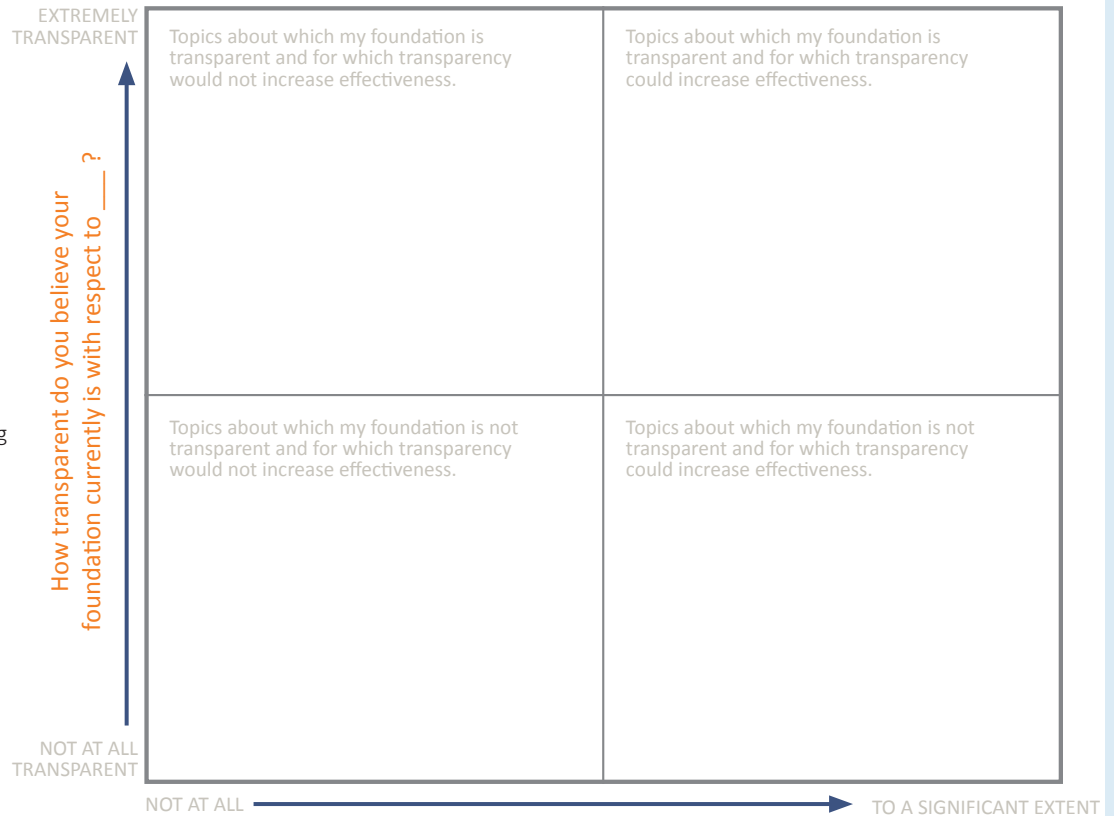
²⁵ Our findings differ somewhat from those shared in the March 2015 ORS Impact study, "Feedback Loops and Openness." One possible reason for these differences is the differences in our samples. For example, foundations in the ORS sample tended to be larger, and we found that larger foundations provide more information on their websites.

Questions for Reflection

How transparent would you rate your foundation as being on the following topics?

Taking into account the two questions along the axes, place the following items on the grid:

- FI Foundation investments
- GP Governance practices
- PG Programmatic goal(s)
- S Strategies to reach programmatic goal(s)
- AC Application criteria
- SP Selection process
- FD Who makes funding decisions
- SR Use of selection/reporting information grantees are required to provide
- FA What the foundation is achieving
- A How the foundation assesses its work
- W Experiences with what has worked
- NW Experiences with what has not worked



To what extent do you believe a foundation being transparent about ___ could potentially increase its ability to be effective?

What topics did you list in the upper right quadrant?

Why do you believe that being transparent about those issues will help your foundation be effective?

Why has your foundation been successful in achieving transparency in those areas?

FINDING FOUR

Foundations are less transparent when it comes to sharing how they assess their performance or their lessons learned, despite their belief that it would be beneficial to do so.

While foundations are most transparent in areas that are of most obvious relevance to their grantees, they are least transparent about their impact. The five areas in which CEOs rate their foundations' level of transparency lowest, in order from most transparent to least transparent, are

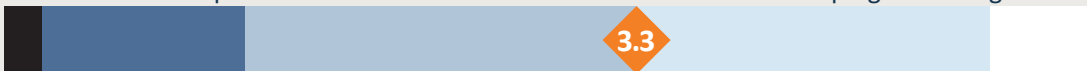
- The foundation's experience with what has worked in its efforts to achieve its programmatic goals;
- The foundation's investments;
- The foundation's governance practices and policies;
- The way the foundation assesses its performance; and
- The foundation's experience with what has not worked in its efforts to achieve its programmatic goals (see Figure 8).

While foundations are most transparent in areas that are of most obvious relevance to their grantees, they are least transparent about their impact.

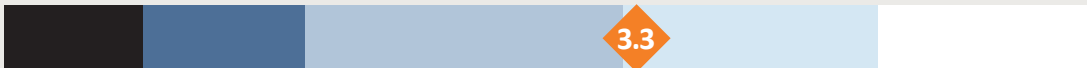
FIGURE EIGHT

Areas Where Foundation CEOs Think Their Foundation Is Least Transparent

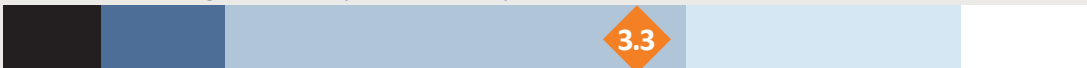
The foundation's experience with what has worked in its efforts to achieve its programmatic goals



The foundation's investments



The foundation's governance practices and policies



The way the foundation assesses its performance



The foundation's experience with what has *not* worked in its efforts to achieve its programmatic goals



0% 20% 40% 60% 80% 100%
Percentage of respondents who selected each option from 1-5.

Answer to: How transparent do you believe your foundation currently is with respect to each of the following? Ratings were on a 1-5 scale.

