Moving From Trust-Based Philanthropy to Generative Engagement:
Bringing in the Foundation's Interests and Expertise

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July 2026

Trust-Based Philanthropy is a remedy to the shortcomings that have occurred with traditional foundation-centric approaches to philanthropy (Trust-Based Philanthropy, n.d., Salehi & Infante, 2024). These include the time burden that nonprofits face when funders require lengthy applications, detailed progress reports or extensive financial reporting. At a more fundamental level, nonprofits are often required to meet the accountability standards and metrics of funders who often are disconnected from the communities that are supposed to benefit from their grants. This means that nonprofits can find themselves carrying out grant-funded work that is at odds with their own mission and interests. Ultimately this undermines the ability of the nonprofit sector to reach their potential and meet their clients' needs (Schambra, 2014; McCambridge, 2016; Harvey, 2016; Le, 2017).

Trust-Based Philanthropy as a Remedy

The model of Trust-Based Philanthropy seeks to address these problems by upending the standard approach that foundations use for engaging with nonprofits. The model calls for more constructive working relationships where funders share power with nonprofits. The starting point for this is for funders to acknowledge that "nonprofits are experts in their own work and are best positioned to determine how to spend their money and measure their success" (Salehi & Infante, 2024, p. 33). In other words, Trust-based philanthropy calls for funders to be **accommodating**, rather than **directive**, when engaging with nonprofits.

At a more specific level, the model calls for funders to adopt six "**core grantmaking practices**":

1. Multi-year unrestricted funding – because this supports the long-term and often unpredictable nature of social-sector work.
2. Do homework on prospective and current grantees to understand and keep up with their work (rather than requiring nonprofits to do homework on funders).
3. Simplify and streamline paperwork requirements – in order to ease burdens. Create more opportunities for conversation and mutual learning with grantees.
4. Be transparent and responsive with communication – as this fosters open and honest dialogue and helps alleviate power imbalances.
5. Solicit and act on feedback – in order to improve the foundation's practices.
6. Provide "support beyond the check." Leverage the foundation's connections, knowledge, thought partnership and other resources in order to bolster the success of nonprofits.

These practices (especially the focus on unrestricted, long-term grants) are consistent with recommendations that groups like Grantmakers for Effective Organizations (GEO) had been making for more than a decade (GEO, 2011). In bringing the recommendations together in a high-profile model, the Whitman Institute and the groups that it has inspired have been able to stimulate field-wide reflection, discussion and debate. More impressively, a large number of foundations have endorsed Trust-Based Philanthropy. In GEO's most recent survey of the field, over 60% of the responding foundations reported that they were committed to Trust-Based Philanthropy either "completely" or "mostly." Only 9% were not familiar with the term (GEO, 2025).

Critiques of Trust-Based Philanthropy

Although Trust-Based Philanthropy has attracted a large contingent of champions, it also generated criticism, especially around the model's resistance to quantitative indicators of success (e.g., Starr, 2024). For example, Dan Goldenberg (2024) reported that the foundation he leads (Call of Duty Endowment) "nixed" Trust-Based Philanthropy because it was no longer possible to hold grantees accountable to outcomes that could be assessed quantitatively. He concluded that:

> *In the absence of such measurements, nonprofits have little incentive to improve and are more likely to stick with outdated and ineffective programs. This allows malfeasance to sneak in and limits progress.*

This quote might be an over-generalization of what motivates nonprofits, but it raises an important caution about trusting that nonprofits will always use grant dollars toward their highest purpose.

Goldenberg's critique also points to a crucial tension facing the nonprofit and philanthropic sectors – one that Trust-Based Philanthropy largely finesses. While nonprofits look to foundations as potential sources of funding to support their programs and operations, most foundations have strategic interests that extend well beyond supporting the nonprofit sector. While some have questioned whether it is legitimate for foundations to have their own goals (e.g., Le, 2021), the reality is that when donors endow foundations with millions or billions of dollars, they do so with the expectation that they will see positive change on the issues they care about. In order to demonstrate accountability, foundations need to show progress on the indicators that their boards have adopted.

