



Council on
Foundations

Values-Aligned Philanthropy for Community Foundations

INTRODUCTION

Anti-democratic extremism, hate speech, and politically-motivated violence are on the rise. As daunting as that is, imagine waking up to calls from reporters—or actual headlines—saying that your community foundation has funded these efforts. With policymakers, journalists, and activists seeking to determine how hate groups are funded, philanthropic organizations have come under a magnifying glass. The vast majority of foundation funding goes to charities clearly acting in the public interest¹, but the prevalence of hate and extremism has raised public concern about how violence and hate groups are funded. The Chronicle of Philanthropy reported this funding to be \$52.8 million in 2018, from 351 foundations. Through our Values-Aligned Philanthropy project, the Council on Foundations is encouraging foundations to take steps to ensure that they are not funding hate. We have published a white paper, which created a landscape scan of the issue and the work being done in the philanthropic sector to combat hate funding. We also maintain an online hub with updated links to resources and sample policies.

This toolkit is the latest addition to these resources: a step-by-step guide for community foundations developing and implementing an anti-hate policy. Many of the foundations who contributed to our white paper described not knowing where to start in developing an anti-hate policy, and asked for guidance and resources. Because the most effective policies will align with a foundation's values, mission, and community needs, there is no one template that will work for every community foundation. This toolkit provides a how-to guide for navigating the questions you will need to answer, as well as suggestions for structure and wording for different types of policies you can modify to meet your needs.

The Council on Foundations is grateful to the staff of foundations and Philanthropy-Serving Organizations (PSOs) who contributed to this toolkit. We especially want to thank Roey Thorpe for her work researching and writing this report. Through this collaborative approach, we hope to advance philanthropy's mission of serving the greater good.

In 2021, the Council on Foundations produced the "Values-Aligned Philanthropy: Foundations Resisting Hate and Extremism" report and resource hub. The report lists eight recommendations for individual foundations and the sector to prevent the funding of hate:

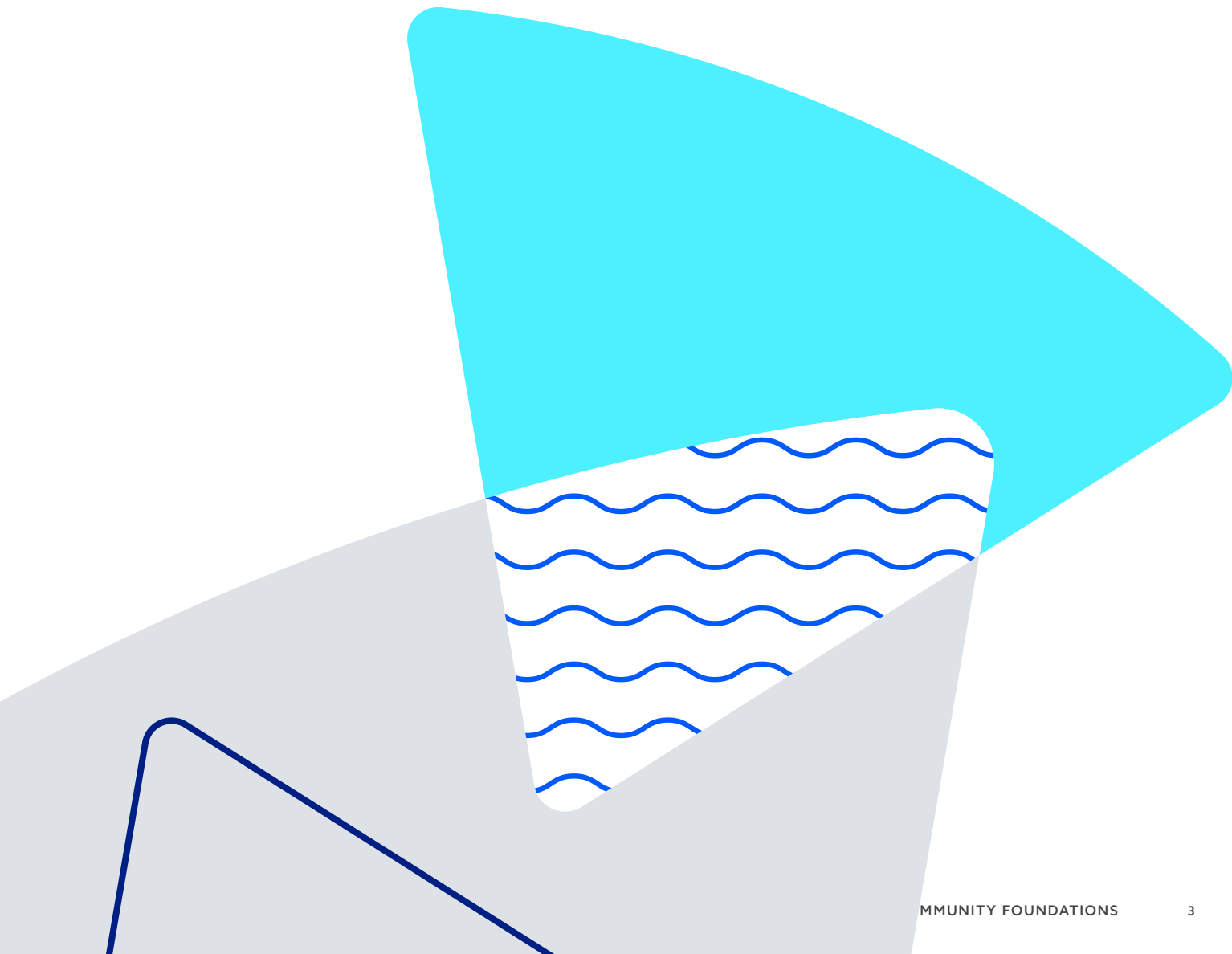
- ① **FORMULATE A POLICY PROACTIVELY, BEFORE A DIFFICULT SITUATION ARISES.**
- ② **PAIR YOUR POLICY WITH A PROCESS FOR MAKING DECISIONS.**
- ③ **MAKE SURE YOU CLEARLY UNDERSTAND AND CAN EXPLAIN THE LEGAL ISSUES.**
- ④ **USE EXISTING RESOURCES TO INFORM YOUR DECISIONS.**
- ⑤ **ALIGN YOUR POLICY WITH YOUR ORGANIZATIONAL VALUES.**
- ⑥ **CREATE CONSISTENCY WITH BOTH GIVING AND RECEIVING FUNDS.**
- ⑦ **COMMUNICATE CLEARLY AND CONSTANTLY WITH ALL STAKEHOLDERS.**
- ⑧ **JOIN WITH OTHERS IN PHILANTHROPY TAKING A STAND.**