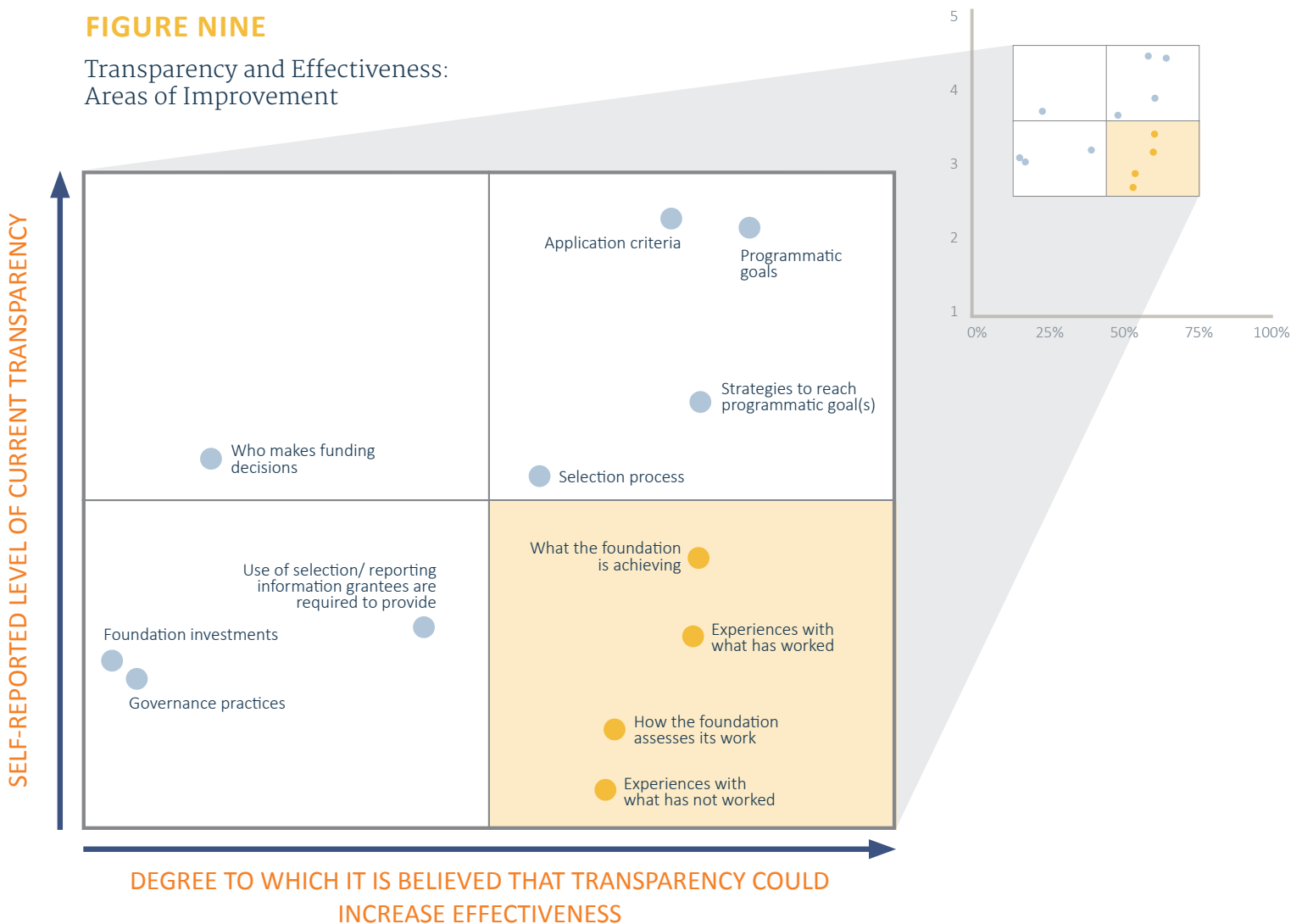
- 1 (Not at all transparent)
- 2 (A little transparent)
- 3 (Somewhat transparent)
- 4 (Very transparent)
- 5 (Extremely transparent)
- ◆ Mean Rating

Foundation CEOs do not believe that transparency in all of these areas is relevant to a foundation’s effectiveness. However, they do see a link between transparency and effectiveness in three areas in which current levels of transparency are relatively low: a foundation’s experiences with what has worked in its efforts to achieve its goals, a foundation’s experiences with what has *not* worked in these efforts, and how a foundation assesses its work (see Figure 9). This disconnect between current levels of transparency and relevance to effectiveness exists at both independent and community foundations.



FIGURE NINE

Transparency and Effectiveness:
Areas of Improvement



For the horizontal axis, CEOs were asked, “To what extent do you believe a foundation being transparent about each of the following could potentially increase its ability to be effective?” Scale based on percentage of respondents who said, “To a significant extent.”

For the vertical axis, CEOs were asked, “How transparent do you believe your foundation currently is with respect to each of the following?” Scale based on mean rating on 5-point scale from “Not at all transparent” to “Extremely transparent.”

CHALLENGES TO BEING TRANSPARENT



Almost all foundation CEOs (94 percent) say that being transparent is a medium or high priority for their foundations. Yet, three-fourths of CEOs think that their foundations' current levels of transparency are not sufficient. So what is getting in the way?

On average, respondents only selected two of the 10 possible limitations offered in our survey.²⁶ The most frequent reasons, cited by 44 percent of CEOs, pertain to staff:

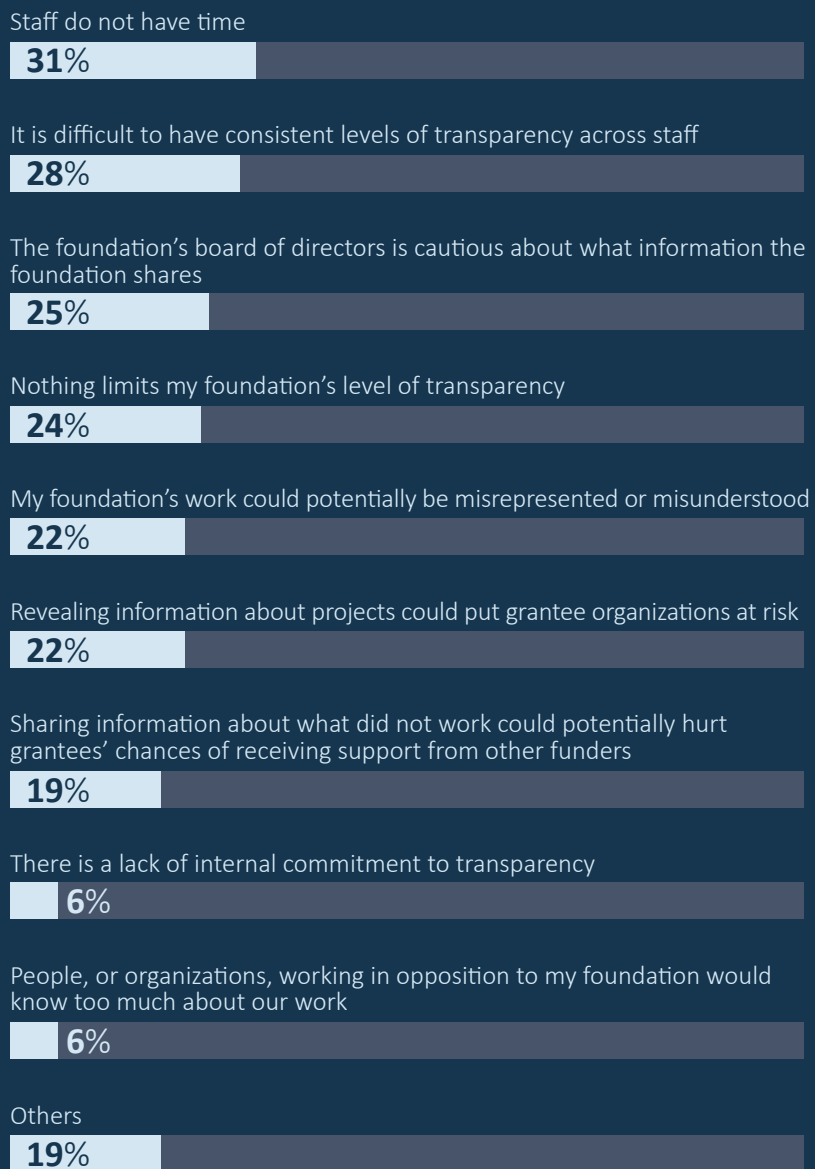
- 31 percent of CEOs say their staff do not have time to invest in working to be transparent
- 28 percent of CEOs say it is difficult to have consistent levels of transparency across staff (see Figure 10).

Concerns about grantees are mentioned by 32 percent of CEOs. About 20 percent indicate that putting grantee organizations at risk by revealing information about projects was a limiting factor for transparency. A similar percentage say that sharing information about what did not work could possibly hurt grantees' chances of receiving other support.

Somewhat surprisingly, almost one-fourth of CEOs say nothing limits their foundations' levels of transparency, and only about six percent of CEOs say there is a lack of internal commitment to transparency at their foundation or that they are concerned about other people or organizations knowing too much about their work.

FIGURE TEN

What factors limit your foundation's level of transparency?



PERCENTAGE OF FOUNDATION CEOs THAT SELECTED THE OPTION

²⁶ Respondents had the option of selecting an "Other" category and writing limitations that were not already listed. Of those responding, 19 percent chose this option. There was no common theme or pattern in the limitations written by respondents.

Fewer than one-third of CEOs say their foundations are very or extremely transparent with respect to what they've learned about what does not work, making it the lowest rated area in terms of current levels of foundation transparency.

What Is and Isn't Working

Of the CEOs surveyed, 69 percent say being transparent about the foundation's experiences with what has worked in its efforts to achieve its programmatic goals could increase effectiveness to a significant extent. In comparison, only 46 percent say their foundations are very or extremely transparent about their experiences with what has worked to achieve their goals.

