



# **Grantmaking Assessment 2019**

(Final Report November 13, 2019)

Assessment conducted by Peter Handler, consultant

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## EXECUTIVE SUMMARY

This grantmaking assessment is based on interviews with The Coleman Foundation's staff, a number of its grant recipients, and six of its peer foundations. The grantmaking assessment is further informed by an analysis of the foundations' guidelines and internal operating procedures. The assessment also relies on the consultant's personal experiences working closely with six separate foundations.

Established in 1951, but not fully operational until 1981 (when the Coleman estates were settled), The Coleman Foundation is a Chicago-based, private, independent foundation that exists to make philanthropic grants primarily in the Chicago Metropolitan area. The Foundation principally supports activities in three distinct areas:

- Cancer Care
- Entrepreneurship Education, and
- Developmental Disabilities

Over the past four years, The Coleman Foundation has approved an average of 175 grants per year, paying out (approximately) between \$6 million to \$7 million each year. Many of these grants are targeted and timely and support a wide range of programs that increasingly serve under-resources communities. The Foundation typically maintains long, productive relations with grant recipient organizations.

As with many operations – be they commercial or nonprofit – the foundation could conduct its work in a more effective and efficient manner and in ways that could help the foundation prepare for the planned transition to a new President.

Highlights of the findings of this grantmaking assessment include:

- The Coleman Foundation considers itself as a relationship grant maker.
- The Coleman Foundation may be alone among significant Chicago foundations in spending grants money in arrears (meaning that Coleman is basing its annual grants budget on its prior years' assets).
- Almost none of the proposals approved by the board begin as Letters of Inquiry that the staff did not know about in advance.
- Most organizations applying to Coleman for a grant use one of two applications (depending on whether they are requesting less than, or more than, \$50,000). These two applications essentially ask for the same information.
- The proposal application cover page creates some confusion when it asks applicants to check which Program Area they are applying for, because those Program Areas do not completely correspond to what Coleman actually funds.
- The foundation has an informal and inconsistently applied policy for supporting an organization's overhead, or indirect costs (also known as supporting "full cost funding").

- Many applicants do not understand why Coleman asks them to submit two paper copies of the proposal through the U.S. Mail plus an additional one via email. They would prefer to submit their proposals exclusively via email.
- Coleman's Program Officers are well thought of by the nonprofits with which they work.
- Coleman's two Program Officers conduct the great majority of site visits. The President sometimes will join. Board members do not consistently or regularly go on site visits.
- In many ways, the Coleman proposal approval process works well, with the board approving more than 95% of the proposals presented by the staff.
- Over 90% of all proposals that the Coleman board reviews are from organizations that have already been funded by Coleman.
- Staff use proposal summaries that could be reduced from three pages to one page
- The proposal approval process breaks down a little from lack of clear communication between board and staff. Staff are not clear what proposal review information the board finds useful.
- The part of the PowerPoint deck that covers proposals essentially duplicates materials that are already in the board book. Staff are not clear if this is useful for the board.
- The full board typically meets four times each year to review proposals.
- Staff seem to constantly be preparing for board meetings. As a result, staff express some concern that they are missing opportunities to enhance and improve their work.
- Staff report that they are not in conversation with the board about the goals of each program area, nor about what proposals the board would like to see. Staff say that they are not clear on what program goals the board wants to support.
- The use of a Consent Agenda for review of proposals during board meetings might help free up time for discussion of goals and strategies.
- Staff are invited only to attend the part of board meetings that concern proposal review. This may contribute to the staff feeling somewhat disconnected from the board.
- Program staff do not regularly practice their board presentations.
- It is not clear how useful the board finds the "Day of" folders which are prepared on the day of board meetings.
- The Current Grants Committee process could become more efficient.
- The name "Current Grants Committee" is a misnomer in that this process does not include all current grants (such as those requesting more than \$50,000).
- The Grants Manager invests a lot of time creating budget report forms for all grants that are approved for more than \$50,000. It is not clear that she needs to do this.
- The procedures for preparing and mailing grant letters and grant agreements are cumbersome and could be simplified.
- The grant letters contain language that is confusing and sometimes inaccurate.
- The grant agreements contain language that is unnecessary as well as language that contradicts what Coleman actually does.
- The way that Coleman pays grants could be made more efficient, most significantly by eliminating paper checks and paying all grants electronically.

- A high percentage of Coleman's one-year grants were paid more than once within a 12-month period (meaning that they had, or will have, multiple installment payments within 12 months). This is an unnecessary and inefficient practice.
- Coleman's grant recipients report that Coleman's reporting requirements are comparable to what other foundations ask.
- The great majority of Coleman's grants are for a period of twelve months and are awarded to organizations that are most likely to apply again.
- As recently as ten years ago, Coleman board members had \$250,000 each in discretionary grantmaking.
- Currently, Coleman board members can recommend grants (in or out of a Coleman program area) with help from staff.
- Coleman staff do not have discretionary authority.
- The Coleman Foundation is in the midst of a tremendous amount of change. During this period, staff are being asked to do extra duty. A majority of the staff believe that they would be greatly helped by additional staff.
- Coleman Foundation staff believe that their work is not widely known outside of the organizations they fund. They believe their work would be aided by being more widely known.

Highlights of the recommendations include:

- For each of the next few years The Coleman Foundation should set its annual grants budget at least \$2 million higher than the RDA.
- Starting in 2020, stop accepting any Letters of Inquiry.
- All applicants (except those applying for the IncubatorEDU and Supportive Oncology programs) should use the same application.
- On the application cover page, clarify what program areas exist for funding.
- Set a policy that, for project-specific grants, Coleman will provide an additional 15% - 20% to help support an organization's overhead costs.
- Until Coleman has a new online grants management system in place, ask that all proposals be submitted via email (instead of on paper).
- Between board meetings, board members should more regularly go on site visits with program staff.
- Staff and board should review what information the board finds useful in proposal summaries.
- Staff should limit all proposal summaries to one page (and either limit the financial information provided or eliminate all of the financial information).
- The PowerPoint deck should not include slides that describe each proposal.
- Board and staff should review the entirety of the deck and make sure that it is a useful tool for the board.
- While continuing to meet four times each year, the board could decide to devote its first meeting of the year exclusively to planning and conversation (meaning that there would be no proposal review at the March meeting).
- A long-term goal could be to move the first board meeting of the year to January.

- A long-term goal could be to review grants at only two of the board meetings (e.g. Spring and Fall), and to use the other two meetings for such things as planning, program and staff evaluation, staff compensation.
- A long-term goal could be to align on a calendar basis a number of the foundation's functions including: setting the grants budget; electing foundation officers; employee review; employee compensation.
- Board and staff would benefit from more conversation about the desired goals of each program area.
- Invite staff to attend the entirety of board meetings (except for Executive Session).
- During full board meetings, when proposal review comes up, focus discussion on how each proposal advances the goals of Coleman's funding areas.
- Consider using a Consent Agenda for approval of most proposals.
- Have all materials for the board meeting incorporated into the board book itself, so that there is no need for a "Day of" folder with additional materials for the board to read upon their arrival.
- Schedule the Current Grants Committee meetings once per month.
- Consider as a long-term goal giving the President authority to approve all grants up to \$50,000.
- Also consider changing the name of the "Current Grants Committee" meetings to something like "Small Grants Meeting."
- When creating the budget report form for grants above \$50,000, The Grants Manager should use the budgets submitted by the applicant.
- Think about eliminating the need for grant recipients to provide detailed financial reports on how they spent Coleman grants; instead, think about ways that Coleman could capture what it needs through narrative spending reports.
- This report contains a number of suggestions for simplifying the process of generating grant letters and grant agreements, starting with the recommendation to send out all grant letters and grant agreements electronically.
- This report also contains recommendations for clarifying Coleman's grant letters and grant agreements.
- This report contains numerous suggestions for making the paying of grants more efficient, the most significant of which is to pay all grants electronically.
- All grants should be paid once each year except:
  - when paying a matching grant or
  - if staff have concerns about an organization's financial health.
- Consider not requiring written reports for grants that are only for one year. Instead, if an organization receives a grant for a period of one year, and if that organization applies for renewal funding, ask that the renewal proposal include a report on how the last grant was used.
- Only ask for reports for multi-year grants, and use those reports to trigger payments of the grant.