¹ Although funding for hate and extremism has increased in recent years, it is still a very small percentage of total foundation giving, which exceeds \$75 billion per year.

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This toolkit is designed to support community foundations in developing and implementing an anti-hate policy. It is divided into the following sections:

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Lay the Groundwork for Your Policy

Community foundations usually embark on the process of creating a policy to prevent funding hate groups because someone within the organization hears about the issue and believes it deserves further investigation and possible action. Sometimes donors ask whether the foundation has such a policy in place, or a concern is raised about a particular grantee. Regardless, most policies start with an individual or small group who take it upon themselves to learn more, and then bring the issue to the organization's staff and board.

Make sure you have an understanding of the issue and that you bring other key people along with you. The Council has a [resource hub](#) with many articles that will help. Here are a few that provide an overview of the problem and philanthropy's role:

- "Hate-Free Philanthropy" [report](#) produced by Southern Poverty Law Center and CAIR in 2020
- CNN [coverage](#) of hate violence at an all time high in 2021
- Stanford Social Innovation Review [piece](#) on philanthropy helping to uphold democracy (2021)
- Chronicle of Philanthropy [piece](#) on how philanthropy can curb the rise of hate (2019)
- Chronicle of Philanthropy [documents](#) millions given to hate groups (2021)

In addition, the Council has taken a [public stand](#) against the funding of hate groups and has called on all foundations and grant-making organizations to create policies that prohibit the funding of hate. You are encouraged to share this statement with others in your organization. In addition, [the website](#) for Amalgamated Foundation's "Hate is Not Charitable" campaign includes a list of foundations that have taken a similar stand (and you can join them).

While these resources provide a solid foundation on the issues nationally, we recommend supplementing this by researching your community. Foundations should learn which demographic segments are most impacted by hate groups, and how. Asking nonprofit and other organizations for this information, consulting local affinity groups and community leaders, as well as searching local newspapers will give you specific insights into what communities are facing and how they are responding.

"Creating and launching a new grantmaking policy takes time for thoughtfulness. Don't feel like you have to start from scratch. Other community foundations are happy to share their experiences. We knew ahead of time that we would want to draft a more detailed policy in the future. You can always update your policy in the future to better reflect your values should the need arise."

May Leong

Senior Institutional Partnerships Officer, East Bay Community Foundation

KEY QUESTION

Why take on this new issue when we don't even know if it's a problem for our foundation? Maybe it would be better to wait until a problem arises and then address it?

One of the biggest fears we heard from foundations was discovering that they were unknowingly funding a hate group by reading about it in the media. At that point, an unprepared organization is forced to scramble to respond and attempt to minimize the damage to the trust they have with donors and the communities the foundation serves. With hate activity on the rise, the threat of this happening has increased. In addition, many organizations have done internal work over the past several years on diversity, equity, and inclusion (DEI), and addressing this issue aligns with the goals that they have set through those efforts.

KEY QUESTION

What is the right time to bring staff, board members, and other important stakeholders into the conversation?

This depends on your foundation and how you make decisions. It may be most helpful to form a small group of staff and board members, to take the lead on educating yourselves about the issue together so that you can discuss what you are learning and make

a recommendation to the rest of the organization. You can map out the process together and decide who needs to be brought into the conversation at each stage. Consider conducting a brief stakeholder analysis, answering these questions:

- Who are the key people who should be involved from your board, staff, and community?
- What should their role be in the process? Are they decision-makers, sources of information, or do they just need to be informed?
- What information and support will they need for their role?

Having an overall plan for this work is key to keeping it moving when there are so many other organizational priorities. You may discover that these conversations are complex and take some time, especially if they have not come up in other contexts (strategic planning or DEI work). Staff and board perspectives may differ from each other, and generational or religious differences may come into play. The key is to leave room for many different perspectives while finding common ground.