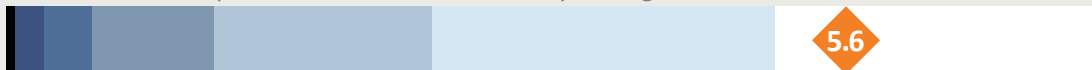
Even fewer foundations are transparent about what has *not* worked in their efforts to achieve their programmatic goals. Fewer than one-third of CEOs say their foundations are very or extremely transparent with respect to what they've learned about what does not work, making it the lowest rated area in terms of current levels of foundation transparency.

Grantees agree: They rate the foundation's level of transparency lowest when it comes to sharing information about what has not worked in its past grantmaking (see Figure 11).²⁷

FIGURE ELEVEN

Grantee Ratings of Foundation Transparency

Overall, how transparent is the foundation with your organization?



The foundation's process for selecting grantees



Best practices the foundation has learned – through its work or through others' work – about the issue areas it funds



Any changes that affect the funding your organization might receive in the future



The foundation's experiences with what it has tried but has not worked in its past grantmaking



0% 20% 40% 60% 80% 100%
Percentage of respondents who selected each option from 1–5.

Answer to: Please rate the foundation's transparency in the following areas.

Ratings were on a 1–7 scale.

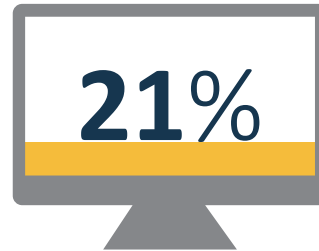
- 1 (Not at all transparent)
- 2
- 3
- 4
- 5
- 6
- 7 (Extremely transparent)
- ◆ Mean Rating

²⁷ We did not have enough data from community foundations to test whether there are differences in grantee ratings by foundation type.

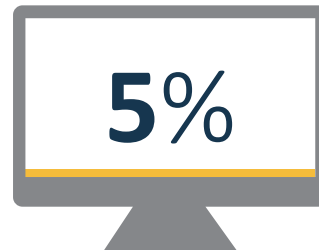
Our analysis of foundation websites confirms the views of foundation CEOs and grantees. Fewer than one-fourth of the foundation websites we analyzed contained information about strategies that have or have not worked for the foundation, and just five percent share information about projects that did not reach intended goals (see Figure 12).

FIGURE TWELVE

Information about Lessons Learned on Foundation Websites



share information about **strategies that have or have not worked.**



share information about **unsuccessful projects.**

While foundation CEOs rate their organizations as least transparent when it comes to sharing what has not worked, they are still seeking to learn from the experiences of other foundations. Three-fourths of foundation CEOs say they often seek out opportunities to learn from other foundations' work, and 76 percent say a benefit of foundations being transparent is that it enables others to learn from foundations' work in general.

Foundation Performance Assessment

There is a similar disconnect between levels of transparency with respect to foundation performance assessment and the extent to which foundation CEOs think transparency about this topic could increase effectiveness. Of the CEOs surveyed, 61 percent said they believe being transparent about how their foundation assesses its performance could increase effectiveness to a significant extent. Yet, only 35 percent of foundations reported being very or extremely transparent about this topic.

Here again, our analysis of foundation websites confirms the self-reported data. Fewer than one-third of foundation websites include a description of how the foundation assesses its work, and only four percent include a comprehensive assessment of overall foundation performance.

While foundation CEOs rate their organizations as least transparent when it comes to sharing what has not worked, they are still seeking to learn from the experiences of other foundations.

BEING OPEN WHEN THINGS DON'T WORK OUT

The majority of foundation websites we analyzed contain no information about strategies foundations have tried that have—or have not—worked. But on one in five websites, we did find this information.

The California Endowment, for example, published a mid-course strategic review of its Building Healthy Communities (BHC) initiative.²⁸ This independent review explains the implementation of the BHC strategy to date, examining the progress made, as well as “challenges and tensions” faced.²⁹

Likewise, the Rogers Family Foundation posted its strategic plan, which summarizes whether or not strategies employed to improve education for Oakland, California students have led to the foundation’s intended outcomes.³⁰ The authors of the strategic plan write, “We attempted to learn from assumptions and external forces that may have played out differently than expected.”³¹ They go on to make recommendations for future strategies based on past performance, such as, “Decrease number of grants to a number with which we can deeply engage” and “Narrow our focus to concentrate limited resources on a few high leverage areas.”³²

Only five percent of foundation websites provide information about projects that did not achieve their intended success. This information was usually presented in the form of reports that review the foundation’s work and mention unachieved program goals or project challenges. For example, The William and Flora Hewlett

Foundation’s report, “Refreshed Western Conservation Strategy,” states that although Hewlett’s conservation “program has made great progress... it does not expect to meet its ultimate goal of conserving 50 percent of priority western lands in [the next five years].”³³

In another example, a City Bridge Trust report discusses progress the funder has made toward its goals—including two “less positive findings” and reasons for them:

*First, the evaluators reported that many organisations did not keep good records of the use of their buildings by disabled people and that it was therefore sometimes difficult to assess the value of the grants. Secondly, although the outcomes of the grants were usually positive, the process of refurbishment was always stressful and sometimes ‘a nightmare.’ There were eight commonly occurring problems, and the failure to solve these adequately sometimes made the buildings less accessible than the organisations had hoped when they began [the] refurbishment.*³⁴

²⁸ Hallie Preskill et al., “Strategic Review: Building Healthy Communities” (The California Endowment, November 2013), http://archive.calendow.org/uploadedFiles/Learning/TCE%20Strategic%20Review_FINAL%20for%20TCE_November%202013v.2.pdf.

²⁹ Ibid.

³⁰ Brian Rogers et al., “Oakland Education Strategic Plan 2013-2015” (Oakland, California: Rogers Family Foundation, January 2013), http://www.rogersfoundation.org/system/resources/0000/0062/RFF_Strategic_Plan_-_External__FINAL__Updated6.14.pdf.

³¹ Ibid, 12.

³² Ibid, 12.

³³ LLC The Redstone Strategy Group, “Refreshed Western Conservation Strategy” (The William and Flora Hewlett Foundation, January 2014), 5–6, http://www.hewlett.org/sites/default/files/pictures/WesternCon_report_web.pdf.

³⁴ “Opening Doors Across London,” The Knowledge: Learning from London (The City Bridge Trust, October 2007), 4, <http://www.citybridgetrust.org.uk/NR/rdonlyres/898838A1-7304-4148-9B38-9F496BC03F89/0/CBTTheKnowledgeIssue2.pdf>.

Questions for Reflection

Refer back to the graph you filled in on page 22.

What topics did you place in the lower right quadrant?

Do you want to increase your or the foundation's level of transparency in any of the areas you placed there?

How would increasing transparency in these areas help the foundation to be more effective?

What changes, if any, would help you or your foundation to increase transparency in the areas desired?



CONCLUSION

Foundation leaders see their grantees and potential grantees as being important audiences for transparency, and share a similar conception of what it means to be transparent with these groups.

The foundations we studied are being transparent about the grantmaking practices. But they are falling short in sharing information about assessment and lessons learned. As a result, grantees and foundations are missing opportunities to learn and improve.

Foundation transparency about what isn't working is not a new topic. A 2007 *New York Times* article suggested that an increasing number of foundations were sharing openly about failure, but our study suggests that it remains a distinct minority. That article quoted James E. Canales, then president of the Irvine Foundation and now President and Trustee at the Barr Foundation, arguing that, "Given the emphasis in foundations these days on communication, transparency and accountability, it just seems to me that you aren't going to be credible if all you talk about is your successes."³⁵ More recently, in 2012, the Case Foundation launched its Be Fearless campaign, encouraging grantmakers to "take risks, be bold, and fail forward."³⁶ One year later, Grantmakers for Effective Organizations showcased this attempt to embrace and learn from mistakes at its Fail Fest.³⁷

Why, despite these efforts, does sharing information about what has and has not worked remain a missed opportunity for foundations? Philosophically, foundation leaders believe this is a good thing to be doing, and indeed they are looking to learn from their colleagues. But practice does not reflect it. We can only speculate on what might be getting in the way, but here are three possibilities:

- Foundations can't share information they don't have—and part of the explanation for the current state of practice may be the challenge of doing foundation work in such a way that it is possible to identify successes and failures. If, for example, goals and strategies aren't clear in the first place, it's difficult to know how to gauge success.
- Even with clear goals and strategies, assessment is exceedingly difficult, and foundations may not be devoting the necessary resources to understand success, failure, and lessons learned. Even among large foundations, many have no evaluation function or allocate limited resources to judging performance.
- Foundations may have this information but choose not to share it—perhaps for fear of admitting failure or damaging their reputations. Some foundations that spend significantly on assessment don't routinely make much public, for whatever reason.