- Revise the report form in order to focus the questions more on the outcomes of the activities funded by Coleman; and to ask how these activities created change in the organization, or in communities where the organization works.
- A long-term goal could be to give discretionary grantmaking authority to each board member, plus every staff member (President, Program Officers and Grants Manager).
- For the period of the leadership transition, the foundation would do well to hire one full-time, all-purpose administrative assistant. This person could assist every staff person in a variety of ways.
- Coleman’s new website could help the foundation communicate more effectively to grant seekers and grant recipients, in part by clarifying what Coleman does and does not fund.
- A new staff position at Coleman could help the staff collect and post on the website stories and photos highlighting the work of Coleman’s grant recipients.
- A long-term goal could be to hire an outside firm to advise Coleman on communications, social media messaging, branding, visuals.

## **INTRODUCTION AND OVERVIEW OF METHODS**

In the summer of 2019, as The Coleman Foundation began to prepare for a leadership transition, the consulting firm Kittleman & Associates recommended that Coleman conduct a grantmaking assessment. According to Coleman President & CEO Mike Hennessy, Kittleman believed that Coleman’s transition process would benefit from an evaluation of its internal grantmaking procedures. In an early interview for this project, Coleman board member Mike Furlong described this assessment as “part of getting our house in order as we go forward.”

Kittleman further recommended that an outside consultant be brought in to conduct this evaluation. It was thought that an outsider would be able to provide a fresh perspective on Coleman’s internal procedures. As Mike Hennessy put it, “We’ve been doing this so long, we want to make sure we don’t miss anything.”

The foundation contracted with me, Peter Handler, as an outside consultant, to conduct the grantmaking assessment. (For more information on my background, please see the Appendices.)

(Please note: separate from the grantmaking assessment, The Coleman Foundation has contracted with me to assist the staff in preparing the specifications for the purchase of a new online grants management system. We will work more intently on that project after the November 19 board meeting.)

I began work on the grantmaking assessment on October 7, 2019. Over the course of the following five weeks, I conducted extensive interviews, reviewed numerous internal documents

and consulted outside sources of information on foundation operations. The goal of these interviews and analyses has principally been to answer these questions:

- Does the foundation achieve its results as effectively and efficiently as possible?
- Does the foundation have enough staff to accomplish its goals?
- Who in our office touches which piece of paper and why?
- How do we make sure we're operating from best practices and not out of habit?
- How could The Coleman Foundation tell its story better?

For the purposes of this grantmaking assessment, I interviewed:

- all of Coleman's full-time and interim staff;
- staff from six peer foundations, to learn how they structure their application and approval processes (working from a list I compiled with Mike Hennessy);
- staff from nine separate grant recipient organizations, to ask how they find the Coleman application and approval process (working from a list compiled by Mike Hennessy, Rosa Berardi and Clark McCain);
- staff from 3 foundations that tell their story well (from a list I compiled with Mike Hennessy);

(Note: I did not interview any Coleman board members other than Mike Hennessy.)

I interviewed the following people:

From the staff:

Michael Hennessy, President & CEO  
Rosa Berardi, Senior Program Officer  
Clark McCain, Senior Program Officer

Lisa Torres, Grants Manager  
Jane Clifford, Interim CFO

From Peer Foundations:

Greg DiDomenico, President & CEO  
Community Memorial Foundation

Jeanne Kracher, former Exec. Dir.  
The Crossroads Fund

Susan Clark, Director of Grants & Communications  
Gaylord & Dorothy Donnelley Foundation

Charles Twitchell, Executive Director  
Prince Charitable Trusts

Sunny Fischer, former Executive Director  
The Richard H. Driehaus Foundation  
(Fischer was also recently the  
Interim Executive Director of the  
Chicago Foundation for Women)

Christy Uchida, Program Officer  
(and incoming President)  
The Brinson Foundation

From foundations that tell their story well:

Greg DiDomenico, President & CEO  
Community Memorial Foundation

K Sujata, former Executive Director  
Chicago Foundation for Women

Marianne Philbin, Executive Director  
Pierce Family Foundation

From Grant Recipient Organizations

(See below for explanation of how we selected these organizations)

Katie Daniel, Director of Operations & Development  
FamilyFarmed

Maryanne McDonald, Dir. of Grants  
Advocate Aurora Health

Bobbi Frazes Goldman, Director of Development  
Have Dreams

Jonathan Pereira, Executive Director  
Plant Chicago

Patti Herbst, Executive Director  
Center for Independence through Conductive Education

Stacey Rago, Dir. of Development  
Ada S. McKinley Community Services

Scott Issen, President & CEO  
Future Founders

Sophia Worobec, Senior Director,  
Corporate and Foundation Relations  
Rush University Medical Center

Mary Kreller, Director of Development and Marketing  
Wellness House

In selecting grant recipient organizations to interview, the Coleman staff and I made sure to include:

- large and small organizations;
- three organizations from each of Coleman's three principal funding areas;
- organizations that have received Coleman funding for many years as well as those that have received as little as one year of Coleman funding;
- at least one organization whose principal contact with the foundation is either Mike Hennessy, Rosa Barerdi or Clark McCain.

I conducted the interviews of the grant recipients in confidence. When I provide a quote in this report I have tried to do so without revealing the identity of the speaker.

In the course of this inquiry, I have gathered a tremendous amount of information. To best serve the goals of this grantmaking assessment, I present my findings and recommendations in sections that approximate the Coleman Foundation's grant application and approval process:

- I. A Note on Planning the Annual Grants Budget
- II. Letters of Inquiry & Initial Conversations
- III. The Coleman Applications
- IV. Reviewing Proposals & Site Visits

- V. Preparing for Board Meetings
- VI. Board Meetings and Program Governance
- VII. Grant Letters & Grant Agreements
- VIII. Paying Grants
- IX. Grant Reports
- X. Discretionary Grants
- XI. Staffing
- XII. Telling Coleman's Story

Findings and recommendations are included in each section.

(Note: Please see the Appendices for a chart that visualizes Coleman's grant making workflow process.)

## **I. A Note on Planning the Annual Grants Budget**

### **Findings**

Everything related to grantmaking flows from the grants budget: from how the foundation will satisfy the IRS spending requirements to how much funding each program area will get; from whether the foundation pays 1% or 2% in excise taxes, to how many proposals, and what size grants, the staff need to be considering. A clearly articulated budget will set the tone for the entire work year.

The Coleman Foundation may be alone among significant Chicago foundations in spending grants money in arrears (meaning that Coleman is basing its annual grants budget on its prior years' assets). Though this is how Coleman has always operated, it is not an efficient nor effective practice. It often results in the Coleman staff having to rush in November and December to make more grants and get those grant checks out the door.