Resources for Identifying Hate Groups

Along with understanding the issue and its impact on your community, it is important to research whether your foundation has funded any groups that appear on lists of hate and extremist organizations. Comparing a list of all grant recipients, including grantees from donor-advised funds (DAFs), lets you know where you stand. Including grantees from the past 5-10 years (depending on your capacity for this research and

“For the Greater Milwaukee Foundation, one of the hardest hurdles in developing an anti-hate policy and process was to determine how to define hate. We took the broadest approach and revised our ethics policy to align with our values.”

Ellen Gilligan

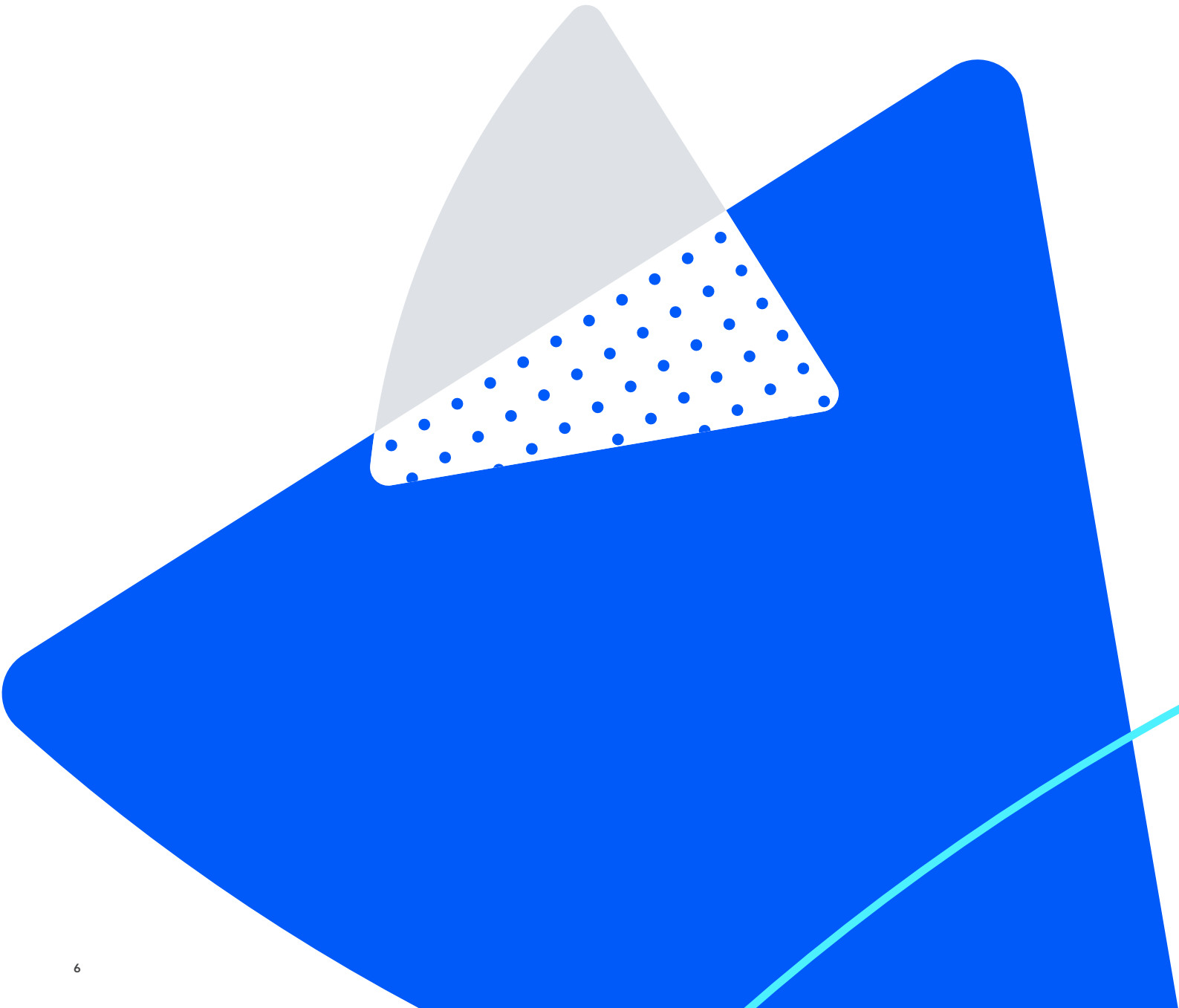
President and CEO, Greater Milwaukee Foundation

the tools available to you) will give you the most thorough data.

There is no definitive list of hate groups, but many foundations have found the Southern Poverty Law Center (SPLC) lists to be a good starting point. There are two SPLC lists: one of Hate Groups, the other for Antigovernment Groups. The SPLC offers rationales for the inclusion of each organization, and your foundation can determine if the listed activities contradict the values of the foundation. The Anti-Defamation League and Council on American-Islamic Relations maintain lists on anti-Semitism

and Islamophobia, respectively. The Horizon Forum, a fiscally sponsored project of the Proteus Fund, offers a resource that compiles advocacy, industry, and academic lists into one useful tool and provides a training program for community foundations to use it.

