

November 22, 2016

Dear BCF Donors,

We are writing to report on a board review of BCF's facilitation of gifts to public agencies. A board task force, chaired by Matt Gallagher, President of the Goldseker Foundation, included trustees Diane Bell McKoy, Ray Bank and Lillian Bauder and made recommendations to BCF's Executive Committee on October 26.

It is important to note at the outset that that this review was strictly about fiscal agency for government agencies; it did not apply to grants from donor advised funds to legitimate nonprofits. BCF remains agnostic about the nature of such grants; we are comfortable facilitating individual donor advised grants to a wide variety of organizations with vastly different missions.

As you will remember, BCF received widespread attention for its role in facilitating a previously undisclosed gift from a private donor to the Baltimore City Police Department (BPD) for an aerial surveillance program.

While BCF regularly facilitates philanthropy to provide critically important charitable support for a variety of important causes, revelations about BCF's connection to this program came at an especially sensitive time as Baltimore continues to confront issues raised both during last year's unrest and by the recently completed U.S. Department of Justice audit of the BPD. The episode evoked strong reactions across Baltimore, especially from friends and supporters of BCF and its work.

While stakeholders are most familiar with its discretionary and donor-advised grantmaking to non-profit entities and charities, BCF also occasionally serves as a fiscal sponsor for government agencies and initiatives wishing to solicit philanthropic support from private donors. Examples include Baltimore City Public Schools and the City's Office of Sustainability as well as the BPD.

In the specific case of the aerial surveillance program, the Police Foundation Special Grants Fund allowed public and private donors to contribute funds that can support initiatives and events organized and operated by the Baltimore City Police Department. Recent payments from this fund have been used to purchase food for community events, trophies for sports teams, and items for the City Police Museum. Since 2015, 22 of the 26 disbursements from this fund (85 percent) were for less than \$5,000.

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BCF's fiscal sponsorship of the Police Foundation Special Grants Fund meant it had no role in the decision of BPD to implement the program or the manner in which it was implemented. BCF, however, acknowledges that important questions have been raised regarding its processes for vetting, facilitating and disclosing gifts on behalf of government entities and whether these are appropriate roles in which to serve, given the potential reputational risks and the paramount need to safeguard its credibility with the communities it serves.

The board task force members and BCF staff conferred with a range of stakeholders, including the Baltimore City Police Commissioner and representatives of entities that felt particularly aggrieved by the payment. BCF's existing policies and procedures for serving as a fiscal sponsor for government agencies and initiatives were carefully examined and juxtaposed against community foundation best practices for effectively overseeing and administering discretionary and donor-advised grants. While we were reassured by counsel that there was nothing illegal about these grants, and that they fell within nationally-recognized criteria for community foundation grantmaking, we nevertheless were concerned about the unintended consequences of one payment and have taken specific steps to address our process. *The board will essentially be applying the values and criteria that guide our discretionary grantmaking to our fiscal agency work.* Those criteria include consideration of the social and economic implications on communities of color and any potential negative consequences on communities of color. The task force's recommendations include:

Continue to facilitate private philanthropy benefitting government agencies and initiatives.

Transition fiscal sponsorship to active oversight in the administration of funds established to benefit government agencies and initiatives.

Develop and require the adoption of binding assurance language for all existing and newly created fund agreements established to benefit government agencies and initiatives.

Publicly disclose the existence of all funds established to benefit government agencies and initiatives and provide regular and recurring updates on their disbursements.

Explore the possibility of establishing an independent Baltimore City Police Foundation.

The Executive Committee accepted these recommendations and entreated staff to implement them immediately. All grants must follow BCF's discretionary grantmaking discipline and will be specifically reviewed by the President, a Community Investment program officer and a designated trustee.

We appreciate the understanding and support expressed by members of the BCF family as we have considered these matters. We will continue to review all of our systems and processes as we adhere of our core values of being trustworthy, inclusive and entrepreneurial while pursuing our vision that Baltimore Boasts a Growing Economy Where All Have the Opportunity to Thrive.

Sincerely,


Laura B Gamble
Chair, BCF Board of Trustees


Thomas E Wilcox
President and CEO