When a foundation has strategic interests, its staff have a responsibility to represent those interests when choosing and interacting with grantees. Trust-Based Philanthropy has little to say about how foundations should do this. The emphasis is solely on advancing the interests and performance of the nonprofits who receive foundation funding. In particular, foundations are admonished to always put the nonprofit's interests first, rather than encouraging negotiation that would optimize the chances for both parties to achieve their goals.

Bottom line, Trust-Based Philanthropy emphasizes productive, trusting relationships between nonprofits and funders, but assumes that this will happen if foundations refrain from wielding their power and instead attend more carefully to the needs of the nonprofit. Listening and learning are certainly necessary to achieve a trusting relationship, but so is leaning in with one's own perspective.

Generative Engagement

These considerations imply that foundations should engage with nonprofits in a way that goes beyond being simply "supportive." At the same time, it is important to keep in mind the pitfalls associated with a "directive" form of engagement. A more effective alternative is "**generative"** engagement where the funder and nonprofit contribute equally to in-depth conversations that yield solutions beyond what either party had in mind at the outset.

This form of engagement requires the sort of trusting relationship that is emphasized in Trust-Based Philanthropy, but it also requires that the funder and nonprofit act in ways that go beyond openness and transparency. First and foremost, both parties need to feel encouraged to lean into "what if" conversations that involve both parties freely expressing their ideas and aspirations. This generates a form of creative tension that does not appear when either party is expected to defer to the other.

To ensure that these exchanges actually produce breakthroughs, it is also crucial that each party listens to and learns from what the other is saying. This enhances the pooled knowledge that is available for analysis, problem-solving and planning. Each round of sharing should produce a fuller and deeper understanding of the situation, while also pointing to new options for moving forward.

This balancing between listening to learn and overtly recommending potential solutions is consistent with the recommendations that Easterling, McDuffee and Gesell (2022) offered for managing the yin-yang polarity within philanthropy. The funder and nonprofit need to be comfortable with each orientation – both speaking up assertively with one's interests and knowledge and hanging back in receptive mode to learn from the other party. Finding a high-impact solution requires cycling through the two orientations multiple times, successively coming to a deeper and more complete understanding of the issue, as well as finding a sounder approach to advancing both parties' interests. Once this process has generated a solution or plan for moving forward, that can become the basis of whatever grant might be awarded. This ensures that the work to be carried out under the grant will advance the interests of both parties.

The following section provides two examples of generative engagement for a foundation that has explicitly endorsed the model – Anchorum Health Foundation. These two cases involve nonprofits struggling with financial issues who came to the foundation with large requests for unrestricted grants. Trust-Based Philanthropy would encourage the foundation to fund these proposals and to offer additional forms of support (e.g., advising, external consulting) that could help the nonprofits address their problems. Generative engagement recommends a different response. Rather than awarding general operating support, the foundation begins by engaging in in-depth conversations with the nonprofit. Those conversations drill down to fundamental issues and come up with structural remedies. Grants are formulated to advance those remedies. In addition, the grantee may need to meet milestones that have been negotiated with the funder. As shown below, Anchorum's generative engagement approach left the nonprofits in a much stronger position than would have occurred if the foundation had abided by the principles of Trust-Based Philanthropy.

Case Studies

Anchorum Health Foundation is a health conversion foundation in Santa Fe, New Mexico which was established in 2023 through a transition in ownership of St. Vincent Regional Medical Center. The foundation was launched with approximately $500 million in assets which makes it the largest health foundation in New Mexico. It serves 13 counties in the northern part of the state, along with all 23 of the Tribal Nations and Pueblos that exist within the state's borders.

In 2023, Anchorum's CEO, Jerry Jones, received a large request for funding from La Familia Health, a federally qualified health center (FQHC) based in Santa Fe. Anchorum had been a long-time supporter of La Familia because of the role it plays in providing health care to low-income residents from across northern New Mexico. La Familia was founded in 1972 as a weekly free clinic in a 2-room building and over the next 50 years grew to the point that it was providing care to over 15,000 patients per year (approximately 10% of the county's population).

When La Familia made its funding request to Anchorum in 2023, the health center was in the midst of multiple crises and was considering closing its doors. The organization had been without a CFO or controller for two years, so there was little oversight of finances. The CEO had not been transparent with the board of directors as to the state of affairs or the range of underlying problems. And then the CEO resigned.