Once you know whether your foundation has made grants to any listed organizations, you will have a better sense of the impact of a new policy and which grants will be affected. Even if there are no issues with your grantees, a policy is still important to have in place to help prevent problems from arising.



Define Your Values

At this point, you are ready to bring a group together for a deeper discussion. This discussion should present the information you have gathered about the issue and your foundation's grant activity, and lead to a decision about whether or not you want to move forward in defining your values with regard to hate funding, and if so, what your organizational values and approach will be.

Interviews with community foundations indicate that the best practice is to align your policy with your organizational values. There is no cookie cutter approach to this, because community needs and foundation strategies vary widely. It may be helpful

to shape your conversation around filling in this template to create a basis for moving forward with a policy. (This is intended for internal use, although it may be useful when you eventually make your policy public.)

"At a time when anti-immigrant, xenophobic, racist, anti-LGBTQ and anti-democracy voices are being amplified it was important for the community foundation of Greater Boston to be clear and explicit that our funds cannot be used to support those voices."

Lee Pelton

President and CEO of the Boston Foundation

Values-Aligned Funding Statement Template

The text below includes values statements from four different foundations so you can see examples of how others have approached this.

PURPOSE

We, the <Name> Community Foundation, are concerned with the consequences of rising levels of hate and anti-democratic extremism nationally and within the communities we serve.

STATEMENT OF VALUES

Hate and extremism conflict with our mission and values in the following ways:

- “With a mission to build equitable, just, and thriving communities, we [Greater Washington Community Foundation] seek to align philanthropy and impact with giving priorities centered around efforts to increase racial equity and inclusion. Funding hate groups runs counter to our mission, values, and beliefs.”
- “Seattle Foundation recognizes that social, racial, and economic injustices persist in our region, country, and world, and acknowledges that philanthropy has historically had a role in maintaining some of these injustices. Seattle Foundation also recognizes its unique role as a civic leader working as a bridge builder in partnership with others, to help address root causes of these systemic inequities and to work with our donors and others to help build a region that is more just and free of hate and discrimination as a way of serving the charitable needs of Seattle Foundation’s community.”
- “Arkansas Community Foundation seeks to enhance the quality of life for all citizens in Arkansas and works from the knowledge that we are better together. We believe that a more diverse community, and one that welcomes and engages all, will be richer, more responsive and better able to meet the challenges and opportunities of our future.”
- “While we do not police the ideology of our donors, we also do not allow grants to groups that promote violence. The [Greater Kansas City] Community Foundation relies on the IRS to regulate organizations, but if we have knowledge of a public charity that is promoting violence, no matter the ideology of the group, we will not permit grants to that charity.”

DECLARATION

For this reason, we are adopting the following policy to ensure that our funds are not supporting hate and anti-democratic extremism.

POLICY

This is where you will add your policy when it is written.

If your foundation has already stated its values, applying them to the issue of hate funding can be a relatively easy process. If your foundation does not have clearly defined values to draw on, or you have disagreement within your organization, this task will take more time. Discussing organizational values may surface issues, including generational, cultural, and political perspectives. This is to be expected, and this discussion can lead to greater understanding of each other and your organization's important purpose. PEAK Grantmaking offers a [guide](#) with many tools and resources to support you in this process.

KEY QUESTION

What counts as "hate" and "extremism"? Are there definitions we can use without becoming divisive?

These terms have been defined in many ways, some of which [the Council compiled](#). You may choose to write a definition based on your own organizational values, or use one developed by someone else. As you will see in the examples below, most foundations choose to list the groups that are often targeted by hate activity in their policies.

The Council on Foundations uses a definition of hate based on the FBI's. It refers to speech or action "motivated in whole or in part by an offender's bias against a race, religion, disability, sexual orientation, ethnicity, gender, or gender identity." Organizations promoting hate may or may not directly incite violence, but their efforts are destabilizing and negatively affect the actual and perceived safety of their targets.

The Council's definition of "extremism" borrows from the Anti-Defamation League definition of existing "substantially outside of belief systems more broadly accepted in society." Not all forms

of extremism are negative; the extremism we target is destructive, seeks to undermine institutions and basic democratic principles, and is increasingly related to domestic terrorism and white supremacy. Extremism and hate can cross the political spectrum and are not affiliated with any one party or platform.

Note the similarity between the following definitions used by foundations geographically located in regions with very different political environments (Omaha, Nebraska and Oakland, California). **The emphasis is on the targeting of groups and individuals based on their characteristics.** Some policies, like the Council's, differentiate between beliefs and actions; others focus on the threat, both explicit and implied, that people in targeted groups experience.

- **SAMPLE»** Omaha Community Foundation, "The Omaha Community Foundation ("OCF") shall not contribute to any organization which attacks or maligns individuals or groups of individuals on the basis of perceived race, color, religion, national origin (including a Native American tribe), sex, sexual orientation, gender identity (as defined in paragraph 249(c)(4) of title 18, United States Code), age, marital or parental status, political affiliation, military service, physical or mental ability, or which act to prejudice those individuals or groups of individuals."
- **SAMPLE»** East Bay Community Foundation uses this definition: "Hateful activities is defined to mean activities that incite or engage in violence, intimidation, harassment, threats, or defamation targeting an individual or group based on their actual or perceived race, color, religion, national origin, ethnicity, immigration status, gender, gender identity, sexual orientation, or disability. These activities are contrary to EBCF's mission and its charitable purpose."