But, of course, the current state of practice may yet change. We see that foundation CEOs and grantees share a definition of transparency and a hunger for similar kinds of information. Foundation CEOs believe in the importance of sharing performance data and lessons learned. Importantly, there are, indeed, a minority of foundations that have made this part of their practice.

Whether others follow their example remains to be seen.



³⁵ Strom, "Foundations Find Benefits in Facing Up to Failures."

³⁶ Cynthia Gibson, Ph.D. and Brad Rourke, "To Be Fearless" (Case Foundation, 2012), <http://casefoundation.org/wp-content/themes/casefoundation/befearless/files/fearless-principles.pdf>.

³⁷ "Plenary Sessions and Fail Fest Resources," *Grantmakers for Effective Organizations*, 2013, <http://www.geofunders.org/events/past-conferences/learning-conference-2013/658-plenary-resources>.

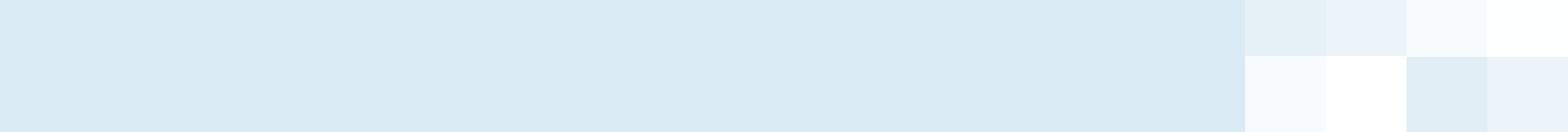
Foundations can't share information they don't have—and part of the explanation for the current state of practice may be the challenge of doing foundation work in such a way that it is possible to identify successes and failures.

Strategies to reach programmatic goal(s)



Sharing what works





Lined writing area consisting of 25 horizontal lines.

FOUNDATION PROFILES



Baptist Healing Trust



Mission

The mission of the Baptist Healing Trust, a private grant making foundation, is the sacred work of fostering healing and wholeness for vulnerable populations through strategic investing, philanthropy, and advocacy.

Location

Nashville, TN

Annual giving

\$5MM

Year established

2002

Staff size

6.5 FTEs

Asset size

\$120MM

Active grantees

124 grantees

INTERVIEWEE: CATHY SELF



Position

President and CEO

Tenure

5 years

Previous experience

Senior Vice President at Baptist Healing Trust

In CEP's Grantee Perception Report® (GPR) data, your foundation's grantees rate it more highly than most other foundations in our data set for its level of transparency. Why do you think that is?

Cathy Self: I think that one of the keys is that we operate under a set of agreed-upon guiding principles that speak to how we want to engage with each other as a staff. One of our guiding principles is that relationships are our work. If we are willing to practice being with each other in authentic, vulnerable, trusting ways, we will be able to engage with all of our encounters in the same way.

Internally, we became very intentional about building



trust among the staff and within our team, and spending time building relationships and getting to know each other at a deep level. I know how hard it is to gain trust. I know how easy it is to lose trust. And so part of maintaining trust after we've built it is that willingness to own our mistakes, that willingness to be authentic. I think it's those same behaviors that we try to live out and model for our grantees. I think that is why we are viewed as transparent, because we have made relationships with them our work, and in building that relationship, there is a sense of trust between funder and grantee. I just go back to the axiom, "You can't give what you don't own." If it doesn't happen at home, it's probably not going to happen, especially in the tough times outside the home.

You mentioned that there was a cultural shift some years ago inside the foundation—what was the impetus for this?

CS: We experienced a change of leadership, and we understood that was an opportunity to hit the refresh button. We had been doing some of the right things, but we had not been doing as many of the right things as we ultimately realized were important to do. So that shift in leadership gave us that opportunity to reorder and to give some attention to some really important things.

How does the foundation define foundation transparency?

CS: If we were to define the word transparency, I believe that we would use phrases like authenticity, integrity, honesty, and vulnerability. By vulnerability, I mean we are willing to accept our imperfections. We are willing to present ourselves as fellow

“I think that is why we are viewed as transparent, because we have made relationships with them our work, and in building that relationship, there is a sense of trust between funder and grantee.”

human beings.

Do you believe the definition that you just gave is shared by staff across the foundation?

CS: I think that those same words would emerge. We don't have an agreed-upon definition, because we have never gone through the exercise of saying, "So what do you think foundation transparency is all about?"

Where does the board fit into all of this—the level of transparency at the foundation, the guiding principles that you all are using?

CS: It started at the staff level, and we didn't hide anything from the board. We talked openly about our intention to be mindful of the need to reinforce and strengthen the culture of the organization. I was very intentional about being as open and transparent and vulnerable with the board as I was attempting to be with the team. It has led to some wonderful, deep conversations with the board, to this day.

Would you say that the foundation makes a concerted effort to be transparent?

CS: Absolutely yes. We try to be discerning but absolutely committed. If you want to know why we declined a grant, we will give you the feedback that emerged from the reviewers for that application. And we get really specific.

We do a number of different workshops, and we tell people in the workshops that our preference is that every grant application be successfully submitted and reviewed and accepted, and here are some things that will help you be more likely to be successful. Oh, and here is how we're going to score these grants. We are going to use these criteria, and we put this weight on those criteria.

So, we're pretty intentional about not hiding any of our cards with our grantees around the grant process.

When it comes to a grant that's been declined, how does the communication that you mentioned work?

CS: We make it known, often, that we are willing to give you feedback if you get the grant and if you don't get the grant. But we don't force-feed people with that. A grantee might not call until it's interested in putting in another grant, but we have now made it our practice that, if you apply and if you've had a grant with us in the past, we're going to pull up the feedback sheets and we're going to give you that feedback as part of getting you ready to create as strong a proposal as possible. Some people take notes and listen, and some people don't.

“It is so much easier to be authentic than it is to have to stop and think about what I should or shouldn't say.”

How do you think that the foundation benefits from its transparency with grantees?

CS: It is so much easier to be authentic than it is to have to stop and think about what I should or shouldn't say. We, as a team, make every effort to get as clear as possible so that there's a consistent message. It's not that we have scripts, but that we have a shared understanding of our goals and our mission and our hope for impact in the community. So when someone comes to us, they're, in essence, getting the same message if you talk to me, or if you talk to the program officer, or if you talk to the CFO.

How do you think that grantees benefit from the foundation's transparency?

CS: I think that the grantee benefits by knowing what the rules of the game are. When we do make a change, we forecast it as far in advance as we possibly can. We send individual e-mails to the grantees that we identify as being directly affected by whatever change might be





happening. And so the grantees can count on us to be faithful to whatever guidelines we have set for that grant season.

We also think that the advantage that has occurred with our transparency is that we tend to be a go-to phone call when crisis hits now. A grantee calls and says, “You know those outcomes we agreed to that were part of our proposal that you approved six months ago? Guess what? We’re not coming anywhere close to achieving those outcomes. And we’ve looked at it, and we think it might be because of this, or because of that, but we need to make some adjustments. Can you work with us on that?” We love that kind of phone call. That’s when we start to feel like partners. Without transparency as a two-way street—if we’re not willing to make ourselves transparent and known to others—I don’t know how we can expect them to be transparent with us.

What is your perspective on the link between a foundation’s level of transparency and its effectiveness?

CS: I don’t want to sound like a broken record, but I think it really comes back to relationships. That we are going to be only as effective as our partners are effective. And it takes all of us coming to the table—with different tools and different skill sets—to have the impact that we share. That sense of transparency keeps us from getting bogged down and playing word games.

What is the balance between what the foundation shares externally and information on certain topics or issues that you all consciously choose not to share externally?