The request to Anchorum was for a large grant for general operating support. The *Santa Fe New Mexican* wrote an editorial arguing that Anchorum had a responsibility to make such a grant because La Familia was such a critical provider of health care across the region.

Jones was eager to partner with La Familia but wanted deeper conversations before deciding what sort of grant to provide. He met with the interim CEO, Brandy Van Pelt-Ramirez, and three members of La Familia's board. He also brought along one of his vice presidents, Dr. Frantz Melio, who had recently joined the foundation after serving for many years as an emergency medicine physician at St. Vincent Hospital. Jones is a certified public accountant, while Melio has extensive experience setting up and managing clinical units.

While Jones and Melio were committed to supporting La Familia, they knew that the organization needed more than an infusion of cash. They asked to see the organization's financial statements in order to identify the fundamental issues that needed resolving. La Familia was initially reluctant to open up their books but relented. According to Van Pelt-Ramirez, Melio quickly recognized the depth of La Familia's troubles when he reviewed the financial statements. But rather than chastising La Familia, he went straight into problem-solving mode.

Using their expertise in organizational finances and healthcare delivery, Jones and Melio offered a range of structural remedies aimed at transforming La Familia's operations. These included hiring a consulting firm that developed a plan to overhaul their billing system and to tap more fully into Medicaid, Medicare and other reimbursement streams that La Familia was entitled to. Anchorum also offered to contract with a search firm to conduct a national search for a CFO.

This process set in motion a major transformation in La Familia's operations, strategy and finances. A highly competent CFO was hired. Billing procedures were rectified. La Familia contracted with a third-party collection company that Melio recommended. La Familia's pharmacy shifted to an open retail model from its previous role running a 340B drug pricing program which offers discounted drugs to uninsured and low-income patients. This allowed the pharmacy to reach new customers and to bill insurers, which brought in new revenue streams. In addition, La Familia's CEO applied for and received $3 million from a federal program that provided bonuses to organizations that retained their staff during the COVID pandemic. All this has significantly improved La Familia's cash flow and allowed them to put money into reserve. In the process, Van Pelt-Ramirez was elevated from interim to permanent CEO in late 2024.

A similar scenario played out with a second nonprofit, Santa Fe Recovery Center, which provides a range of services to people experiencing substance-use issues throughout northern New Mexico. Santa Fe Recovery ran into a financial and operational crisis when transitioning to a new electronic health record. The board had not set aside sufficient funds to support what turned out to be a huge expense. Moreover, during the transition, the organization was having difficulty invoicing for services. To address the shortfall in revenues, the newly hired CEO, Stacy Martin, expanded the center's line of credit, but this was not enough to head off the risk of not making payroll. She was considering taking out a second mortgage on her home to cover the shortfall.

At this point Martin reached out to Jerry Jones at Anchorum with a request for stop-gap funding. Once again, Jones brought in his VP, Frantz Melio. Together with Martin, they determined that the best path forward was for Anchorum to collateralize an extended line of credit and then work toward upgrading the billing system. Melio was directly involved in that upgrade process, drawing on his past experience as a physician and health care manager. He also identified a large sum of money that Santa Fe Recovery was owed because prior invoices had not taken advantage of an increase in reimbursement rates. Melio and Jones also brokered a connection with the Secretary of New Mexico's Health Care Authority, which allowed Santa Fe Recovery to gain personalized assistance in rectifying billing issues.

Implications for Trust-Based Philanthropy

These two cases reinforce the argument that unrestricted grant funding is not always the most helpful way for a foundation to support a nonprofit. If Anchorum had actually granted the nonprofits' initial grant requests, it is unlikely that either organization would have successfully resolved the issues that were producing the cash flow problems. La Familia and Santa Fe Recovery could very well have closed their doors, leaving the region with huge holes in its healthcare system. In other words, awarding large unrestricted grants in these two cases could have easily been "penny wise and pound foolish."

