

A Large Grant Threatens to Deflect a Nonprofit from Its Mission

Corporate attorney Cynthia Woodside, volunteer chair of the 22-member board of directors of the River Junction Historic Preservation association, dialed the telephone number of her closest board confidante, assured that she would receive frank advice.

"Susan, I hope you received your agenda book in today's mail? I want to talk with you about it," Cynthia Woodside said.

"No, I didn't," came the reply.

"Well, I need to talk out my problem anyway. Do you have time to talk now?"

"Of course. What's the problem?"

"It's agenda item 4 – a grant proposal for \$900,000 that Richard says is a sure thing to be funded."

Richard Smith-Trent, the association's 29-year-old highly regarded chief executive, came from a neighboring community foundation and was recruited by Cynthia Woodside herself – largely on the strength of his fast-track fund-raising credentials.

"You mean to say you have a problem with Richard getting us a \$900,000 grant – and after only 6 months on the job? I'd say that's pretty good. I'd say that's why we hired him. What's wrong with you, Cynthia, and what's the grant for?"

"That's my problem. The grant is to restore those last two Victorian houses at the foot of Light Street right at the river and to use them for low-income housing."

"Wonderful" said Susan. "We've been wanting to get funding, to restore those houses for years now."

"No, it's not wonderful," replied Cynthia Woodside. "The money is coming from a consortium of foundations that are investing in affordable housing for low-income families throughout the country. The grant doesn't even mention anything about historic preservation and those foundations don't care about it."

"So?"

"Susan, we're in the business of historic preservation. We're not in the business of low-income housing. May I remind you that our name is River Junction Historic Preservation Association?"

"It's \$900,000, isn't it?"

"That doesn't matter. May I next read to you from our mission statement: to preserve the heritage of historic downtown at the junction of the two rivers by preserving its historic structures, particularly the barge dock, the grain elevator, the railroad siding, the warehouses and other commercial establishments, and the nearby Victorian homes."

Susan paused for a moment. "I think I see now what you're getting at."

"As chair of this organization I and all board members – you included – are responsible to see that we hew the line to our goals and objectives. I've seen too many organizations get deflected from their mission by accepting money to do something that is peripheral. That is one of the worst mistakes an organization can make."

"But if we don't accept this grant, Cynthia, you'll be branded as a right-wing conservative against low-income housing. And what kind of an organization will Richard think he's gotten himself involved with?"

"I know, I know. That's why I wanted to talk this out with you. I recognize that it could sound like I am against low-income housing, which of course I am not. It could also seem that I am fighting Richard – which I am not. But he may see it in another light."

"I suppose you want my advice, don't you?" asked Susan.

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Consider these questions to guide your discussion:

1. How valid are the chair's concerns about this grant?
 - This does in fact relate to the Board's "Duty of Obedience," the responsibility to ensure that all organizational resources and efforts are focused on the organization's mission. The Board's job is to raise maximum dollars, but only for the achievement of goals as related directly to the mission.
 - It should be noted however, that the purposes of the grant are not necessarily outside the bounds of this organization's mission. It is quite possible that historical preservation and low-income housing development can both be achieved as a dual objective.

2. What is the best way for the chair to share her concerns with the executive director? How can she lead a constructive discussion of this issue at the board meeting?
 - The chair should raise her concerns privately with the executive director in advance of the meeting, in order to hear his perspective.
 - The chair could begin the board discussion by first reviewing the role of the board and the "Duty of Obedience;" secondly, reviewing the mission; thirdly, reviewing the intentions of the grant funder; and finally, conducting a discussion of the grant opportunity vis a vis the organization's mission.

3. What is the role of the executive director and the role of the board in making decisions to pursue a grant of this nature?
 - It's not clear if the executive director had already submitted the grant proposal. In fact, the executive director should consult with the board prior to pursuing any grant of this size, and a grant that is not clearly mission-related.
 - NOTE: The downsides of pursuing/accepting a grant that is not mission-related are as follows:
 - Violates Duty of Obedience
 - Reorients organizational resources, distracting the organization from its purpose.
 - Sends confusing messages to the community and other funders and contributors who have supported the organization.

Suggestion: The executive director should explore with the funder the possibility of getting support to preserve the sites historically, while also establishing them as low income housing – if that combination is a viable course. (Perhaps it can even be a collaborative project with the appropriate nonprofit partner.)