

Finance

This area looks at who is involved in discussions and decisions regarding foundation budgeting (including the grantmaking budget), as well as investment, reserve, and endowment policies.

Budgeting, investment strategy & reserve policy

Who determines how foundation resources are allocated in budgeting, where they are invested, and how much is held in reserve?

Little or no participation:

- Governance sets annual budget as well as investment strategy and reserve policy, with no input from staff or community.

Some participation:

- Governance invites staff input but decides annual budget. Investment strategy and reserve policy are determined only by governance. Governance invites staff input but decides annual budget. Investment strategy and reserve policy are determined only by governance.

Substantial participation:

- Community is meaningfully involved with staff in discussing and jointly deciding annual budget for grantmaking. Community is invited by staff to co-create investment strategy and reserve policy.

Full participation:

- Foundation's annual budget is determined at a top level by community-led governance and at a more detailed level by staff who are people with lived experience. Changes are reviewed and approved by community. Parameters for investment strategy and reserve policy are set by community.

Budgeting during crises

How does the foundation respond during crises?

Little or no participation:

- Grant budgets and all spending are paused or significantly reduced.

Some participation:

- Grant budgets are continued at consistent levels during times of crisis, and there is no change in expectations for outputs.

Substantial participation:

- Grant budgets are increased during times of crisis, and there is some flexibility in terms of utilization of additional funds.

Full participation:

- Grant budgets are significantly increased during times of crisis, and there is full flexibility with how funds are used. Eligibility and other grant parameters are paused to allow widespread support to address communities in need during crises.

Investments

Who benefits and who is harmed from the investment and management of foundation assets?

Little or no participation:

- Assets may originate from or be invested in areas that cause harm to communities and people impacted by foundation. Investment revenue is not put back toward grantmaking. Operating reserves are used to preserve foundation's staff and core operations, without consideration of grantees' operations.

Some participation:

- Revenue from investments may be used to increase grantmaking or grantee support budgets. Foundation may disburse more than a minimum percentage of assets and may allow reserves to be deployed for grantmaking.

Substantial participation:

- Community and staff jointly decide how earned revenue from investments and how reserves are spent. Leadership uses a "do no harm" approach with investment strategy. Community reviews policies and strategies regularly.

Full participation:

- Community decides whether foundation goes beyond minimum spending rates on investment earnings as well as when reserves are used, and what for. Investment strategy and reserve policy are decided by an investment committee made up of compensated community members. Community creates a positive screen for investments, or foundation is committed to mission-related investments based on guidance and feedback from community. Investments are made only in "things" that benefit grantees and community.

Disclosure

Who knows the details of foundation finances?

Little or no participation:

- There is no transparency about key financial issues, including origins of wealth or assets, budgets and expenditures, grant awards, investment strategy, operating reserve policy, or staff salaries. Key financial statements are not shared publicly.

Some participation:

- Grantmaking budgets may be shared in public communications. Grant awards are shared transparently, but full foundation asset history, financial plans, budgets, and expenditure reports are not. Staff salaries or ranges are not disclosed. Key financial documents such as audits may be available but are difficult to locate.

Substantial participation:

- All key financial documents and information are shared publicly. Outreach with this information is made by staff across community platforms, and information is explained to various audiences.

Full participation:

- There is transparency about foundation assets that explains asset origins, including naming any history of exploitation. Staff salary ranges are established and transparently shared. All key financial documents are shared publicly and in community as widely as possible, in multiple languages and with accessibility in mind.

Why did you select the statements you did?

Additional questions to consider:

- Does the foundation share financial reports with community stakeholders in easy-to-understand ways, and with regularity?

Resources:

- [Participatory Budgeting Project](#)
- [Participatory Investment Learning Hub](#), by Transform Finance
- [Participatory Investing Toolkit](#), by Common Future