Create and Adopt Your Policy

Once your organization decides to create a policy, you will need to determine the type and scope of the policy. Through landscape analysis, the Council has identified four main approaches, listed below. (Note that some policies are hybrid, featuring characteristics of two or more types.)

KEY QUESTION

Our foundation is in a conservative community. How can we prevent funding hate, but stay true to our commitment to reflect community values?

Preventing the funding of hate and extremism is not partisan or political, and many foundations serving conservative communities have policies in place that reflect their values. If you keep your foundation's values and community central to your approach, you can create a policy that reflects who and where you are. You should choose language that fits with your foundation's identity and brand. In the policies linked below, you will see that the Community Foundation of the Ozarks calls their policy "Viewpoint based," and highlights their commitment to freedom of speech to be inclusive of conservative members of their community. The Greater Kansas City Community Foundation takes great care to state that they do not "police the ideology of our donors." Both foundations take a strong stand against organizations that run counter to their values, but make it clear that their values are not political in nature.

Types of policies

Due diligence: Foundations may decide to add new language to existing due diligence and ethics policies. Procedures can be amended to add anti-hate screening criteria to your due diligence checklist rather than creating a whole new policy. Some due diligence policies contain a strong values explanation, while others are simply stated.

- **SAMPLE»** East Bay Community Foundation's [policy](#) and [FAQ](#) add hate funding to their due diligence policies.
- **SAMPLE»** Community Foundation of Greater Memphis [added](#) anti-hate criteria to their existing due diligence policy.

Non-discrimination requirement: Some foundations require grantees to have a nondiscrimination policy that includes vulnerable groups or, at the very least, those protected under state and federal law. Hate and extremist groups are not likely to have such policies, and so this can act as a type of screen that can be applied to all types of grants the foundation makes. This approach can be expanded to include not only grantees, but also organizational sponsors and contractors.

- **SAMPLE»** Omaha Community Foundation's [policy](#) connects their nondiscrimination statement with their prohibition of hate funding.
- **SAMPLE»** the Philadelphia Foundation uses a nondiscrimination [policy](#) that does not mention hate funding specifically.

Part of DEI commitment: For organizations that have made a commitment to DEI and have issued statements and policies that reflect that commitment, explicitly naming the funding of hate and extremism as a concern and connecting it with your DEI work is a logical way to craft your policy. For foundations that are addressing institutionalized inequities and focusing on the harm that is done to the communities they serve, the category of “harm” can specifically describe the harm done by hate groups.

- **SAMPLE»** Greater Washington Community Foundation has a freestanding [policy](#) describing their commitment to diversity and inclusion, as well as the procedure they will follow.
- **SAMPLE»** Arkansas Community Foundation’s [policy](#) states their commitment to inclusivity as a key value.
- **SAMPLE»** Seattle Foundation reflects their DEI commitment not only with the policy language and approach, but also engaged community members in developing their [policy](#).

Freestanding policy statement: Some foundations have chosen to create a freestanding policy that is aligned with their values but stands as a separate statement or document and is not formally attached to other policies.

- **SAMPLE»** Napa Valley Community Foundation’s [policy](#) is freestanding and also contains detailed information about how the policy will be implemented.
- **SAMPLE»** Community Foundation of the Ozarks has a [policy](#) specifically for DAFs that both links to their values and describes implementation.
- **SAMPLE»** Connecticut Community Foundation’s [policy](#) includes both donations to the foundation and discretionary grants they make.
- **SAMPLE»** Lancaster County Community Foundation has a concise [policy](#) that emphasizes their discretion over specific definitions of hate.
- **SAMPLE»** Greater Kansas City Community Foundation has a policy that applies to all their grantmaking. They do not post this policy publicly, but send it directly to donors when needed.

Policy Scope

In addition to determining policy type, you will need to decide its scope. Should your policy apply to all aspects of your foundation’s finances and relationships or only to certain parts? Consider the following possibilities:

- Direct/discretionary grants from your foundation to grantees
- Grants made through collaborative funding efforts with other individuals, corporations, and foundations
- Gifts designated by donors to donor-advised funds (DAFs)
- Event sponsorships your foundation gives or receives
- Vendors, including contractors for events, goods, or services
- Donations your foundation accepts

While some foundations start with just one or two areas, a policy that includes all foundation activities is the strongest. Being clear and comprehensive makes it clear that the policy is based in values, not in trends or politics. By including all grants, including DAFs, as well as contracts and income, you are aligning your foundation’s values throughout the organization.

It is also important to make decisions about how the policy will be implemented, as questions will likely arise. Implementation plans should include:

- Who will be notified when concerns arise
- What information will be gathered about the organization in question, and by whom
- Who will act as decision-makers (this might be staff, board members, representatives from the community that is potentially being targeted by the hate group, or a combination)
- How the decision will be communicated both internally and externally, to staff, board, donors and community partners, and the general public (if necessary)

After you have drafted a policy, it is important to vet your policy with committee members, legal advisors, officers of the board, and other key

stakeholders, such as the staff leadership. Once the policy has been vetted and revised, the board of directors will vote on officially adopting the policy.

