

# Trusteeship in Private Foundations

# Top Ten Purposes for Trustees

- Mission and Purpose
- Select the Executive
- Support & Measure Performance
- Strategic Planning
- Adequate Resources
- Manage Resources
- Programs & Services
- Public Image
- Court of Last Appeal
- Evaluate Board Performance

# Mission and Purpose

- Legal Existence
  - Tax Structure
    - Private Foundation, Public Charity
- Establish the Mission & Purpose
  - Often Related to Purpose Before Asset Sale
    - Hospitals.....Health Grantmaking
- Area or Population of Focus
  - Often the Former Service Region
    - Southern Baptist Hospital.....Five Parish Grants

# Mission and Purpose

- Establish Trustee Boundaries
  - Term Limits
  - Age Limits
  - Board Size
  - Trustee Residency
  - Appointment Process
  - Attendance Requirements
  - Religious, Gender, Race Preferences

# Select the CEO

- Critical Decision
- Define Position
  - Experience, Qualifications, Education
- Classic Make or Buy Decision in Grantmaking
  - Hire an Experienced Grantmaking Executive Without Knowledge of Local Issues, or...
  - Hire an Executive with Local Experience but Without Grantmaking Background
- Set Competitive Compensation
- Series of Executive Candidate Interviews

# Support & Measure the CEO

- Discuss Role of the Board and CEO
  - Board's Authority is When in Session
  - Board Sets Policy; CEO Implements
- Establish Process for Evaluation
  - Support in Public/Criticize in Private
  - Evaluate Based on Position Description
  - Questionnaire to Each Board Member
  - Executive Committee Conducts Evaluation

# Strategic Planning

- Evolves From Mission
- Annual Process
- Board Retreat
- Financial Projections
- Community Needs
- Goals & Objectives
- Staffing & Expenses
- Annual Measurement

# Adequate Resources

- Acquire Resources Sufficient for the Mission
- Fiduciary Responsibility During Sale and Conversion of Nonprofit Assets
- Match Resources from Conversion to the Scope of Mission; Common Mistake is to Over-reach the Assets

# Manage Resources

- Set Endowment Expenditure Goals
  - 5% into Grants
  - Limit Operating Expenses .75 Basis Points
- Investment Policies
  - Asset Allocation: Stocks, Bonds, etc.
- Financial Advisor
- Money Managers
- Auditors
- Management Spending Authority Limits

# Programs & Services

- Establish Program Objectives
- Product Offerings
- Service Offerings
- Quality Control and Assessment

# Public Image

- Establish Image Control Policy
- Level of Public Reporting
- Trustee Directed Donations
- CEO Level of Involvement
- Formal Communication Staff

# Court of Last Resort

- Various Appeal Mechanisms
- Evaluation/Audit Findings

# Evaluate Board Performance

- Annual Board Self-Evaluation
- Overall Effectiveness Assessments
- Conflicts of Interest