Every other foundation that I spoke to, and every foundation that I know of, bases their grants budget on the current years' assets or on a three year rolling average, which gives those foundations up to two years to meet their annual obligations. Many foundation spend in excess of their minimum IRS Required Distribution Amount (RDA), which provides some cushion in case a foundations' grants spending decreases for any reason during the year (The Coleman Foundation does not have the option to spend less; it is always chasing the money at the end of the year in order to "catch up" on its prior years' obligations).

One additional note on the Annual Grants Budget: The Grant Budget document that the foundation uses to plan and track annual spending is a confusing tool (for example, its inclusion of columns tracking percentages). While some of its functions will be replaced by a new grants management system, the foundation still needs to rely on its own budget form for the next year.

### **Recommendations**

- Following the precedent set by the board in 2019 – when the board increased grants spending by \$2 million – for each of the next few years The Coleman Foundation should set its annual grants budget at least \$2 million higher than the RDA. (For example, this would mean a grants budget of approximately \$10 million for 2020). We should keep in mind that the IRS minimum RDA is a floor, not a ceiling, of what a foundation can spend. Pursuing this policy for the next few years would allow the foundation to “catch up” on its prior years’ obligations.
- Re-design the Grant Budget form to be easier to read and easier to use in tracking the foundation’s spending throughout the year.

## **II. LETTERS OF INQUIRY and INITIAL CONVERSATIONS**

### **Findings**

When Coleman Foundation staff talk about the proposal application process, they say that all proposals start either as Letters of Inquiry or as conversations between program staff and prospective applicants. The foundation’s website clearly states that “Potential grants always start with a letter of inquiry.” And many Letters of Inquiry do get submitted each year: an average of 110 to 140 in a typical year.

But in actual practice, almost none of the proposals approved by the board begin as Letters of Inquiry that the staff did not know about in advance. Put another way: the foundation declines almost 100% of Letters of Inquiry that “come in over the transom;” meaning it declines almost all Letters of Inquiry that are submitted without a prior conversation with Coleman program staff.

Yet even though almost all of the Letters of Inquiry are declined, every year between 110 – 140 letters still get logged into the grants management system; they are reviewed by the Grants Manager and by the President; some of them still get circulated to the program staff (and when they are circulated to staff, the Grants Manager must then keep track of who has which Letter of Inquiry). When they are declined (as almost all of them are), the foundation sends a polite and formal decline letter to each Letter of Inquiry — letters which the Grants Manager generates and which the President reviews and signs.

The sum total of all this is a lot of unnecessary work, particularly for the Grants Manager, but also for the President. Letters of Inquiry are mostly a waste of effort by both the Coleman staff and the staff of the organizations submitting them.

Foundation staff talk about The Coleman Foundation as a “relationship” grant maker. Staff go to great lengths to get to know the applicant organizations, their staff and programs. The program staff are often in extended conversations with the staff from grant recipients. Grant

recipients universally value these ongoing conversations. These conversations are a critical part of the process that results in proposals approved by the Coleman Foundation board.

Staff also seek out nonprofits and initiate conversations about funding possibilities. I asked grant recipients if these instances were examples of a funder bringing in their own ideas instead of asking what the nonprofit actually needs. The Executive Director of one grant recipient said “no”, and then added, “I wish a lot more funders would approach us proactively with ideas... it’s been a really great partnership.” The Development Director of another grant recipient said that the idea Coleman had suggested came from Coleman staff seeing different organizations struggle with similar challenges. Coleman staff then talked with the different organizations and asked if funding a solution to this common challenge would be helpful.

### **Recommendations**

- Starting in 2020, stop accepting any Letters of Inquiry
- Change the website to reflect Coleman’s actual practice: that all proposals begin as a conversation with a Program Officer. Point out that these conversations can be held in person, over the phone, or via email. (Staff can figure out a way to keep track of declines they make, whether it is verbally or over email.)

## **III. THE COLEMAN APPLICATIONS**

### **Findings**

The Coleman Foundation does not accept unsolicited proposals; all proposals must be invited by staff. Before program staff can invite a proposal, they write a short report (which they call “Developing a Concept”) which describes the program or organization that program staff seek to fund and provides a rationale for funding it. The President then gives his approval for staff to invite a proposal.

Once staff invite an organization to submit a proposal, the organization downloads one of two applications that are on the foundation’s website:

- One application (the “short” application) is for requests that are no more than \$50,000;
- The second application (the “long” application) is for requests that exceed \$50,000.

Both applications essentially ask for the same information; the principal difference between the two is that the “short” application limits the space for responses (e.g. it strives to be a shorter application).

Best practices suggest that program staff will want the same information for a request of \$50,000 as for a request of \$100,000. Furthermore, the differences between the two applications are not significant.

(Note: In select instances, program staff use two other applications: one for the IncubatorEDU program and another for the Supportive Oncology program. In both cases, program staff send out these applications directly to applicant organizations. Neither of these additional applications are on the website. It is fine, and not at all confusing, to keep using those separate applications for their specific programs.)

The Coleman application is an exhaustive (but not exhausting) form. It seeks to guide applicants to tell a full story of their organizations' activities. In that sense, the Coleman application is in keeping with those of other foundations. Grant recipients report that, "Coleman's application is not out of the ordinary."

While grant applicants report that Coleman's guidelines are fairly clear, they do report some frustrations with an apparent redundancy of questions on the proposal form. (And, as an aside, a few wondered why they have to repeatedly submit paper copies of their organization's 501(c)(3) ruling throughout the process.) (The Grants Manager believes that Coleman only asks for this document once during a proposal process – and she says that it can be submitted electronically. However, if an organization is making multiple requests within one year – including participating in Giving Tuesday – Coleman will ask them to submit their 501(c)(3) letter electronically each time.)

A number of repeat grant recipients also ask if they have to fill out the same organizational history and information year-after-year (especially when this information does not change from one year to the next). This is something that a new online grants management system will address (though in the meantime, there is probably nothing to be done about this).

There is some lingering confusion about what Coleman does and does not fund; this is most pronounced around Coleman's health-related grant making. For example, the application cover page creates some confusion when it asks applicants to check which Program Area they are applying for. The five choices provided are:

- General Education
- Entrepreneurship
- Cancer Care
- Disability Services and
- Other

These program areas do not align with what is on the Coleman Foundation website, nor even with what Coleman funds. So, for example, there currently is no "general education" funding category (this was a legacy funding area). There is also not an "Entrepreneurship" funding category; the category is called "Entrepreneurship Education" (as the website makes clear). And while Coleman does support a significant amount of "Cancer Care" programs, the foundation also supports a number of health services programs that are not related to Cancer Care (though those do not show up on the current website).

The result of these inconsistencies is a muddling of the picture of what Coleman does and does not support.

Two applicants asked why the cover page of the application has space for 2 people to sign. The second signature space is preceded by these words: "Other signer, if required by your organization." This is a hold-over from when Coleman had many more proposals from colleges and universities. It no longer seems necessary to have that second signature line.

While a number of the grant recipients said the application's budget forms were fine (and one even said, "Coleman's budget forms are clear and direct,") four recipients expressed frustration with them. One Executive Director said it was not easy to tell his organization's financial story with these budget forms. He added that it would be good if Coleman had "a better sense of how budgets are made." Part of this comment reflected the Executive Director's uncertainty about whether Coleman might not support certain line items on the organization's budget (e.g. does Coleman support salaries? Does Coleman support overhead?).

Almost all of the grant recipients feel that they can adequately tell the story of their organization's finances.

I find the questions about budgets and finances to be extensive, but also clear.

The Coleman Foundation has an informal policy for supporting some of an organization's overhead, or indirect costs (also known as supporting "full cost funding"). (See the Appendices for more on "full cost funding".) Yet the application is silent about this. Program staff inconsistently raise this question with applicants; as a result, applicants do not know that Coleman is open to funding indirect costs. And when program staff do discuss overhead costs with applicants, they do not have a guide as to what amount of money the foundation would find appropriate.