Sample Information for Board Consideration of Anti-Hate Policy—Saint Paul and Minnesota Foundation

BACKGROUND

Over the past couple of years, the Foundation has been involved in many discussions, primarily internally, regarding how we can more authentically live out our commitment to equity. In 2019, one strategy we focused on was developing an anti-hate statement and our first ever hate screen for donor-advised fund grants. While we are an early adopter of community foundations applying such a screen to donor-advised fund grants, we are not the only one doing so, and we believe many more community foundations will be following us. We also believe doing so allows us to continue to honor our commitment to advocating for equity.

DISCUSSION

Below you will find our short and succinct anti-hate statement. We have also included a list of some FAQs. These were both developed by our staff and have been previously shared with the executive committee at their January meeting. With good feedback from this committee, we are now sharing the statement with the development committee. After discussion and approval of the statement here, it will move to the community impact committee for their discussion and approval before moving forward for a full vote by the board at their May meeting.

We look forward to discussing this statement at the upcoming development committee meeting and answering any questions you might have.

STATEMENT

At the Saint Paul & Minnesota Foundation, we envision an equitable, just and vibrant Minnesota where all people and communities thrive. To realize our aspiration, we have committed to Advocate for Equity. This includes avoiding association with or support of organizations promoting hate.

At this point, your new policy should be added to policy manuals and appropriate organizational documents, including onboarding information for new staff and board members. It should be included in the written materials and conversations you have with donors to DAF who are placing their funds at your foundation. It should also be on your website so that potential donors to DAFs know up front what will and will not be approved.

KEY QUESTION

Is it legal to have a policy that excludes an organization the donor to a DAF wishes to designate?

Donors to DAFs may believe that putting restrictions on grantmaking is a violation of their First Amendment rights. This, however, has no legal support, because when the funds are given to the foundation for a tax benefit, the foundation assumes fiscal and legal responsibility for them per the contract they have entered into. Donors can make recommendations about where the funds are directed, but existing rules already limit which organizations can receive them, and sponsoring organizations may exercise “[variance power](#)” in determining where funds can go. Keep in mind that should concerns arise about a gift, it will be the name of your foundation and not that of the donor that will be listed as making the grant. The Council on Foundations offers a collection of [resources](#) for foundations working with DAFs.

KEY QUESTION

Why is it important to include DAFs in our policy when it might alienate an individual donor?

DAFs have been a primary target of concern when it comes to stopping funding of hate and extremism. This is because DAFs add an extra layer of anonymity for the donor with the donation coming from the sponsoring organization that holds the funds, thus reducing the possibility of public scrutiny of the original donor. Community foundations have spent years developing trusting relationships with donors from their communities. That trust can be destroyed at the revelation that the foundation has been funding groups that cause harm to their communities and pose a threat to democracy. Foundations, like all tax-exempt non-profit organizations, have a basic duty to support the public good. This is a North Star for the philanthropic sector, upon which its reputation depends.

In fact, donors to DAFs may be relieved that your foundation has an anti-hate policy, as it provides an extra layer of assurance that their donations are supporting the public good. One of the reasons that people open DAFs is that they want to streamline their own philanthropic efforts and use the systems and practices that a community foundation already has in place. An explicit anti-hate policy can give donors peace of mind that they are not supporting organizations that do harm instead of good.

“Our donor-advised fund program is built upon developing relationships with values-aligned donors, who share our vision for social change, who want their fund fees to directly support our grantmaking for racial justice in Brooklyn, and who rely on our Anti-Hate policy to ensure that they do not inadvertently support hate groups.”

Sarah Shannon

Chief Operating Officer, Brooklyn Community Foundation

Communicate Your Policy

Once your policy has been adopted, it's time to let people know about it. Stakeholders who will be affected by this policy include staff, community members, grantees, donors (including donors to DAFs), event sponsors, and partner organizations. Some foundations release statements and links to the policy via their websites, and others share via an email blast, blog post, or press release.

We have heard from foundations that were hesitant to make this information public because they wanted to avoid creating controversy, especially if they operate in conservative regions where such issues can be divisive. In reality, the foundations we spoke with who have made their policies public reported very few negative reactions and great appreciation from their communities. And making your policy public and transparent to all stakeholders reduces the chance of future problems because you can point to the policy clearly stated on your website alongside other documents used regularly by your foundation.

This is an opportunity to highlight the values that led you to create this policy in the first place. It is also an opportunity to educate your community about the problem of hate and anti-democratic extremism and assure that you are taking steps to make certain that no funds flow to these groups.

- **SAMPLE»** The Boston Foundation announced their joining the Hate is Not Charitable campaign as a way to get the word out about their policy, and talk about the process they went through to develop it.
- **SAMPLE»** Seattle Foundation chronicles their policy development in compelling blog posts that first share that they are embarking on policy revision and then announce revised policies as they move through the process.

- **SAMPLE»** Brooklyn Community Foundation's website instructions for people considering opening a DAF includes their anti-hate policy. They also publicly announced joining the Hate is Not Charitable campaign.
- **SAMPLE»** Innovia Foundation put out a press release about their adoption of an anti-hate policy.
- **SAMPLE»** Tides Foundation used a strong values and mission-related statement to discuss their anti-hate policy on their website. (Tides Foundation is not a community foundation, but their statement has wording that community foundations may find helpful in crafting your own statements.)