CS: We want grantees to trust us to be willing to accept feedback from them. We got back some feedback from our grantees through the Grantee Perception Report that now is going out in e-mails and in our newsletters that say, “You spoke, we heard, and this is what we’re changing now.” We do that because we think that it is so important for our grantees to understand this is a two-way street. If we have a great idea and you start telling us it’s not such a great idea, we want you to know and trust that we’re going to listen and we’re going to hear that. We’ve altered a number of things with our grants and programs because of that feedback.

We’ve also made some big mistakes with investments that we’ve made in programs that we thought were going to have a huge impact and, in fact, had no impact at all. That, we’re not so concerned about broadcasting publicly. That is the kind of thing we don’t mind sharing when we gather with our foundation peers. I am so grateful when fellow foundation peers are willing to talk about the big flubs because there’s such rich learning that comes out of that.

What is the greatest challenge to your foundation’s ability to be transparent?

CS: Communicating clearly so that it can be received and understood in the way intended. Isn’t that indicative of the human condition? We all have worldviews that are tented by our beliefs and our values. I think that one of our greatest challenges is to know our grantees so well that we communicate in their language and not just in our own language. That requires an investment of time and effort. It means I’ve got to get out from behind the desk and I’ve got to learn the language of that grantee so that when we talk, and when I convey feedback, it’s not just our acronyms and what we think internal controls ought to look like or what a budget justification should say. To be able to convey that so that it’s receivable, so that it’s understandable by the recipient, that means using their language. I think that’s a challenge for us. It’s very easy for foundations to get caught up in our own speak. It makes sense to us, so why doesn’t it make sense to the rest of the world?

“Without transparency as a two-way street—if we’re not willing to make ourselves transparent and known to others—I don’t know how we can expect them to be transparent with us.”

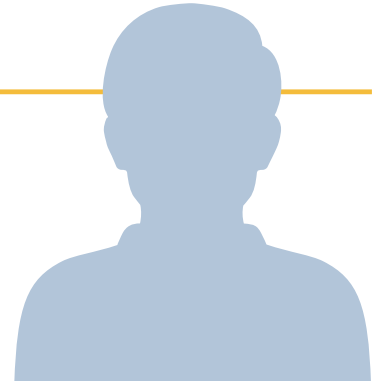
Anonymous Foundation

We are grateful to the anonymous foundation leader who was willing to speak with us about why his/her foundation chooses to remain private in the way it approaches its work. What follows is a summary of the interview between CEP and this leader.

Staff size
> 10 FTEs

Giving
> \$25 million

Year established
Before 1995



Does the foundation choose to share any information publicly?

Anonymous: No. We have no website. We don't openly affiliate ourselves as working at the foundation. When we attend meetings, we do not say which foundation we work for. The board, which consists mainly of relatives of the donor, drives the foundation's desired level of privacy.

Why has the foundation made the choice to be as private as it is?

Anonymous: The foundation has made this choice for specific reasons—the most important of which are:

- **Values.** The leaders believe in being humble in the way they approach their giving.
- **Security of staff and grantees.** Staff and grantee organizations sometimes work in areas of the world that pose safety risks. Being aware of harm that has become others working in those regions, the foundation is concerned about the safety of those carrying out the work. To mitigate the exposure of grantees and staff, the foundation tries to keep these projects as private as possible.

What information does your foundation choose to share (if any) and not share with grantees?

Anonymous: Most information is shared verbally by program officers with grantees. The foundation has a brief written document of its general giving areas, and the types of projects it does

and does not support, that it provides to applicants. Over the years, the foundation has tried to improve its communications with grantees, providing more information about the grant process to them.

In its memorandum of understanding with grantees, the foundation explicitly states that grantees cannot share the name of the foundation as a funder in any public documents. The foundation tries to ensure its privacy this way, but certainly this information does spread by word of mouth.

Do grantees come to the foundation by invitation only? Or, do you also consider applications from grantees that approach the foundation?

Anonymous: Most of the foundation's grantees are recurring grantees. But, certainly, grantee organizations can approach the foundation and that has happened. Although the foundation tries to remain anonymous, grantees do talk with one another, and other organizations find out about the foundation through that means.

How do you think the foundation's choices about what to share and what not to share relates to its ability to be effective, if at all?

Anonymous: There are certainly ways in which more transparency could be beneficial to the foundation on the programmatic side:

- If you are accountable to share information, then you approach the work with a mindset that allows you to be accountable to yourself. If you are not accountable to share, being accountable for effectiveness is not always at the top of your mind.

Most information is shared verbally by program officers with grantees.

- Being private means we cannot issue requests for proposals to solicit the strongest grantees, and we are limited in ability to convene others working on the issues we care about to help move progress forward.
- You miss out on the opportunity to share with the public that these issues are cared about, and related, you miss out on the opportunity to catalyze more change outside the philanthropic sector for the issues the foundation is trying to address.

Those are some of the drawbacks of not being open about information, but there are also some benefits to not being transparent:

- In some cases, without privacy protecting the security of staff, it would be difficult for the foundation to carry out its work on the ground. In that respect, being private aids in the foundation's ability to carry out its goals. The power of that cannot be underestimated.
- When you are in circumstances, such as visiting a nonprofit you are thinking of funding, in which people have no idea how large your foundation is, and they don't really know who you are, they tend to be more authentic rather than saying what they think you want to hear. That is helpful in terms of truly understanding the issues at play and the needs of nonprofits.

Without privacy protecting the security of staff, it would be difficult for the foundation to carry out its work.

Central New York Community Foundation



CENTRAL NEW YORK
COMMUNITY
FOUNDATION, INC.

Where the Smart Money Gives.

Mission

The Central New York Community Foundation, through the effective use of its endowment, enhances the quality of life for those who live and work in the community by:

- Encouraging the growth of a permanent charitable endowment to meet the community's changing opportunities and needs;
- Providing vehicles for donors with diverse philanthropic interests which make giving easy, personally satisfying and effective;
- Serving as a catalyst, neutral convener, and facilitator by stimulating and promoting collaborations among various organizations to accomplish common objectives;
- Carrying out a strategic grantmaking program that is flexible, visionary, and inclusive.

Location

Syracuse, NY

Year established

1927

Asset size

\$189MM

Annual giving

\$9.2MM

Staff size

19 FTEs

Active grantees

About 200 grantees

INTERVIEWEE: PETER DUNN



Position
President and CEO

Tenure
7 years

Previous experience
VP of Philanthropic
Services at the California
Community Foundation

As you know, your foundation's grantees rated it more highly than almost all of the other foundations that are in the Grantee Perception Report® (GPR) dataset when it comes to transparency. Why do you think that is?

Peter Dunn: I think we've been really deliberate over time in focusing on how we work with grantees and applicants. We don't want to waste anybody's time—either our time or theirs. So, if nonprofits are coming to us for a certain type of funding, we're really trying to make sure that, given the limits on their resources and ours, we're creating a respectful and efficient process.

We have also taken steps to demystify how we make decisions. As a community foundation, not every funding decision is going to look the same. We're not one pile of money—we reflect the charitable interests of 700 distinct funds. So, external audiences may not understand and wonder, "Why did you make that particular grant?" We try to be clear about the fact that there are different

funds that do different things and that can impact how we make grants and the issues and programs that we support.

Furthermore, we share with local nonprofits that we've developed a measurement tool that we use as a way of objectifying the grants review process—this is the tool we use to get internal staff consensus before we go to our board. So, we basically opened the curtain and said to everyone, "Hey, this is the tool that we use. It reflects priorities like effectiveness, sustainability, collaboration, diversity/inclusion, building community, impact, and outcomes. These are the types of things that we look to prioritize."

Has the foundation always been as transparent as it currently is?

PD: As we have gotten bigger, we have gotten even more conscious of our place in the local nonprofit and philanthropic ecosystem and the fact that we have a responsibility not only to our donors, who have entrusted gifts to us, but also to grantees and the community. We're located in a medium-sized city where relationships are important—so as we've grown, transparency and accountability has become an even bigger motivator for us. When we were a \$30 million foundation our local role was somewhat different than now, when we're almost a \$200 million foundation. We now represent fully 40 percent of all the endowed philanthropy in our region—so, in my view, with size comes great responsibility. I think that grantees and others who have worked with us see that we're for them, willing to do whatever is within our power to help them succeed. This mode of operation—

“We are also committed to sharing what we have done in the past, which gives others information about what we might do in the future.

mutual respect and always seeking to build—really seems to have an impact in our community.