Applicants report frustrations that the Coleman application is not online (though at the same time, all of them report frustrations with many of the online application systems that they encounter. We will keep track of their specific complaints when we develop the RFP for the foundation's new online grants management system.) But despite any frustrations applicants express about online systems, nonprofits uniformly believe online grants management systems to be better than paper submissions. As one Executive Director said, "The online application systems are easier for us to apply." The Development Director at another organization echoed this sentiment: "The more we can move away from paper would be amazing."

Many applicants do not understand why Coleman asks them to submit two paper copies of the proposal through the U.S. Mail plus an additional one via email. They would prefer to submit their proposals exclusively via email.

The Grants Manager reports that it is easier to log in, and keep track of, proposals when they are submitted on paper. However, it should not be too complicated to log in and track proposals that are submitted by email.

### **Recommendations**

- Eliminate the shorter application (the one for requests of no more than \$50,000).
- All applicants (except those applying for the IncubatorEDU and Supportive Oncology programs) should use the longer application.
- Program staff should go through the application to identify, and take out, redundant questions as well as revise any questions that are vague.
- Be clear that Coleman is not asking applicants to submit a paper copy of their 501(c)(3) letter; submitting it electronically is fine.
- On the application cover page, clarify what program areas exist for funding. So, for example, Coleman could provide a space that applicants can check off if they work in “Health Services” which are not related to Cancer Care; change “Entrepreneurship” to “Entrepreneurship Education,” and take off the program area for “General Education.”
- Also on the application cover page, take off the space for a second signature from the applicant organization.
- Revise what financial information is requested from applicants. Perhaps work with a few applicants to better understand how to capture the most accurate story of their finances.
- The foundation should set a policy that, for project-specific grants, it will provide an additional 15% - 20% to help support an organization’s overhead costs. (The Foundation should also clarify if this policy would apply to academic institutions.)
- Over the next year, while exploring and ultimately purchasing a new online grants management system, Coleman should ask that all proposals be submitted via email (once a new online system is in place, all proposals will be submitted electronically through that system). Perhaps all proposals could be sent to the Grants Manager using an email address that is specifically for the submission of proposals; proposals could also be cc’d to Program Officers.
- Do not require applications to be co-signed by an Executive Director and anybody else. The Executive Director’s signature is sufficient.

## **IV. REVIEWING PROPOSALS & SITE VISITS**

### **Findings**

As mentioned earlier, The Coleman Foundation considers itself as a relationship grant maker. This is evident from the time and care that Coleman staff put into talking with nonprofits and developing concepts. Program staff want to be sure that they are bringing forth carefully vetted proposals that will have a strong chance of board approval. As one Executive Director said, “The Coleman staff takes a long time to get to know us, so that when they invite a proposal, it’s clear that we are a fit for them.”

The staff's attention to relationships is also evident throughout the proposal review process. Central to the review process is an ongoing conversation between Coleman program staff and the applicant organizations. Coleman staff ask questions about the proposals and programs, make site visits, ask more questions – always trying to better understand how the applicant organization and its programs function. A longtime grant recipient said that, while the proposal questions sometimes feel redundant or don't always reflect how their organization does business, they can always count on having the opportunity to explain themselves in conversation. "What we put into the written proposal is never the end of the conversation." Another longtime grant recipient said, "Over time, they [Coleman] really understand our story."

The conversations between program staff and applicants can be wide-ranging. One longtime grant recipient said of the Coleman Foundation, "The staff genuinely care about our work. They believe in the work. They help us be thought partners...They're not only a funder but a partner of ours. They've offered information about other resources. They've helped us build support with other funders. We have come to trust each other."

Program staff provide comments on how clearly written proposals are. One new grant recipient said that receiving comments was "really nice, but unusual because most foundations don't respond; they don't give feedback on our proposals."

Mike Hennessy reports that while there is not a written policy about site visits, in practice it is rare that an organization that is new to Coleman will receive a grant without having first been visited by a Program Officer. The foundations' two Program Officers conduct the great majority of site visits. The President sometimes will join. Board members do not consistently or regularly go on site visits.

Grant recipients have uniformly positive reactions to Coleman site visits. They see them as an integral part of the relationship – part of the ongoing conversation – with the foundation.

### **Recommendations**

- Between board meetings, board members should more regularly go on site visits with program staff; to better acquaint themselves with the range of organizations and programs that Coleman supports.

## **V. PREPARING FOR BOARD MEETINGS**

### **Findings**

Program staff at many foundations struggle to find the right balance of how much information to provide to their boards. This struggle partly reflects staff's desire to share with their boards all that they have learned; to help their board members become as excited about each program area and each proposal as the staff are. But the struggle to find balance can also reflect an uncertainty about the roles that boards want, and should, play:

- Are the boards more concerned with the overall direction of each funding program?
- Are boards getting mired in the weeds of weighing the merits of each individual proposal?

In many ways, the Coleman proposal approval process appears to be working well. Staff decline numerous ideas and proposals throughout the year; turning down ideas that they know do not fit with Coleman's funding areas. And, as detailed above, staff put extensive time into understanding each proposal before it comes to the board. By the time proposals get presented to the board, staff has done an excellent job of due diligence. The result is that the board approves almost every proposal presented by staff: an approval rate of more than 95%. This high approval rate suggests that the board has a great trust in the staff's work. It is a trust that is appropriate and deserved.

But the proposal approval process breaks down a little from lack of clear communication between board and staff. Coleman's program staff use proposal summaries to explain to the board their thoughts and recommendations about each proposal. Based on my interviews with staff, it appears that for many years now the proposal summaries have taken center stage in board meetings. In years past, these summaries could run to five or more pages.

After the board said that it was getting too much information, program staff recently trimmed their proposal summaries down to three pages. However, since making this change, staff report that they do not know if three page summaries provide enough, too much, or not enough, information to the board; nor are the staff clear on what information in their proposal summaries the board finds useful.

(Note: staff write shorter proposal summaries – usually of one-to-two pages -- for proposals that request \$50,000 or less.)

It should be pointed out that over 90% of all proposals that the Coleman board reviews are from organizations that have already been funded by Coleman. This means that these organizations and their programs are already known – and often well known – by Coleman staff. And because Coleman knows these organizations so well, the board and staff have the opportunity to focus their discussion on how the proposals brought forward by staff serve to advance the goals of Coleman's different funding areas – instead of focusing on the details of the individual proposals.

What that in mind, proposal summaries could be much shorter and much more focused; they could easily be limited to one page.

Two of Coleman's peer foundations present their boards with one-page proposal summaries:

- The Brinson Foundation, which approves approximately 100 grants each year totaling approximately \$4.6 million

- The Donnelley Foundation, which approves approximately 250 grants each year totaling \$6.2 million. (In addition, Donnelly is considering reducing their proposal summaries to a ½ page next year.)

In a single page, a proposal summary could:

- Identify the name and background of the organization and the program for which it seeks funding
- Provide Coleman’s funding history to that organization
- Briefly describe the program that seeks funding;
- Describe how that program fits into one of Coleman’s three program areas (this is the principal task for the proposal summary).

In preparing a one-page proposal summary, staff could provide a brief overview of an applicant’s finances (The Donnelley Foundation 1-page proposal summary includes a small, 3-line box for financial information). Coleman could also consider eliminating all financial information from the applicant organization. In its place, staff could also signal their comfort with the applicant organization’s finances by using this line (taken from a Brinson Foundation proposal summary): “Staff has not identified any financial issues that merit discussion.”