Notifying Donors to DAFs about a New Policy

It's especially important to inform individuals with DAFs at your community foundation that you have a new policy in place. The approach for donors to DAFs should be specially tailored to them because they may not be aware of possible restrictions on grantmaking and may be concerned about their ability to give to organizations they care about. It makes sense to send a special letter to these donors letting them know about your new policy, even if they have not made gifts through their DAF to groups that might be problematic.

“Two key aspects of our process were engagement with our very broad range of diverse stakeholders, and the alignment of the policy with the Foundation's mission, vision, and values. We convened a stakeholder advisory committee to provide perspectives and recommendations. The committee included fundholders and other philanthropists, community partners including grantees and former grantees, community based advocates, and several trustees, with leadership from our President & CEO.

Before, during, and after the advisory process and our Board's consideration of policy options, we provided updates to our broader community through blog posts. We heard general agreement when we explained that discriminatory and hateful activities are not aligned with the Foundation's mission to ignite powerful, rewarding philanthropy to make our region a stronger, more vibrant community for all, and therefore would not be supported by grant funds.”

Alice Ito

Senior Equity Advisor, Seattle Foundation

Implement Your Policy

Now that you have a policy in place, all that is left is to put it into practice. One way to make sure that the board and staff know what to do if they have concerns about a grantee is to conduct a training session for them. You should also include the policy and procedure in orientation materials for new staff and board members.

- **If a concern arises about an organization that is included in the scope of your policy**, follow the procedure outlined in your policy. Some cases will be clear, with the organization clearly engaging in actions that violate the policy; others will require additional research.
- **If the concern arose from a media story or other public forum**, it is important to let the community know you have a policy in place to prevent hate funding. Share that you are engaging in a thorough investigation to determine whether the organization in question violates your internal policy. You may want to reach out to community leaders in specific groups the organization is accused of targeting, both to get their perspective and to let them know how you are addressing concerns.
- **If the organization was flagged internally for review**, you can wait until you gather more information before deciding who needs to be informed. Follow the steps you have outlined in your implementation plan to make a determination. You may also want to consult privately with leaders of targeted groups as a source of information and to give them advance notice that a concern has been raised. Board and staff should be made aware of the concern and how it is being addressed.

Once you have investigated the organization and come to a conclusion, you can make a decision about who to notify and how public your response should be. Each situation will be different, and your decisions will depend on the context and information gathered.

After the issue is resolved, it is an ideal time to evaluate how your policy functioned and revise both the policy and procedure as needed. Ask for feedback from everyone involved; you will learn from dealing with these incidents, however infrequently they may occur.

Informing a Donors to a DAFs that a Request has been Flagged

If a donor wishes to make a gift from their DAF that gets flagged, we recommend notifying the donor, telling them you are investigating, and then informing them of your decision once it is made. Depending on your relationship with the donor, you might want to do this with a phone call to discuss the situation, although sending a letter documenting the decision is recommended even if you inform them by phone first.

Keep in mind that oftentimes donors do not know that an organization could be considered a hate group and may be unaware of some of the activities and positions of that organization. They may share your concerns and be grateful for the information you share. Educating donors, even if it takes time, is necessary. Very few foundations reported problems with donors once the donors were made aware of the situation, with more recounting that donors had been grateful to learn more about the organization they had wished to support.

If the donor disagrees with your decision, remind them of your written policy and discuss next steps. Don't rush this process; it is an important decision for the donor and they may want to take time to think it over. It is rare, but possible, that the donor relationship will become so unmanageable that you cannot continue. In this case, you have a few options:

- You can work to find a substitute donation that fulfills the donor's objective and does not violate your policy
- You can transfer the funding toward discretionary grantmaking
- You can transfer the fund to another organization if a relationship with a donor becomes potentially harmful to the foundation's interests. In the rare instance that a donor wishes to transfer their fund elsewhere, you can choose whether to maintain your relationship with that donor and help them with this transition.

One of our community foundation partners generously shared their actual letters to donors used in their two-stage approach, which is excerpted here:

ALERTING THE DONOR THAT THEIR GIFT HAS BEEN FLAGGED, THE COMMUNITY FOUNDATION WRITES A WARM, PERSONALIZED GREETING AND THEN EXPLAINS:

As you may know, the [FOUNDATION NAME] has a policy regarding grant approval from our donor-advised funds. Under this policy, we filter grant requests to make sure they are eligible according to the IRS from a charitable standpoint, but also are consistent with the mission and values of our organization.

Under the accompanying policy, which prohibits funding organizations designated as hate groups, one of the organizations where you have requested grants be made from your donor-advised fund has been initially flagged from our research. This is the [GROUP NAME]. Our research indicates this organization falls outside of our mission and values in regard to their statements/practices regarding [STATE SPECIFIC PROBLEM].

The [FOUNDATION NAME] Board of Directors will make the ultimate determination on whether to approve these grants, but we wanted you to let you know of the highlighted grant first in case you weren't aware of the issues cited above. We recognize philanthropy is reflected in the principles of the First Amendment, and we have no desire to police the ideology of our donors. However, as a community foundation, we do take our mission and values very seriously, and do not support organizations whose practices do not respect the dignity of all individuals.

