

## Private Foundations Bulletin

# With Your Own Eyes: Grantee Site Visits

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One element of grantee due diligence that has gone by the wayside in the past few years, primarily due to COVID-19 and the proliferation of videotelephony software programs, such as Zoom and Microsoft Teams, is the grantee site visit. While the pandemic did necessitate a change in strategy – with certain precautions – a reconsideration of site visits might be just what the doctor ordered.

### The Purpose and Value of a Site Visit

Generally speaking, a private foundation will conduct site visits to help make key funding decisions during the grant inquiry/proposal stage, but they may also incorporate them as part of their ongoing due diligence process. Site visits provide a foundation's management team and Board the opportunity to connect directly with a grantee's Board and staff, observe qualities that cannot be noted in written proposals or reports and take the *temperature* (so to speak) of a grantee's overall progress with the purposes and goals stated in the grant award. Observing the grantee at work allows you to corroborate the picture presented, uncover any surprises or opportunities and engage and develop a deeper understanding of the uses of the foundation's funds.

### Developing a Strategy

A strategy is key to a successful site visit program. A few questions that should be considered when developing, or reevaluating, a foundation's strategy are:

- What qualities are you looking for in a potential grantee or current grantee and how do those qualities fit the foundation's mission? It is important at this juncture that a clear and well-articulated mission is presented, including the program areas and types of programs that the foundation intends to fund and the types of support being offered (i.e., size of grants, single year or multi-year funding, restricted purpose, or general purpose, etc.).
- At what stage of the foundation's due diligence process will it conduct site visits?
- How many site visits will be conducted? This often depends on the Board's desired involvement and staff capabilities and availabilities.
- Who (a Board member, management, other foundation employees, external consultant, or some combination) will conduct the site visits?
- Which organizations will be visited? Creating a criterion to help prioritize which potential or current grantees are most suitable for a site visit can help to eliminate wasted efforts.
- How will the site visit be conducted (interviews, tours, etc.), with whom should the visit be and how much time with staff will be needed?

- How will the site visit be documented (i.e., standard report, checklist, question and answer format, etc.)?
- How will the information obtained during the site visit be disseminated to the rest of the Board for decision-making? Will there be any follow-up on an approved corrective action plan (if necessary)?

### Related Reimbursable Expenses

Is there a policy in place describing which grantee site visit expenses are appropriate for reimbursement and who is eligible? Reimbursable expenses to conduct a site visit that are charitable in nature, reasonable and well-documented count toward the foundation's distribution requirement. A written policy helps ensure that all required conditions for reimbursement are met.

### Using What You Have Learned

Once a site visit is completed, it is important to document both the objective and subjective information obtained and then share that experience with the decision-makers in the foundation. That information can then be used to assist in determining whether a grant is approved or, for a current grantee, whether future grants are considered. A site visit in conjunction with the foundation's other due diligence can only help to enhance the decision-making process.

### Conclusion

While a site visit is only one of the many tools to conduct due diligence over grantees, it can often be the most useful in gaining an understanding of the organization and how well it fits within the foundation's mission. Developing a strategy and method of using what was learned will only help to enhance how useful a site visit can be. When you use your own eyes to see a grantee up close and talk with the people involved in the issues that are important to you and the foundation, you will ultimately be able to help to make better grant decisions.

### Contact Us

We welcome the opportunity to answer any questions you may have related to this topic or any other accounting, audit, tax or advisory matters relative to private foundations. Please call 212.286.2600 or email any of the Private Foundation Services team members below:

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