For requests from organizations with complex finances – or perhaps for requests that are above a certain threshold (e.g. \$250,000 or \$500,000) program staff could ask the Coleman Foundation’s CFO to review the applicant’s financials. The proposal summary would then note the CFO’s review and approval of the applicant’s finances.

After writing their proposal summaries, staff put an enormous amount of time preparing a PowerPoint presentation for the board meeting. Staff call this PowerPoint presentation “the deck.” Staff started to use the deck seven or eight years ago in order to:

1. Highlight everything being addressed in the board meeting, and
2. Help limit how much time staff would be talking in board meetings.

A typical deck includes the following program-related information:

- the outlines for new funding ideas that the staff want to discuss with the board;
- examples of how the foundation’s funding strategies are working;
- an overview of each proposal that is being presented for approval.

The part of the deck that covers proposals essentially duplicates materials that are already in the board book.

### **Recommendations**

- Staff and board should review what information the board finds useful in proposal summaries. This could be done by having the staff select 4 –to- 6 proposal summaries from the past year (for full board meetings and Current Grants Committee meetings), and then review them together. The staff could explain what each section of the

proposal summary is intended to convey; the board could say which of the sections are useful and which are not.

- Staff should limit all proposal summaries -- for full board meetings and for Current Grants Committee meetings – to one page.
- Staff could either limit the financial information provided on the proposal summaries, or eliminate all of the financial information.
- To indicate that staff have fully vetted an organization’s finances, staff could do one of two things:
  - For renewal grants, or grants that are supporting new programs at organizations well-known by Coleman staff, program staff could do their normal due diligence and put on the bottom of their proposal summary: “Staff has not identified any financial issues that merit discussion.”
  - For requests from larger organizations with more complex finances – or for large requests – program staff could ask the Coleman Foundation’s CFO to review the applicant’s financials.
- The PowerPoint deck should not include slides that describe each proposal.
- Board and staff should review the entirety of the deck and make sure that it is a useful tool for the board.

## **VI. BOARD MEETINGS AND PROGRAM GOVERNANCE**

### **Findings**

The Coleman Foundation holds two types of board meetings:

- Full board meetings
- Current Grants Committee meetings

Full board meetings involve the entire board. There are typically four full board meetings each year where grants are considered: in March, June, August, and November. (There may be other, special full board meetings throughout the year.) Staff put in a lot of effort to create board books for full board meetings that consider grants. The agendas for these meetings are packed and typically include:

- a review of the foundation’s investments
- the most recent financial statements
- approving the foundation’s tax return
- highlighting active grant programs
- reviewing new funding ideas
- approving proposals that request more than \$50,000.
- Guest speakers talking about the foundation’s investments or finances, etc.

Staff seem to constantly be preparing for board meetings. As a result, staff express some concern that they are missing opportunities to:

- evaluate their programs

- develop new ideas for programs and proposals
- convene grant recipients
- network among their peers
- further their own knowledge by meeting with people from the fields in which Coleman makes grants.

As discussed earlier in this report, the board approves almost every proposal recommended by the staff. This suggests a certain alignment between board and staff. Yet at the same time, staff report that they are not in conversation with the board about the goals of each program area, nor about what proposals the board would like to see. Staff say that they are not clear on what program goals the board wants to support.

Staff report that the conversation in board meetings about proposals tends to be specific and detailed to each proposal. Many other foundations try not to closely exam each proposal in board meetings (that is the role of staff); instead, foundations try to use board meetings to focus discussion on how each proposal advances the goals of their funding areas.

The use of a Consent Agenda during board meetings might help free up time for discussion of goals and strategies. A Consent Agenda groups together routine business as one agenda item. In this case, a Consent Agenda could bring together all of the renewal proposals pending before the Coleman Foundation. The Consent Agenda can typically be approved in one motion, rather than having to exam and discuss each individual proposal. (It is important to note that a board member can pull off and discuss anything that is on a Consent Agenda.)

A number of Coleman's peers use Consent Agendas:

- The Donnelley Foundation generally puts all proposals on the Consent Agenda, except for unusual requests;
- The Brinson Foundation has a formal Consent Agenda in each board book that is used for rote administrative procedures, such as the election of foundation officers, review of the Mission & Vision statements, and approval of the minutes of the last board meeting. Brinson divides proposal review write-ups into two categories:
  - "Grant Recommendations Requiring Discussion" (usually no more than 10 proposals in each meeting) and
  - "Grant Recommendations Not Requiring Discussion" (typically containing 40 proposals). This second category also functions as a Consent Agenda.

Despite the intensive work program staff put into preparing for board meetings, staff are invited only to attend the part of board meetings that concern proposal review. Not being present for the discussion of other matters (e.g. the foundation's finances and investments) may contribute to the staff feeling somewhat disconnected from the board. In addition, program staff do not see the full board book; each Program Officer only sees the elements for which she or he is responsible, such as the proposal summaries for their own grants. Program Officers do not regularly see each other's proposal summaries.

In comparison, all of Coleman's peer foundations invite all of their staff to attend the entire board meeting. (Boards can still have periods of Executive Session during which they ask staff to leave the room.)

Program staff do not regularly practice the presentations that they will give at board meetings. This is easy to rectify.

Many of Coleman's peer foundations review certain program areas at certain times of the year. So, for example, Prince Charitable Trust devotes its spring board meeting to reviewing proposals for its programs on Ending Youth Homelessness and Health/Violence Reduction, while its fall meeting is devoted to Arts and Environment proposals. Meanwhile, The Brinson Foundation reviews proposals from both of its major funding areas at both of its grantmaking board meetings.

On the day of full board meetings, the Grants Manager assembles a "Day of" folder, which contains numerous pages, often including:

- A printed copy of the PowerPoint Deck
- The agenda for the board meeting (if it's been revised since the board book was sent out)
- The docket of proposals being reviewed
- Any reports that might have been submitted too late to be included in the board book (such as a report on the foundation's finances for the most recent month)
- Investment reports
- Any recent articles about grant recipients.

At times, these "Day of" folders can become quite thick and unwieldy. The papers within them are typically not paginated, as the Grants Manager is often assembling them at the last minute. It is not clear how useful these "Day of" papers are for the board. As much as possible, these papers should be incorporated into the board book.

Current Grants Committee meetings involve the President and one other board member. They are exclusively intended to review and approve proposals that are requesting no more than \$50,000. The foundation typically approves an average of 100 proposals of \$50,000 or less (including Giving Tuesday grants).

Current Grants Committee meetings are held inconsistently, typically when staff have need for board approval of a grant (though there has been a recent attempt to schedule these once each month). There is no board book created for Current Grants Committee meetings. Instead, Program Officers prepare proposal summaries (which tend to be one-to-two pages long). Program Officers can send their summaries by email to the board member who will be participating in the meeting with the President.

The Current Grants Committee process could be an efficient way of gaining approval of many grants. One way to capture some of that efficiency would be to give the President authority to approve all grants up to \$50,000.

As an aside: the name “Current Grants Committee” is a misnomer in that this process does not include all current grants (such as those requesting more than \$50,000). Nor does the name “Current Grants Committee” suggest that it is part of the grants approval process.

