GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS

NORTHERN CALIFORNIA GRANTMAKERS

GOVERNANCE CASE STORY:

Woods Fund Chicago

Crises as an opportunity for change:
Responding with increased payout, trust-based practices and a board that reflects the community

Quick Info

Organization: Woods Fund Chicago

Type of grantmaker: Private/independent foundation

Board size: 9

Funder's assets (as of May 2025): $57 million

Typical annual grantmaking budget: $6 million

Grant size (range): Core: $35,000–$50,000; multiyear: $50,000 per year for 3 years; rapid response: $10,000; organizational resiliency: $10,000; movement support: $25,000

INTERVIEWEES:

Michelle Morales
President

L. Anton Seals
Board Chair

About the Series

What does it take to build governance that fuels transformative philanthropic practice and lasting social change? At its best, governance sets a strategic rudder that clarifies and maintains focus on an organization's mission and priorities, despite the buffeting winds of fear and resistance that challenge our work. Good governance isn't magic: It involves mindsets, structures and practices that foster frank conversation; reveal power inequities; and harness the contributions of people with diverse lived experiences, identities and talents.

Because boards are an essential lever for change in philanthropy, Grantmakers for Effective Organizations and Northern California Grantmakers are partnering on this series of case stories to surface and promote concrete practices that help funders better align their governance with their mission and values. There's no one right way for grantmakers to do governance, so we hope these case stories provide diverse examples of ways funders have evolved in this area and offer translatable lessons.

For more information and resources, including the rest of the case stories, see GEO's work on governance and NCG's governance page.

About Woods Fund Chicago

Woods Fund Chicago was founded in the 1940s by Nelle and Frank Woods and their three sons. The Woods amassed their wealth through Frank's role as founder of the Lincoln Telephone and Telegraph Company. Frank and Nelle believed that the role of a philanthropist was to counter government and established institutions. While the fund's name and classification evolved over the years — from family foundation to independent foundation — the organization remains committed to carrying on the founders' legacy today through funding community-based organizing, coalition building and public policy advocacy throughout Chicago. The foundation has long been committed to racial justice: In 1993, the fund pledged to appoint leaders of color, predominantly women, to lead the foundation, and in 2008, it became one of the first funders in Chicago to incorporate racial equity into its operations, investment strategy and grantmaking.

Governance Background and Context

Shortly after Michelle Morales became president in late 2019, she facilitated a discussion about why the board felt it must preserve the endowment at all costs. The conversation revealed that some board members believed, inaccurately, that there was a donor intent to preserve the endowment. Clarifying this misunderstanding opened the way to increase the foundation's payout. Another series of conversations spurred by a board member and former City of Chicago treasurer evolved the board's notion of fiduciary responsibility, emphasizing social impact over financial returns. Each of these conversations shifted mindsets and policies regarding how the board approached resourcing change.

In parallel with these discussions, grantees found themselves navigating the COVID-19 pandemic and racial uprisings. Staff heard concerns from grantees about personal and collective safety; inadequate tech and security infrastructure for working from home; and the huge challenges of addressing community, organizational, family and personal needs simultaneously. "We've been talking for a while about 'saving for a rainy day,'" said Morales. "This is it." This added urgency to increase payout.

Levers of Change & Impact

In late 2022, five board member positions turned over. This proved both a challenge and an opportunity. The board experienced lost institutional knowledge, interrupted continuity and temporarily diminished capacity. Yet the turnover allowed the foundation to seek board members from movement and community organizing spaces, enabling the fund to better align its practices with its values. The newer iteration of the board was a younger collective with a majority of members identifying as people of color or femmes.

Levers of Change

Redefining "fiduciary responsibility."

Once the board understood that there was no donor intent to preserve the endowment, the fund began redefining fiduciary responsibility. It adopted the phrase "impact over returns" to describe its responsibility to prioritize community impact over financial returns. A common mantra is "We are fiduciarily responsible to community."

Embracing trust-based practices.

In response to the dual crises of the pandemic and racial uprisings, the fund removed application and reporting requirements, switched to awarding only general operating support, set up automated grant payments, stood up a rapid-response grant fund, and committed to fully embracing trust-based philanthropy. All of these practices remain and have become an integral part of the foundation's grantmaking practices.

Seeking board members closely connected to movements and community organizing.

Board turnover created an opportunity to redefine what the fund sought in board members. The fund recruited board members that better reflect the communities it seeks to serve.

Impact

In 2023, with a newly constituted board, Woods Fund Chicago adopted multiyear budgeting. This practice fosters greater stability and resilience for nonprofit partners while simultaneously yielding operational and decision-making efficiencies for the fund's staff and board. As the board shifted its understanding of fiduciary responsibility to prioritize impact, it increased the foundation's payout every year, from 6% in 2019 to 14% in 2025, with a commitment to a 15% payout in 2026. The organization has also made changes to its grantmaking cycles and has more program officers than most similarly sized foundations to enable deeper relationships with grantee partners.

INVESTING IN COMMUNITY

6% — **Payout rate in 2019**

14% — **Increased payout rate in 2025 reflecting shift to prioritize impact over returns**

15% — **Increased commitment in 2026 to invest even more into the community**

Lessons & Advice for Peers

1 Invest time and thought in identifying new board members.

Prioritize people with an understanding of and commitment to the foundation's vision and mission. Choose people who know what it's like to raise funds and write grants and reports. Choose people who will support the president in service of the foundation's impact — because, as Morales said, "at the end of the day, you want to be supported by your board as a leader without everything being a struggle or fight."

> *"We've been talking for a while about 'saving for a rainy day.' This is it."*
>
> **Michelle Morales**
> *President*

2 Look at moments of crisis as opportunities to root in values and innovate.

Even as the crises of 2020 brought profound loss and grief, they presented an opportunity to advance bold conversations and new ways of operating.

3 Be prepared to support grantees amid changing environments.

If you ask grantees about their concerns and what they need, be prepared to listen carefully to their responses, center their concerns and change to meet the needs they articulate. Greater and different resources might be needed, given the advance of authoritarianism.

4 Center social impact over financial returns.

Don't focus on temporary market volatility. Focus on leveraging your investments and capital to support the communities you serve.

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