How does the foundation define foundation transparency?

PD: Fundamentally for us, the notion of transparency is rooted in our status as a place-based funder. It has to do with how we talk about what we do and what we share about our decision-making process. It is also reflected in how we share the emphasis that we place on different types of grants, and what we are

looking for from potential grant projects and grantees. We are also committed to sharing what we have done in the past, which gives others information about what we might do in the future. I also think transparency is rooted in the purposeful way we operate our various initiatives—our community efforts beyond our grants programs. We repeatedly articulate our desire to strengthen leaders, nonprofits organizations and community.

Also, because of the nature of community foundations, we are the steward of many donors, bequests, and legacies. We have a stewardship obligation to current, living donors and to our past donors. Transparency is a part of that stewardship role, and it builds confidence in the local community that we are worthy of support from donors in the future.

Would you say that staff across the foundation would share the definition and description that you just gave us, or do you think there are differences?

PD: The notion of transparency may be reflected a bit differently among staff members depending on where they sit, as different roles have different accountabilities. If we are working with individual donors, those donors are going to value discretion as part of their philanthropic planning. So, our ability to be transparent externally on a

future gift commitment may be limited, but our ability to be responsive to a donor’s interests will build confidence and enhance local philanthropy.

However, if we’re working with grantees, we will be sharing how do we do what we do: how we make decisions, as well as how we see our community priorities developing and what impact that may have on grantees.

But I think the ethic is common because, in my view, if we have a customer-service ethic working with donors, that same approach results in us having a community-service ethic working with grantees. We all conduct our business according to shared values.

How do you think that your foundation benefits from its transparency with grantees?

PD: I think that our ethic and community-service approach has developed significant reputational equity for us. We have had record results in our development work the past several years. It’s also been good for us in terms of being able to look at applications that are more aligned with the things that we want to fund and the priorities that we want to support in the local community. We have found that when we are clear about how we do our work, it is a great value to not only the grantees and applicants but also to us, in terms of our overall effectiveness. I think the perception of our role in the community has been enhanced by our commitment to transparency. And, transparency helps build trust and the impact of our future collaborations.

How do you think that grantees benefit from the foundation’s level of transparency?

PD: I think, for grantees, it’s about allowing them to think with some clarity about when we are the best funder and when some of our local colleagues might be the best funders. If a potential applicant knows where we’re going, they can spend their time and resources accordingly. For us, being a trusted partner improves grantee success and the impact of our initiatives.



Do you have internal conversations at the foundation about your level of transparency, or what you're transparent about, or how?

PD: I think it's culturally embedded now. That emphasis comes from staff leadership as well as from the board, as our board members very much support of our local stewardship role. So, I think we have become collectively aligned in that way.

I think some of this might also come from our national-standards process—community foundations through the Council on Foundations have an accountability mechanism through national standards that is distinct in the foundation sector. There are other things that we've done that are aligned with our community-service and customer-service ethic. For instance, our grants and community initiatives team has come to consensus around a mission and values statement that derives from our foundation-wide mission. All of these things, collectively, have driven our externally facing interactions with nonprofits.

In this research and other research we've done, we've found that foundations are having trouble sharing lessons that they've learned from past grantmaking, compared to other aspects of transparency. Your foundation is rated extremely well by its grantees in the Grantee Perception Report® for how transparent you are with your experience with what you've tried but has not worked in your past grantmaking. What do you think it is that grantees are thinking of when they're rating you so highly on that?

PD: Well, part of our transparency is the evaluation process that we do, which looks at the success of individual grants we made as well as lessons we can

“I think if grantees feel that they're going to be treated fairly, that they're going to be treated in a prompt and responsive way, and we're going to have clarity about the kinds of things that we're looking for and not looking for, it makes them more effective and makes us more effective.”

learn from our interactions with grantees. We learn from that process, and we talk about what we learn. Then we make changes to our process, our application, our intake, and other things based on what we learn. As a result, I believe that over time, external audiences can tell that we've been a learning organization. We've had newsletter articles published about things we've learned. It comes up when we do our larger funder-grantee orientation and outreach meetings.

The purpose of our evaluation process with grantees is to get a sense of whether a grant worked or not, and what we can learn about our process from those grants that might have worked or not, or whether there were external factors not related to the grant that may have hampered it or prompted success. I'm quite aware that some funders have gotten more proactive about saying, "Hey, this is a thing that we tried and it didn't work." We're conscious of trying to learn from our work and the hard-won successes and challenges facing our grantees, and respecting the day-to-day context that they work within.

In our data, we see that the more transparent grantees perceive a funder as being, the stronger they rate their relationships with that funder. Or vice versa. It's hard to put directionality on that relationship. But why do you think that there is such a strong link between relationships and transparency, from the perspective of the grantee?

PD: I think it helps grantees see that what we're doing reflects an objective process and that there is not an inside game that is stacked in some way. And, that we're using objective tools to evaluate grants, and we're using a thoughtful process that includes board and staff to get to what





grantees feel that they're going to be treated fairly, that they're going to be treated in a prompt and responsive way, and we're going to have clarity about the kinds of things that we're looking for and not looking for, it makes them more effective and makes us more effective. Grantees that come to us with issues and problems find an organization that will give them creative and helpful ideas rather than shaming them for whatever their issue is.

What is the greatest challenge to your foundation's ability to be transparent?

PD: We have embedded the notion of transparency and a community-facing ethic into our work. I don't know that we have a particular challenge other than volume and capacity and being able to juggle significant demands for resources while maintaining our standards. We only have so much institutional capacity, so that's where we could encounter an issue, but I haven't perceived this to be a problem for us because I think it's embedded in what we do.

We have different obligations to different constituencies. Donors would expect that we're treating their interests in confidence and so we need to be mindful of that.

are, hopefully, good decisions. That is our thinking about what good stewardship should be. So I think if

We happen to have been blessed with significant gifts over time that have resulted in a lot of unrestricted grantmaking capacity, which is somewhat distinct among community foundations. We also have many funds that have preferences and designations. So, like

any other community foundation, we have to manage through the complexity that is created by the diversity of philanthropic funds that we hold.

What advice would you give to other foundations if they want to become more transparent?

PD: Perhaps the question to ask is: Who is your customer? And a foundation might say that donors, the community, and nonprofits are customers—we think that a common ethic can be created that results in an organization that is responsive to the variety of audiences that it serves.

Part of it is also a matter of basic values: How would you want to be treated? Most likely, folks want to be treated with dignity and respect. We try to be mindful of that—and, as a result, we think there is a way to be responsive to nonprofit applicants while preserving our objectivity and having an interesting and meaningful community impact through the grants and other initiatives that we have created.

“Grantees that come to us with issues and problems find an organization that will give them creative and helpful ideas rather than shaming them for whatever their issue is.”



APPENDIX: METHODOLOGY

Four different sources of data were used for analyses in this research about foundation transparency:

- A survey of foundation CEOs
- Surveys of grantee organizations from CEP's Grantee Perception Report® (GPR)
- A survey of nonprofit CEOs from CEP's Grantee Voice Panel
- Qualitative coding of foundation websites

All research and analyses were developed and executed by CEP staff. Information detailing the processes for collecting and analyzing the data associated with the four sources is below.

SURVEY OF FOUNDATIONS

Foundation data discussed in this report were gathered through a survey administered to foundation CEOs.

SAMPLE

Specific criteria were used to determine eligibility for this research study. Foundations were considered for inclusion in the sample if they:

- were based in the United States;
- were an independent foundation, including health conversion foundations, or community foundation as categorized by Foundation Directory Online and CEP's internal contact management software;
- provided \$5 million or more in annual giving, according to information provided to CEP from Foundation Center in September 2014.

Individuals leading eligible foundations were included in the sample if they:

- had a title of president, CEO, executive director, or equivalent, as identified through the foundation's website, 990 form, or internal CEP staff knowledge;
- had an e-mail address that could be accessed through

the foundation's website or internal CEP records (generic or assistant e-mail addresses were not included).