### **Recommendations**

- While continuing to meet four times each year, the board could decide to devote its first meeting of the year exclusively to planning and conversation. (This is the meeting which is currently held in March.) There could be no proposal review at the March meeting.
- A long-term goal could be to move the first board meeting of the year to January, and then hold three more meetings in, for example, April, July and October;
- A long-term goal could be to review grants at only two of the board meetings (e.g. Spring and Fall), and to use the other two meetings for such things as planning, program and staff evaluation, staff compensation.
- Another long-term goal might be to review certain program areas at certain board meetings.
- A long-term goal could be to align on a calendar basis a number of the foundation’s functions including: setting the grants budget; electing foundation officers; employee review; employee compensation.
- Board and staff would benefit from more conversations about the desired goals of each program area.
- Invite staff to attend the entirety of board meetings (except when the board needs to go into Executive Session).
- Before board meetings, staff should practice their board presentations.
- During full board meetings, when proposal review comes up, consider trying to focus discussion on how each proposal advances the goals of Coleman’s funding areas.
- Consider using a Consent Agenda for approval of most proposals. This could allow for more conversation between board and staff about how the proposals help the foundation meet the goals of its program areas.
- If a Consent Agenda is used, staff could still select one or two representative grants from each program area to review more fully with the board. These should be brief presentations.
- Invite representatives from grant recipient organizations to briefly present at each board meeting.
- Try to have all materials for the board meeting incorporated into the board book itself, so that there is no need for a “Day of” folder with additional materials for the board to read upon their arrival.
- Schedule the Current Grants Committee meetings once per month, and try to do so a few months in advance (cancelling if it is not needed one month).

- Consider as a long-term goal giving the President authority to approve all grants up to \$50,000.
- Also consider changing the name of the “Current Grants Committee” meetings to something like “Small Grants Meeting;” something that more accurately reflects that these meetings are exclusively intended to approve proposals requesting no more than \$50,000.

## VII. GRANT LETTERS & GRANT AGREEMENTS

### Findings

After board meetings, the Grants Manager prepares grant letters and grant agreements for all approved grants. The Grants Manager also prepares budget report forms for all grants that are approved for more than \$50,000 (grants of \$50,000 or less do not require such a budget report form). The budget report forms include spaces for the grant recipient to track spending by specific categories.

According to the Grants Manager, creating the budget report form involves taking the budget submitted by the grant applicant and converting it into a different form, adding new columns, etc. The Grants Manager says that this task requires up to 30 minutes for each grant. And since the foundation approves an average of 30 grants per year that are over \$50,000, that is approximately 15 hours of work creating budget report forms.

The Grants Manager says that she does this because the Program Officers want their budget reports formatted in a certain way. The Program Officers report that they would be fine using a form that simply amends what the applicants submit.

It is not at all clear why the Grants Manager has to create a separate budget report form; why she cannot merely amend the budgets submitted by the applicants. It is also not clear what is gained by requiring grant recipients to provide detailed financial reports on the use of Coleman funds. I believe that Coleman could capture the most relevant and important information it needs by asking grant recipients to provide a narrative report of their spending. (More on reporting will be found later in this assessment.)

The procedures for preparing and mailing grant letters and grant agreements are cumbersome:

- The Grants Manager drafts grant letters and grant agreements
- The Program Officers review and personalize the draft letters and agreements
- The Program Officers print out the letters and agreements for the President to review.
- The President reviews the letters and agreements, sometime adding his own edits
- The Program Officers incorporate these edits into the letters and agreements
- The Grants Manager prints out the letters for the Presidents’ signature. (It is notable that the President does not sign the grant agreements at this point; he waits until the grant recipients have signed and returned the grant agreements.)

- The Grants Manager mails to the grant recipient a grant letter along with two copies of the grant agreements and budget report forms
- The grant recipient signs and returns both copies of the grant agreement
- When the foundation receives the signed grant agreements, the President signs them.

There are steps in these procedures that can be combined, if not outright eliminated, in order to save time and effort. To start with, the foundation would realize a large savings of time by sending out all grant letters and grant agreements electronically.

Greg DiDomenico, the Executive Director of Community Memorial Foundation, was reluctant to stop sending out paper grant letters and grant agreements. But since making the change, he has found that doing so electronically is much easier and more efficient for his foundation and for their grant recipients.

In most other foundations, the Executive Director signs all grant letters (some are signed with a pen and some are signed electronically). At least one foundation allows their Program Officers to sign and send out their own grant letters (which would save some of the President's time).

The Coleman Foundation grant letter contains a paragraph that is confusing and inaccurate. The paragraph reads:

“Foundation grant funds may not be used to carry on propaganda or to attempt to influence legislation, within the meaning of Section 4945 of the Internal Revenue Code and the Treasury regulations thereunder. By countersigning this agreement, your organization confirms that these grant funds will only be used to support programs and staffing that are in absolute compliance with all applicable laws and regulations.”

It is not clear what “propaganda” means in this context. Nor is it explained why foundation grants cannot be used to influence legislation. This language may be a holdover from an earlier era when foundations believed that nonprofits could not lobby. In truth, the IRS allows nonprofits to conduct some lobbying (and it is not the foundation's burden to track how much lobbying a nonprofit does).

The Coleman Foundation grant agreement contains language that is unnecessary as well as language that contradicts what Coleman actually does:

- Item #2 stipulates that “No portion of this Grant may be used for indirect costs or institutional overheads.” As discussed above in “Section III: The Coleman Applications,” the foundation sometimes does provide funding for indirect costs.
- Item #2 has another confusing section, where it reads, “Furthermore, no portion of this Grant may be expended by the Grantee to compensate independent professional fundraisers. Nor can this Grant be substituted for other funds used for that purpose. Violation of these provisions requires immediate return of all grant funds.”

- Item #5 stipulates that, “A complete and accurate record of the funds received and expenses incurred under this grant must be maintained by the Grantee.” The agreement does not say for how long the Grantee must keep those records.
- Item #8 says, “Any publicity and/or press releases developed must advance the goals of the program and enhance the possibilities of additional support by other funding sources.” It is not clear what this means nor how the foundation would evaluate it.
- Item #9 reads, “The Grantor should not be regarded as an ongoing source of support. If continuing support is required, alternate sources should be identified and implemented to sustain the program. The Grantor reserves the right to rescind this grant at any time and to determine cause as it relates to the terms of this agreement.” This is unnecessary and confusing.

### **Recommendations**

- When creating the budget report form for grants above \$50,000, The Grants Manager should use the budget submitted by the applicant instead of creating a new budget form.
- Think about eliminating the need for grant recipients to provide detailed financial reports on how they spent Coleman grants; instead, think about ways that Coleman could capture the information it needs by asking grant recipients to provide a narrative of their spending.
- Here are some suggestions for simplifying the process of generating grant letters and grant agreements:
  - Send out all grant letters and grant agreements electronically
  - Allow the Program Officers to generate their own grant letters which the Grants Manager can review, and which the Program Officers then send out via email (the President can still electronically sign these grant letters even if the Program Officers send them out).
  - Have the President sign grant agreements before they get sent to grant recipients (which would make this process more efficient).
  - Allow grant recipients to electronically sign and return grant agreements via email (the Coleman Grants Manager can print these out and file them if necessary)
- The foundation should remove from the grant letter any prohibitions on propaganda, and should clarify that nonprofits are allowed to engage in some lobbying.
- In the grant agreement:
  - In Item #2:
    - replace the prohibition on funding indirect costs with language that clarifies that Coleman does support some indirect costs;
    - Take out the language that says, “use of granted funds for any illegal purposes, propaganda or legislative influence as set in the Internal Revenue Code is strictly prohibited;”

- Explain why “no portion of this Grant may be expended by the Grantee to compensate independent professional fundraisers,” or take it out of the grant agreement.
- In Item #5, clarify how long grant recipients must maintain the records of their Coleman grant.
- In Item #8, clarify what it means for “Any publicity and/or press releases” to “advance the goals of the program and enhance the possibilities of additional support by other funding sources.”
- Eliminate Item #9.