Until this matter is resolved, the requested grants will be on hold. I will give you a call so that we may discuss this matter as well.

We sincerely appreciate your partnership with the [FOUNDATION NAME]. Thank you for your generosity and support of so many charitable organizations.

ONCE A FINAL DECISION HAS BEEN MADE, COMMUNITY FOUNDATION SENDS THE DONOR A LETTER THAT INCLUDES THE FOLLOWING:

This letter is to follow up on our earlier notice that your grant request to the [GROUP NAME] was flagged under our policy regarding grant approval from our donor-advised funds.

The [FOUNDATION NAME] board met on [DATE] and voted to exercise the Foundation's variance power on the proposed grant from your donor-advised fund. After much research and discussion, the board ultimately decided that these grant requests were not consistent with the mission and values of our organization, so they will not be moving forward.

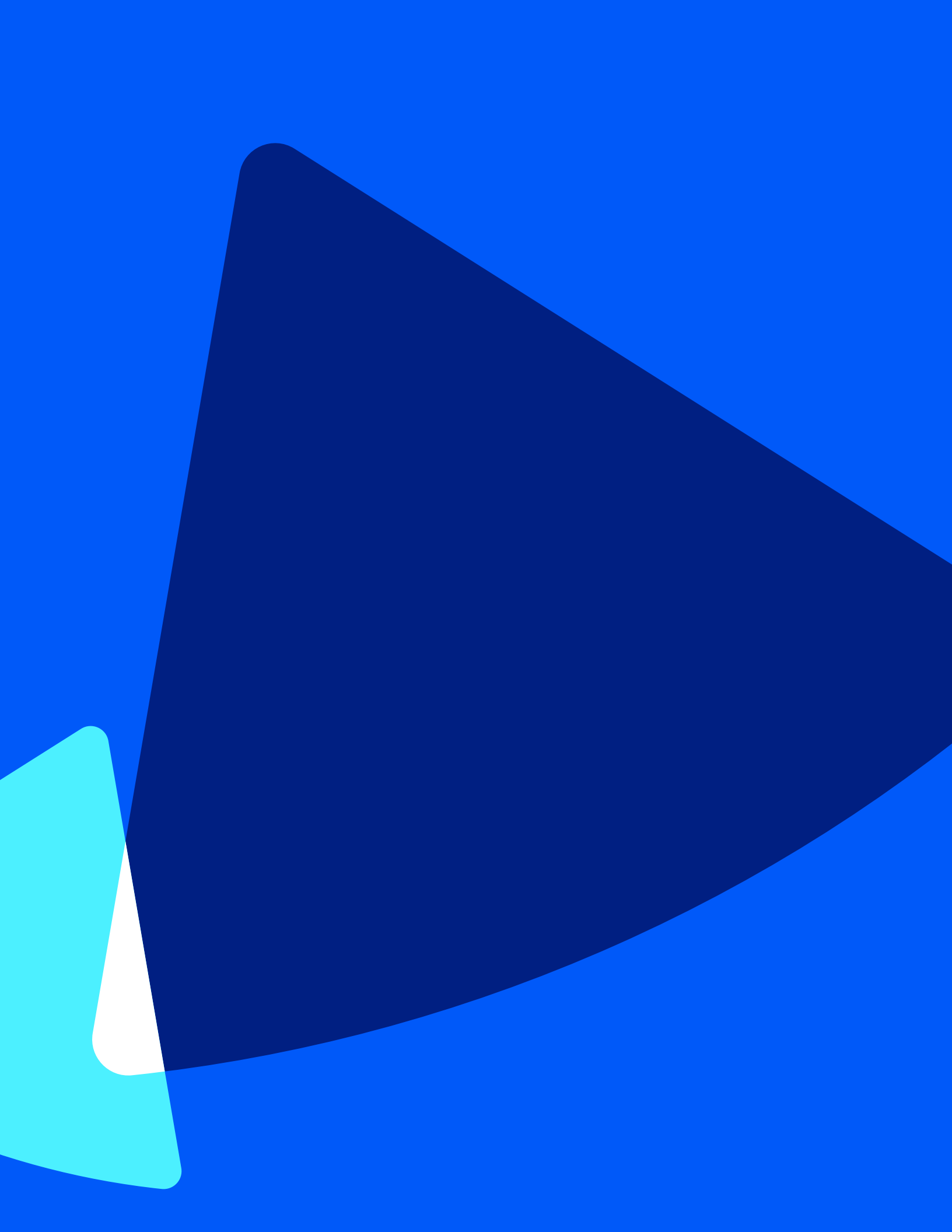
Please let us know what questions you may have. Thank you for establishing your fund with the [FOUNDATION NAME]. We regret this circumstance and look forward to working together.

We Value Your Partnership

The Council on Foundations commends your interest in and work on this important issue. We know it's not easy, but the Council supports you in working to curb the funding of hate and extremism. We hope this toolkit has been a useful resource for you and encourage you to visit our Values-Aligned Philanthropy [Resource Hub](#) for more information on specific topics.

If you don't find what you're looking for, please let us know by emailing govt@cof.org, and we will do our best to support you.

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





Council on
Foundations