In June 2015, 466 CEOs were sent an invitation to complete the survey. Later, seven foundation CEOs were removed from the sample because they did not meet the inclusion criteria. Completed surveys were received from 143 CEOs, and partially completed surveys, defined as being at least 50 percent complete, were received from two CEOs. Thus, our final sample included 145 of the 459 potential respondents, for a response rate of 31.6 percent.

Survey Period	Number of CEOs Surveyed	Number of Responses	Survey Response Rate
June 2015 – July 2015	459	145	31.6%

METHOD

The survey was fielded online during a four-and-a-half-week period from the beginning of June 2015 to the beginning of July 2015. CEOs were sent a brief e-mail, including a description of the purpose of the survey, a statement of confidentiality, and a link to the survey. CEOs were sent up to 10 reminder e-mails.

The survey consisted of 25 items, some of which contained several sub-items. The survey included questions about current foundation practices related to transparency and the attitudes and perspectives of foundation leaders on transparency. CEOs were asked about a variety of topics, including their definition of transparency, the audiences to which it is important for their foundation to be transparent, the level of transparency of their foundation in different areas, their beliefs about the benefits and limitations to being transparent, and the ways in which transparency could increase or impede foundation effectiveness.

RESPONSE BIAS

Foundations with CEOs who responded to this survey did not differ from nonrespondent foundations by annual asset size, annual giving amount, or foundation type (i.e., whether the foundation was an independent or community foundation).³⁸ CEOs of foundations that have used CEP's assessment tools were more likely to respond to the survey than CEOs of foundations that have not used a CEP tool.³⁹

³⁸ CEOs of foundations located in the south of the United States were slightly less likely to respond to the survey than CEOs of foundations in other regions, as categorized by the U.S. Census. A chi-square analysis was conducted between whether or not foundation CEOs responded to our survey and the region in which the foundation was located. A statistical difference of a small effect size was found (0.15).

³⁹ A chi-square analysis was conducted between whether or not foundation CEOs responded to our survey and whether or not those foundations have used a CEP tool. A statistical difference of a medium effect size was found (0.30).

SAMPLE DEMOGRAPHICS

Of the foundations in our final sample of respondents, 68 percent were independent foundations and 32 percent were community foundations. Health conversion foundations accounted for 10 percent of the independent foundations. The median asset size for foundations in the sample was \$257.2 million and the median annual giving level was \$14.3 million. The median number of full-time equivalent staff working at foundations in this study was 16.⁴⁰

Foundation Characteristics	Range	Median Value
Staff Size	1 FTEs to 400 FTEs	16 FTEs
Assets	\$2.6 million to \$11.2 billion	\$257.2 million
Giving	\$5.1 million to \$593.8 million	\$14.3 million

QUANTITATIVE ANALYSIS

To analyze the quantitative survey data from foundation CEOs, descriptive statistics were examined and a combination of correlations, independent samples t-tests, paired samples t-tests, chi-square analyses, and analysis of variance tests were conducted. An alpha level of 0.05 was used to determine statistical significance for all testing conducted for this research. Effect sizes were examined for all analyses. Only findings reaching at least a medium effect size are discussed in this publication.

QUALITATIVE ANALYSIS

Thematic and content analyses were conducted on the responses to the following open-ended survey items:

- What does it mean to you for a foundation to be transparent?
- What is the primary reason for the difference in the levels of transparency across your foundation's program areas?
- What is one thing your foundation would like to work on with regard to transparency?
- What has your foundation done to become more transparent in the past five years?
- If you could change one thing about the current conversation on the issue of transparency in philanthropy, what would it be?

A coding scheme was developed for each open-ended item by reading through all responses to recognize recurring ideas, creating categories, and then coding each respondent's ideas according to the categories.

A codebook was created to ensure that different coders would be coding for the same concepts rather than their individual interpretations of the concepts. One coder coded all responses to the question and a second coder coded 15 percent of those responses. At least an 80 percent level of inter-rater agreement was achieved for each code for each open-ended item.

Selected quotations were included in this publication. These quotations were selected to be representative of the themes seen in the data.

SURVEY OF GRANTEES

Grantee data discussed in this report were gathered through one of two methods: surveys administered as part of CEP's GPR process or a survey administered to CEP's panel of nonprofit leaders.

GPR DATA

Foundations commissioned GPR surveys to receive confidential feedback from their grantees on a range of issues, including:

- Grantees' perceptions of the foundation's overall transparency, as well as the foundation's transparency about its grantee selection process, changes that could affect grantees' future funding, best practices, and failures;
- Grantees' perceptions of the clarity and consistency of the foundation's communications;
- Grantees' perceptions of foundation staff's responsiveness;
- Grantees' comfort in approaching the foundation if a problem arises; and
- Grantees' sense of how fairly they are treated by the foundation.

SAMPLE

Between fall 2013 and spring 2015, 74 foundations commissioned a GPR and 23,737 of their grantees were invited to participate in the GPR survey. Of those

⁴⁰ The number of full-time equivalent staff is based on self-reported data.

surveyed, 15,167 grantees responded, resulting in a response rate of 63.9 percent.

Survey Period	Number of Grantees Surveyed	Number of Responses	Survey Response Rate
Fall 2013 – Spring 2015	23,737	15,167	63.9%

Among the 74 foundations that received grantee feedback, 51 were independent foundations (including 11 health conversion foundations) and 13 were community foundations; eight were international. The median foundation in the dataset had 19 staff, \$423.6 million in assets, and an annual giving of \$19.3 million.

Foundation Characteristics	Range	Median Value
Staff Size	3 FTEs to 383 FTEs	19 FTEs
Assets	\$5.8 million to \$11.2 billion	\$423.6 million
Giving	\$0.4 million to \$593.8 million	\$19.3 million

METHOD

The GPR survey consisted of about 50 items, many of which used seven-point Likert rating scales. All surveys were fielded online. Participants were sent a brief e-mail that included a description of the GPR survey, a statement of confidentiality, and a link to their survey.

QUANTITATIVE ANALYSIS

To analyze the quantitative survey data, a combination of independent samples t-tests, paired samples t-tests, chi-square analyses, analyses of variance, correlations, factor analysis, and regression analyses was used to understand how grantees' ratings of foundations' transparency related to other items in the survey. An alpha level of 0.05 was used to determine statistical significance for all inferential tests conducted. Only findings reaching at least a medium effect size were discussed in this publication.

REGRESSION ANALYSIS

A series of ordinary least squares (OLS) regressions was conducted to understand the predictors of grantee ratings on the funder-grantee relationship summary measure.⁴¹ Because OLS regressions carry assumptions that our data could not meet, a series of robust regressions, calculating both Huber-estimators and MM-estimators, was also run

to understand whether the non-normal distribution of our dependent variable (i.e., the relationship summary measure) biased the results of the model. The robust regressions confirmed the findings of the OLS regressions; therefore, the OLS regression findings are presented in this report.

The R² for the OLS regression predicting relationships was 60 percent, meaning that our model explains 60 percent of the variation in our respondents' relationship ratings. The standardized beta coefficients, which indicate the relative predictive power of each variable, are as follows in descending order:

- Overall transparency of the foundation with the grantee organization: 0.37
- Foundation's understanding of grantee organization's strategy and goals: 0.27
- Foundation's understanding of the social, cultural, or socioeconomic factors that affect the grantee's work: 0.15
- Pressure grantee felt to modify his/her organization's priorities to create a grant proposal that was likely to receive funding: -0.13
- Helpfulness of the foundation's selection process in strengthening the grantee's organization or program funded by the grant: 0.13

GRANTEE VOICE PANEL DATA

Grantee definitions of foundation transparency discussed in this report were collected in 2012 through CEP's panel of nonprofit leaders, called *The Grantee Voice: Feedback for Foundations*.