In conjunction with the above suggestions, I would recommend an external review by the foundation’s lawyers and accounting and tax professionals for compliance with legal, tax and accounting regulations.

## VIII. PAYING GRANTS

### Findings

The procedures for requesting and paying a grant are straight forward:

- When grant recipients sign and return their grant agreements, the President signs the grant agreements.
- The Grants Manager prepares a check request.
- The Program Officers review the check requests.
- The President approves the check requests
- The Grants Manager writes a check (for each approved grant).
- The President signs all checks.
- The Grants Manager writes a letter to accompany each check (using a template that specifies the check # and amount).
- The President signs each of these letters.
- The Grants Manager mails out the checks, asking each grant recipient to acknowledge receipt of the check. (The receipt can come via email or letter.)

There are time savings and efficiencies to be found here. For example, a number of Coleman’s peer foundations end their board meetings by having a board member sign the approved board book or approved docket; staff then use this signed document as a tool to request checks for all the approved grants. (This would eliminate Coleman’s practice of filling out a check request for every approved grant.)

When thinking about how Coleman pays grants, perhaps the most significant gain in time and efficiency would come from eliminating paper checks and, instead, paying all grants electronically. Coleman’s grant recipients report that being paid electronically would be helpful. And two of Coleman’s peer foundations are big proponents of electronic payments:

- The Brinson Foundation has been paying all grants electronically for a few years and finds this process to be a big savings of time;
- The Donnelley Foundation currently pays with check, but in 2020 will switch to paying electronically. The attraction for Donelley is to cut down on the amount of paper they use and to combat a recent, and sudden, rise in checks that have gone missing and checks that have been stolen from the mail (all of which have been caught by Donnelley's bank).

Finally, over the last three years, Coleman has approved a total of 194 grants (not counting Giving Tuesday grants). Out of these 194, 49 of them were paid more than once within a 12-month period (meaning that they had, or will have, multiple installment payments within 12 months). This is an unnecessary and inefficient practice. Only two of Coleman's peer foundations ever pay grants in installments within a 12-month period:

- The Brinson Foundation will occasionally put a grant recipient on a payment plan if that recipient is experiencing financial troubles;
- Community Memorial currently has one grant of \$330,000 that has been broken into two payments. There are three or four other instances where staff have concerns about recipient organizations. In those instances, Community Memorial is paying out its grants in installments during the year.

### **Recommendations**

- The President should sign grant agreements before they are sent out to grant recipients.
- At the end of all board meetings, ask a board member to sign the board book or the docket showing which grants have been approved. The Grants Manager can then use this signed form to request checks for all approved grants.
- Ask grant recipients to acknowledge, via email, that the grant money has been deposited in their bank account.
- Suggest that once each week, the Grants Manager can collect the grant agreements that have been signed and returned and prepare to pay them.
- Pay all grants electronically. (Coleman could follow the lead of the Brinson Foundation and ask applicants to provide Electronic Fund Transfer information on the application form.)
- However, while grants are still paid by paper check, I would recommend sending all checks either folded within a copy of the signed grant agreement, or in a window envelope that does not require an accompanying letter.
- All grants should be paid once each year except:
  - when paying a matching grant or
  - if staff have concerns about an organization's financial health.

## IX. GRANT REPORTS

### Findings

Many foundations struggle to find the right balance in the reports they require from grant recipients:

- What kind of questions should we ask of the grant recipient?
- Should we ask about the small details of the funded program or the larger goals to which it aspires?
- What kind of financial reporting do we need?
- How much time does our own program staff have to read and digest reports?

Some foundations are looking for new ways to solve the reporting conundrum. One of Coleman's peer foundations, The Donnelley Foundation, is considering not requiring written reports from its Chicago arts grants. Instead of requiring a written report, Donnelley staff are thinking of asking their arts grants recipients to meet annually in groups and talk about their successes and challenges. The Donnelley staff would lead these meetings and take notes. In this way, Donnelley staff believe they would learn more about the true accomplishments and needs of their grant recipients.

Coleman's grant recipients report that Coleman's reporting requirements are comparable to what other foundations ask. The Executive Director of one longtime grant recipient appreciates that Coleman's report form is as clear as it is; it asks for what it wants.

I asked grant recipients what they would like Coleman to ask that it is not. Most had no answer, but the Executive Director of one social service agency said that, when it comes to reporting, "It is easy to get stuck talking about the negative." This Executive Director added, "It would be useful for someone to ask us, 'what's working well? How are you being successful? How are you collaborating with other organizations? How are you adapting to the changing environment so that you can sustain what you're doing?'" (I got the distinct sense that this Executive Director was talking about all foundations, not only Coleman.)

As mentioned earlier, the great majority of Coleman's grants go to organizations that have already been funded by Coleman and that likely will continue to be funded by Coleman. In addition, approximately 77% of all of Coleman's approved grants are for one-year grants (this does not include Giving Tuesday grants, which do not require a report). This means that the great majority of Coleman's grants are for a period of twelve months, and that during that period – or shortly thereafter – the grant recipient will submit both a report and another proposal.

Staff receive and read numerous reports throughout the year. It is not clear that these reports serve much purpose, or have much influence in changing the opinions of program staff. Even if the new proposal is for a different program than Coleman funded before, the proposal could easily include a report on how the organization spent the previous grant. If an organization is

going to submit a renewal proposal, it is not clear what Coleman gains from asking the organization to submit a separate report. Incorporating the report into the new proposal could save time and effort for both the organization and the foundation. (The foundation could continue to require annual reports for multi-year grants.)

One place where the report form could be revised is to focus the questions more on the outcomes of the activities funded by Coleman; and to ask how these activities created change in the organization, or in communities where the organization works.

The Coleman report form includes a section titled, “Project Abstract,” but does not explain what this is. This should be explained or removed from the report form.

### **Recommendations**

- On the report form itself, either explain what “Project Abstract” means, or take it out of the report form.
- Consider not requiring written reports for grants that are only for one year. Instead, if an organization receives a grant for a period of one year, and if that organization applies for renewal funding, ask that the renewal proposal include a report on how the last grant was used.
- Only ask for reports for multi-year grants, and use those reports to trigger payments of the grant.
- Revise the report form in order to focus the questions more on the outcomes of the activities funded by Coleman; and to ask how these activities created change in the organization, or in communities where the organization works.

## **X. Discretionary Grants**

### **Findings**

Discretionary grantmaking (allowing board and/or staff to make grants on their own) is a benefit that some foundations give to their boards and staff. Discretionary grantmaking can help build and maintain team spirit – by allowing board or staff (or both) to make grants on their own and, so, to help feel ownership with the foundation’s purpose.

As recently as ten years ago, Coleman board members had \$250,000 each in discretionary grantmaking. Currently, Coleman board members can recommend grants (in or out of a Coleman program area) with help from staff. Coleman staff do not have discretionary authority (though Coleman staff have a brand new opportunity to have the foundation match their own personal donations to nonprofits).

Among Coleman’s peer foundations:

- The boards of Prince, Brinson, Donnelley and Community Memorial have discretionary grants authority (though each foundation has a different policy for how large these discretionary grants can be)
- The Executive Directors of Prince Charitable Trusts, The Donnelley Foundation and Community Memorial each have discretionary grant authority (again, each foundation has a different policy for how large these discretionary grants can be)
- Only the staff of Prince Charitable Trusts have a small fund for discretionary grants.

(See the Appendices for more on “Discretionary Grants”.)

### **Recommendations**

- A long-term goal could be to give discretionary grantmaking authority to each board member, plus every staff member (President, Program Officers, Grants Manager and CFO).

