

To sum up, a good foundation should be a two-way street where interaction and communication between itself and society bring rewards for both.

The rewards to society are obvious. A glance at the scope and diversity of giving in even a few of our foundations sets them out for all to see.

And the rewards for foundations? The opportunity to preserve what is good on earth, to support what feeds the soul or stimulates the intellect, to encourage a talent or save an endangered species or to keep alive the dreams and aspirations of others is not only a privilege but a sacred responsibility. For foundations, that responsibility is the source of incalculable satisfaction.

The Private Charitable Foundation: Roles and Responsibilities in Philanthropy

H. W. MEECH, President

THE DEVONIAN GROUP OF CHARITABLE FOUNDATIONS

I've been associated with The Devonian Group of Charitable Foundations and its predecessors since its beginning in 1955. Originally, these Foundations were interested in the acquisition and use of museum collections related to Western Canada; later, interest expanded to include acquisitions and collections from many areas of the world. These collections, which were acquired in the period of 1955 to 1977, have been given to the Glenbow-Alberta Institute in Calgary, which is supported by the Alberta Government and the City of Calgary and has a substantial endowment of its own.

In 1973, the decision was made to re-organize the Foundations with a view to broadening the Group's role and mandate. A study was made of developments in the field of philanthropy. During the course of this study, we found two statements of general policy concerning the roles and responsibilities of foundations and those who run them:

I. The Council on Foundations Policy Statement — January 1973

1. Basic Rationale

The foundation as an institution is a means whereby non-government initiatives and resources can be committed to the service of the public welfare — foundations are one element of many and they contribute substantially to human welfare.

2. Diversity

Foundations differ greatly in origin, size, purpose, organization and mode of operation. In this diversity they correspond to the multiplicity of society's bona fide charitable needs, and because of it, satisfactory generalizations about foundations are difficult. Within their general philanthropic mandate, it is fitting that some foundations should be concerned par-

ticularly with the search for fresh solutions and innovative lines of development while others centre more on the support and strengthening of existing institutions of proven worth; that some should favour progressive social causes and others more conservative ones; that some should focus on local or regional needs while others seek to extend their scope of effective concern to human welfare. In these respects no orthodoxy can properly be prescribed for foundations. The one common requirement is an essential public spiritedness. A commitment to the service of others must be the basic guiding principle for all who direct or manage foundations.

3. Governmental Supervision and Tax Relief

The capacity of foundations to contribute to the public welfare under non-governmental management is the basic justification of the privileges granted to them by the federal government — the most important of which is the tax exemption they enjoy. For the same reason, foundation trustees are allowed broad latitude as to how they perceive the public good and to what elements of it they wish especially to address themselves.

Foundations exist to facilitate the application of private resources and private initiatives to the public good, and it is this capacity for public benefit which justifies their tax exemption.

4. Management

Once a foundation is established and given tax exemption, neither the donors nor the trustees and staff own it. All such parties may, and should, have critically important roles to play in how a foundation defines its interests, selects its targets and conducts its activities. The essential requirement is that both trustees and employees recognize their involvement in, and responsibility for, a public trust in relation to which self-aggrandisement and self-dealing can have no proper place.

Whether a professional staff is required by a foundation depends on the nature of the foundation, its program and the time and attention which trustees can bring to the work. The most important thing is the quality of the work — including its sensitivity and its realism — not whether it is done by trustees, professional staff or consultants.

5. Evaluation and Program Review

No foundation, however large or small, should be complacent about the wisdom and usefulness of its program. Each should be concerned to see how it can improve its performance and make limited resources meet as effectively as possible, needs that generally far outstrip available funds. Periodic, systematic review and evaluation of program can lead to improved performance.

6. Disclosure

Out of the public trust vested in foundations grows the need to accept the principle of full disclosure and readiness to share with concerned persons, as well as with public officials, information about objectives and activities.

A concern for informing the public of what its objectives and activities are,

even when very modest, can also often help a foundation's managers gain useful advice and criticism relating to areas of particular interest to them.

They must be prepared to exhibit their wares in the marketplace of ideas to gain and hold public understanding, the goodwill of people, the support of elected representatives.

In addition to these six points outlining the basic rationale for, and responsibilities of, foundations we were impressed by the views of McGeorge Bundy, former head of the Ford Foundation. In 1974 he categorized the following as:

II. The Three Central and Moral Responsibilities of Trustees of Foundations

1. **The Choice of Program** — Programs should be what the future needs, not what the past has required. Trustees should not delegate the final responsibility for program choice.
2. **The Choice Of, and Relationship With, Staff and Other Advisors** — Trustees should delegate wide authority in execution and give great weight to professional recommendations, but trustees must make full use of their right to be informed, to advise, to warn — and to forbid.
3. **The Need For Full Disclosure** — Trustees have a responsibility to ensure the foundation's activities are fully and fairly explained to appropriate public authorities and the interested public.

I believe these two statements provide a framework within which any foundation can, and should, plan its own programs, establish its own guidelines and carry out its own perceived mandate.

The mandate which The Devonian Group adopted in 1973 was: to make a greater impact. To achieve this, the decision was made to spend all the capital as well as the income of the Foundations, estimating that it would take approximately 15 years to spend all funds.

The decision to make a greater impact resulted in strict guidelines being established for qualifying projects. The majority of qualifying projects were those created and executed by the Group itself; for example, the acquisition and development of parklands. Only large and active outside projects were considered and the minimum grant of about half a million dollars per project was established. The projects which we determined to be our program areas of interest included:

Public Parks — principally in the downtown areas of cities and towns.

Historic Preservation — this was almost entirely limited to our museum collecting and some joint projects with Heritage Canada Foundation related to "area conservation".

Applied Scientific Research — projects which would "make or break" in five years.

As of late 1981 we had spent or committed \$57 million; we have about \$10 million uncommitted and have decided that the remaining funds will be concentrated in Western Canada and on projects in the \$25,000 to \$250,000 range. We

hope to be out of business in two or three years.

The results of our unusual interpretation of our role and responsibilities have given us great satisfaction. Not all projects are great successes, but few have been a disappointment.

The following observations about our experience are my own but will, I hope, prove useful to others:

1. Our decision to limit, but intensify, our activities meant we were able to make things happen that either would not have been done or would have been done many years after the need arose.
2. It is essential for a foundation to define its general program or areas of interest publicly while remaining flexible about details.
3. Relationships between foundations in Canada and federal government members and tax officials have been good. All foundations should work together to keep them so.
4. Publishing a report (The Devonian Group has published its annual reports since 1974) has resulted in positive criticism and comments that are now becoming useful to us. Published reports are also useful to those who approach us with projects of their own and are of immeasurable help when we are dealing with others.
5. Requiring some financial support and the support of municipal leaders in the communities where our projects were located gave us assurance that the project met local plans and expectations.
6. Establishing a small committee of three trustees who could make all decisions, permitted us to act expeditiously and provide the prompt response that makes it possible to lead and generate enthusiasm in others.

Not long ago the mayor of a western city, recounting some of his problems and difficulties, said, "When I retire I'm going to start a business where I talk only about *good news*." Then he looked at me and said, "*You are in the good news business now.*" He was right. Redefining its role and responsibilities has meant that the Devonian's programs have been "good news" for many Canadians.