PANEL

The Grantee Voice panel was established in the initial months of 2012. Several steps were taken to create this survey panel. First, a database from the National Center for Charitable Statistics (NCCS), which consisted of information from more than 365,000 registered 501(c)(3) organizations with a Form 990 filed between 2007 and 2010, was used to randomly select nonprofits with annual expenses between \$100,000 and \$100 million. To ensure that the randomly selected sample was representative of this full range of expenses, a stratified sample containing 25 percent of nonprofits from each quartile of this expense

⁴¹ For more information on the grantee summary measure, please see CEP's 2010 publication, "Working with Grantees: The Keys to Success and Five Program Officers Who Exemplify Them."

range was created. The Foundation Center's Foundation Directory Online was used to determine whether or not each of the nonprofits in this random sample had received any funding since 2008 from foundations giving at least \$5 million annually in grants. Only nonprofits that had received such funding were invited to join the panel. The steps in this process were repeated until we reached a sample of approximately 1,000 nonprofits.

Ultimately, 1,049 nonprofit leaders were invited to join *The Grantee Voice* panel, and 300 accepted the invitation, resulting in an acceptance rate of 29 percent. We statistically tested for, and saw no differences between, the annual expenses and issue areas of the organizations that did and did not accept the invitation to join this panel. The geographical region of the organizations for these two groups differed only very slightly.⁴²

For this panel, we use the word "leader" to refer to the individual who is responsible for running the nonprofit organization, typically referred to as the executive director, president, or CEO. For more information on the panel, please visit CEP's website: www.effectivephilanthropy.org.

SAMPLE

In September 2012, a survey on foundation transparency was sent to the 300 nonprofit leaders (i.e., CEOs) who comprise *The Grantee Voice* panel. Ultimately, two nonprofit leaders were removed from the panel because they had left their respective organizations after joining this panel, and one nonprofit leader was removed because he no longer wanted to participate. The result was a final panel of 297 nonprofit leaders for this survey. Completed surveys were received from 138 leaders, for a response rate of 46 percent.

Nonprofits represented by leaders who responded to the survey did not differ from nonrespondent organizations by staff size, program area, age of nonprofit, or location. They also did not differ by the proportion of revenue coming in the form of foundation funding. Expenses for these two groups differed only slightly.⁴³ Statistics on age, staff size, and proportion of revenue coming from foundations are based on self-reported data.

METHOD

The survey was fielded online. Panel participants were sent a brief e-mail including a description of the survey,

a statement of confidentiality, and a link to the survey. Three reminder e-mails were sent to panel participants who had not yet responded to the survey.

The survey consisted of seven rating questions, many of which contained several items. In addition, two open-ended questions were asked of nonprofit CEOs about what foundation transparency means to them and what steps foundations can take to be more transparent with nonprofits.

QUALITATIVE ANALYSIS

Thematic and content analysis was conducted on responses to the open-ended survey item, "In one sentence, what does it mean for your foundation funders to be transparent with your organization?" A coding scheme was developed for this open-ended item by reading through all responses to recognize recurring ideas, creating categories, and then coding each respondent's ideas according to the categories.

A codebook was created to ensure that different coders would be coding for the same concepts rather than their individual interpretations of the concepts. One coder coded all responses to the question, and a second coder coded 20 percent of those responses. At least an 80 percent level of inter-rater agreement was achieved for each code for the open-ended item.

Selected quotations were included in this publication. These quotations were selected to be representative of the themes seen in the data.

FOUNDATION WEBSITES

Website data discussed in this report were gathered through qualitative coding of foundation websites.

SAMPLE

Of the foundations in our GPR sample, 73 of the 74 were selected for website coding. One foundation was excluded because it had more than one website, making it unclear which site its grantees were using to find information about the foundation.

METHOD

Websites were qualitatively coded based on their

⁴² A chi-square analysis of geographic region was conducted. A statistically significant difference of a less than small effect size was found between nonprofits in the south and northeast regions of the United States. Nonprofits located in the south were slightly less likely to accept the invitation and nonprofits located in the northeast were slightly more likely to accept the invitation.

⁴³ A chi-square analysis of expense quartiles was conducted. A statistically significant difference of a small effect size was found between nonprofits in the highest quartile, with expenses between \$4.5 million and \$59.5 million, and nonprofits in all other expense quartiles. Nonprofits in the top quartile were slightly less likely to respond to the survey than nonprofits in all other quartiles.

provision of information across 60 criteria. Criteria encompassed a wide range of information foundations could publish on their websites, including financial documents, governance policies, staff names and contact information, foundations' programmatic goals and strategies, grant process information, assessment approaches and results, and lessons learned. A codebook was created to ensure that different coders coded for the same concepts rather than their individual interpretations of the concepts.

From June 2015 to August 2015, multiple coders coded the websites in three phases. First, to establish inter-rater reliability, three coders coded 12 of the 73 foundation websites (16 percent). At least an 80 percent level of inter-rater agreement was achieved for each of the 60 criteria. In the next phase, two coders divided up and coded the remaining 61 foundations. Because of the websites' organization or display of information, six foundation websites were flagged for being difficult to navigate and were coded by both coders in the final phase.

To understand how frequently websites included the types of information coded for, percentages were calculated for all codes.

PROFILES

Three foundations are profiled in this report to provide examples of the different choices foundations make about how much information to share.

Two foundations were profiled as examples of foundations whose grantees rate them as highly transparent: The foundations are the Baptist Healing Trust and the Central New York Community Foundation. Both of these foundations are rated by grantees in the top five percent of our dataset for their overall transparency. Additionally, these foundations scored in the top 15 percent of the dataset on all four of the transparency sub-measures grantees rated.

The CEO at each foundation was invited to be interviewed. Interviews were conducted via phone and lasted 60 minutes. The interviews were recorded and transcribed. The CEOs interviewed reviewed their respective profiles and both agreed to publicly share them here.

Along with interviewing two foundations that are rated highly by their grantees for their level of transparency, we intended to interview foundations that are purposefully not very, or not at all, transparent. We tried several methods of finding and/or reaching out to foundation leaders whose foundations are not very transparent—including direct outreach, asking internal and external

colleagues for recommendations and connections, and Twitter. Through this search, one foundation leader agreed to be profiled on the condition of anonymity. This person was interviewed by phone for approximately 30 minutes. The interview was not recorded and the profile was written from notes of the conversation. The staff member interviewed reviewed this report and agreed to publicly share the profile included herein.



CEP FUNDERS

We are very appreciative of the support that made this work possible.

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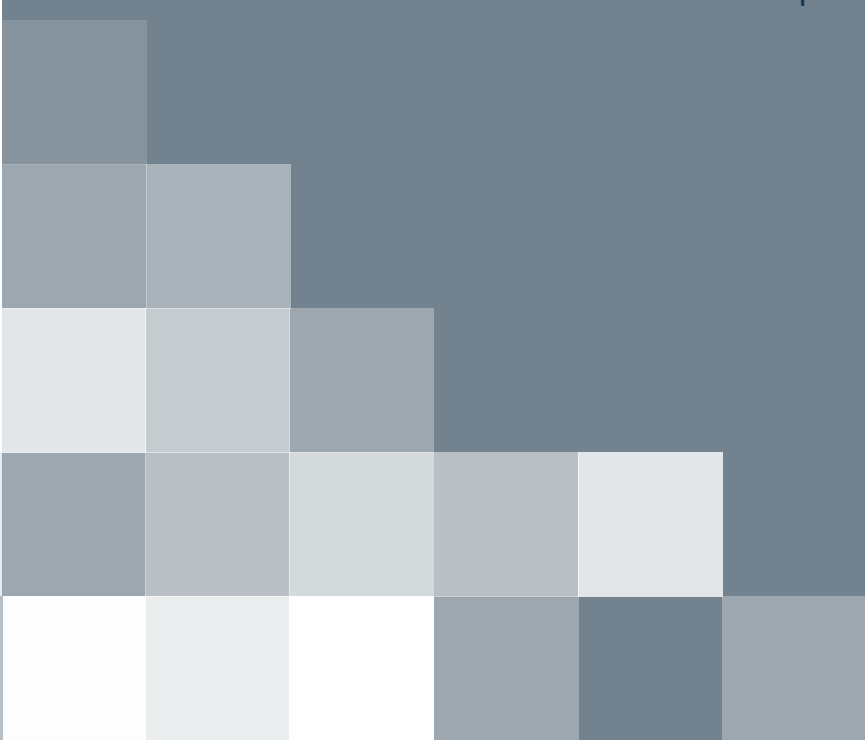
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