## **XI. STAFFING**

### **Findings**

The Coleman Foundation is in the midst of a tremendous amount of change that includes:

- The start of a leadership transition;
- The start of a process that will bring in a new online grants management system (which will be followed by the transition to using that new system);
- Boosting grants spending in order to “catch up” with its RDA;
- Finalizing and launching a new website.

Staff are being asked to do extra duty. And while it appears that staff are meeting their deadlines, they express concern about how much there is to do. A majority of the staff believe that they would be greatly helped by additional staff.

### **Recommendations**

For the period of the leadership transition, the foundation would do well to hire one full-time, all-purpose administrative assistant. This person could assist every staff person in a variety of ways:

- To assist the Grants Manager in keeping up with the administrative tasks associated with new proposals and grants;
- To assist the Grants Manager in cleaning up the grant records in the existing grants management system – in anticipation of moving all records into a new grants management system;
- To take the lead on collecting and posting information and items on the foundation’s new website (such as announcements, photos and stories from grant recipients, etc.);

- To take the lead on cleaning up and organizing the foundation’s paper files (those in the office as well as those stored in the basement of Coleman’s building);
- To help the Grants Manager keep track of, and order, supplies for the office;
- To help the Program Officers with such administrative tasks as:
  - drafting and revising grant letters and grant agreements
  - printing out pages from proposals and reports (a task which Program Officers sometimes ask the Grants Manager to do).
- To help the President document what the numerous aspects of his job;
- To help the President document the history of the Coleman Foundation – a history that he has witnessed and participated in.

## **XII. TELLING COLEMAN’S STORY**

### **Findings**

Coleman Foundation staff believe that their work is not widely known outside of the organizations they fund. They believe it should be better known. Mike Hennessy believes that if Coleman’s work were more well-known, it could increase the number of other foundations working on similar issues. Being more well-known could also help increase the number of organizations working in certain areas to seek out Coleman funding.

Three local foundations that are exemplary in how they tell their story are:

- Community Memorial Foundation <http://cmfdn.org/>
- The Chicago Foundation for Women <https://www.cfw.org/>
- The Pierce Family Foundation <http://www.piercefoundation.org/>

What these three foundations share in common is:

- A straightforward message about what they fund
- A clarity of their vision and of what they want to accomplish
- A clear and consistent message in all of their communications
- A desire to be deliberate and persistent in spreading their message

At Community Memorial, Greg DiDomenico considered it to be part of their stewardship to tell the community how they are stewarding the public’s money. DiDomenico started their communications effort by hiring a part-time Communications Coordinator; someone expert at storytelling, and expert at using social media, writing press releases, etc. Initially the position was for 20 hours/week; now it’s closer to 28 hours/week.

The Chicago Foundation for Women has used its communications plan to increase proposals from communities that the foundation had not been reaching. The foundation has also been deliberate in promoting the advocacy work that its grant recipients have been doing to promote policies and programs that benefit women and girls. More recently, the foundation has set aside money each year for research that expands the knowledge base on certain issues

(e.g. increase self-sufficiency for working women); the foundation then works to find news outlets for the results of their research. The foundation has used in-house staff as well as outside communications consultants.

The Pierce Family Foundation seeks to spread the message of what they fund by:

- Attending meetings and events where they can describe what they fund;
- Joining, or forming, funder collaboratives around shared interests
- Hosting programs for grant recipients that reinforces Pierce's priorities.

Pierce's website is clear about what they care about and what they support. Pierce also makes it clear that they are supporting an organization's ability to do its work, year-after-year, instead of merely supporting one program that may or may not produce the desired outcomes. Pierce makes grants to advance the mission and stability of an organization.

Marianne Philbin, the Co-Executive Director of Pierce, thinks it's important to ask yourself, "Who do you want to know your story and why?" Early on, Pierce decided that they wanted other funders to know what Pierce does, in hopes of influencing what other funders do and to help get more resources directed to organizations doing good, effective social justice work, especially around homelessness and housing.

Pierce recently contracted with Rudd Resources, a highly-regarded local PR firm, to help Pierce device and implement more of a social media presence <https://ruddresources.net/>

### **Recommendations**

- Coleman's new website could help the foundation communicate more effectively to grant seekers and grant recipients, in part by clarifying what Coleman does and does not fund.
- As mentioned earlier, a new staff position at Coleman could help the staff collect and post on the website stories and photos highlighting the work of Coleman's grant recipients.
- A long-term goal could be to hire an outside firm (such as Rudd Resources) to advise Coleman on communications, social media messaging, branding, visuals

## **CONCLUSION**

Grantmaking assessments are typically a starting point for a foundation, a point-in-time analysis of how the foundation currently conducts its grantmaking, and what the foundation should address in its immediate future. The role of the outside consultant is to present findings, make recommendations, and lead the foundation in an introspective conversation about the foundation's strengths and challenges.

As this assessment has made clear, The Coleman Foundation is an effective, impactful grant maker. The foundation has much to be proud of.

Many of Coleman's grantmaking practices and procedures grew out of the Fannie May business. To a large extent, internal procedures appear to still follow the Fannie May procedures. These procedures no longer best serve the foundation. This assessment points out practices which could be modified to present a clearer picture of what Coleman does and does not fund, and to achieve more effective use of staff time. Many of this assessment's recommendations are intended to reduce redundancies, eliminate steps that no longer are needed, and create new efficiencies in the foundation's grantmaking.

In addition to eliminating unnecessary steps, the recommendations of this assessment could be used to help the foundation re-deploy its resources; to help the staff and board focus their efforts in order to become a more efficient and impactful grantmaking organization.

Finally, let me add my own thanks to The Coleman Foundation for inviting me in and for answering my questions. I have enjoyed getting to know you and applaud your desire to undertake this grantmaking assessment and your willingness to ask questions of yourselves.

## APPENDICES

**1) PETER HANDLER'S BACKGROUND:** Peter Handler is a consultant and strategist for nonprofit organizations, foundations and individuals. His services include: organizational assessments; strategic planning; facilitation; program evaluation; research into new initiatives; fundraising strategy; strategic philanthropy; and professional writing and editing. His recent clients include Crossroads Fund, The Field Foundation of Illinois, Remy Bumppo Theatre Company, The Oak Park River Forest Chamber of Commerce, The Center for Media & Democracy, New Voice Strategies, and Glessner House Museum.

Peter brings over 20 years of management and organizational experience. He is the former Executive Director of the Reva & David Logan Foundation, where he instituted professional grant making protocols and procedures for a family foundation making grants supporting investigative journalism, health care, social justice, underserved youth, education, arts & culture, and a sustainable environment. He is also the former Program Director of the Richard H. Driehaus Foundation, where he provided senior management of a family foundation making grants supporting arts & culture, the built environment, economic opportunity for the working poor, and investigative journalism.

Peter is also a playwright whose plays have been produced in Chicago and San Francisco. He has taught playwriting at Columbia College Chicago and he directed an artist residency program at the Chicago Park District.

**2) MORE INFORMATION ABOUT "FULL COST FUNDING"** (which I discuss in Section III on The Coleman Applications) can be found here:

<https://myforefront.org/articles/forefronts-commitment-to-full-cost-funding/>

**3) MORE INFORMATION ABOUT DISCRETIONARY GRANTMAKING** (which I discuss in Section X) can be found here:

<https://www.foundationsource.com/resources/library/discretionary-grantmaking/>

**4) A CHART THAT VISUALIZES COLEMAN'S GRANT MAKING WORKFLOW PROCESS FOLLOWS ON THE NEXT PAGE.**