While these two cases show that it is not always productive to provide unrestricted funding, they also demonstrate the validity of Trust-Based Philanthropy's fifth recommendation -- that funders should bring "connections, knowledge, thought partnership and other nonmonetary resources to bolster nonprofits' success." La Familia and Santa Fe Recovery benefited tremendously from Anchorum staff's expertise on health system finances, billing and electronic health records. However, it is important to recognize that Anchorum did not offer this support with the understanding that the nonprofits could either take it or leave it. In order to obtain a grant, La Familia and Santa Fe Recovery each needed to fully engage with Anchorum's staff in an in-depth process of inquiry and problem-solving.

Anchorum's approach also runs counter to Trust-Based Philanthropy's recommendation that funders avoid "unnecessary paperwork" and rely on conversation as the primary method for describing progress. Instead, the foundation required grantees to provide regular progress reports based on specific metrics and milestones. This was welcomed by La Familia's CEO, Brandy Van Pelt-Ramirez:

> *What I liked about working with Anchorum, and continue to like, is they hold us accountable and they make sure that we're reporting out the information we promised to do. … We would submit monthly reports to Anchorum to let Frantz know where we are with spending the money, where we are with the consulting group. And we would send any reports that were generated throughout the month looking at the financial assessment of the organization.*

In short, both La Familia and Santa Fe Recovery benefited from a grantmaking approach that defied some of the key principles of Trust-Based Philanthropy.

Lessons for Generative Engagement

One of the key features of Anchorum's approach to generative engagement is the willingness of foundation staff to lean in with their point of view and expertise. That worked for La Familia and Santa Fe Recovery because Melio had knowledge and expertise that was directly relevant to them.

This point has huge implications with regard to staff hiring, training, coaching and supervising. In order to effectively practice generate engagement, program officers and directors need to have skills well beyond what is required to create funding opportunities, review proposals and monitor grants. Generative engagement requires program officers to come into their roles with experience as successful managers within organizations comparable to those supported by the foundation.

While Melio was not shy about offering his perspective or recommending solutions, he did not do this at the outset. Instead of imposing predetermined solutions, he spent weeks engaging with each CEO to understand the full nature of their organization's issues. He asked probing questions questions – similar to how he queried patients when he was a practicing physician. He waited until he had the full picture before suggesting remedies.

Stacy Martin at Santa Fe Recovery described how her interactions with Melio and Jones vary from her experience with other foundations:

> *In my experience with foundations, regardless of the level of expertise or experience of program officers, they are set up in a very paternalistic relational dynamic. Even if they're well-intentioned, it always feels like they're there to save the organization -- because they know better. And that's never been the case with Anchorum. ... they don't assume that what they're going to offer is anything we haven't thought of.*

Although the term, "generative engagement," is not widely used within philanthropy, a number of foundations operate according to the principles outlined above. One example from the early 2000s is the Mary Reynolds Babcock Foundation. The foundation converted their program officer positions to operate as "network officers," supporting and coaxing social justice and community-development groups to step more fully into their potential (Easterling, 2012; 2016). Over the past 15 years, at least three other foundations (Kate B. Reynolds Charitable Trust, the Colorado Health Foundation, and The Ford Family Foundation) have encouraged their staff to practice this form of engagement in place-based initiatives (Easterling, Beer, Naney et al., 2023; Easterling, Benton-Clark, Downes & Chung, 2024; Kubisch, Allen & Gimbel, 2023). These initiatives have succeeded in stimulating system change and community-building efforts that are valued both by the funder and the local groups that have been supported (Easterling, 2025).

Conclusion

Trust-based philanthropy gets it right when it argues that funders need to engage respectfully with nonprofits and avoid imposing their own agenda. However, the specific guidelines that go along with that premise need to be crafted with more nuance.

It is crucial to move beyond the simplistic assumption that nonprofits always know best how to spend grant dollars. Each nonprofit has hard-earned expertise on the issues it is addressing, but not necessarily the expertise needed to address organizational challenges. Foundations can add distinct value in this regard, assuming that their staff have the requisite experience and skills. They should not hold back from using that expertise (as well as their leverage as a funder) when setting the terms of their grant awards.

At the same time, foundations need to remember that grantmaking is a partnership that "works" only when the funder and nonprofit are each open to learning from the other and bringing their own perspective directly into the conversation.

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