



## DONOR FUNDING TO NETWORKS: NETWORK CASE STUDY F

This case study is one of nine case studies capturing the experience and insights from a diverse set of networks about how they mobilize and manage funds. It is part of an in-depth research project undertaken by Collective Mind to help both donors and networks to improve funding to and fundraising for networks.

All case studies were developed by the respondents using a provided template and have been anonymized to allow us to share them publicly. Other research products – including nine case studies of donors and a "how to" guide for network funding and fundraising – are also available at [www.collectivemindglobal.org](http://www.collectivemindglobal.org).

Each network case study provides insights on:

- [The network's funding needs and sources](#)
- [How the network's funding needs are met](#)
- [The network's relationships with their donors](#)
- [The challenges and reflections of the network](#)

### NETWORK F PROFILE

- **Network (secretariat) location:** Canada
- **Geographic scope (of activities, members):** Across Canada with concentrations of members and activities in a few key regions; members and their activities range from very locally-focused to pan-Canadian in scope
- **Network functions undertaken by the network:** Information sharing, filtering, amplification, and diffusion; knowledge generation, exchange, and management; advocacy and policy influence; learning and capacity building; community building; thought leadership and field-building
- **Number of members:** 221; both individuals and organizations
- **Number of staff:** Total of 15; 5 full-time and 10 part-time



## NETWORK FUNDING NEEDS AND SOURCES

### WHAT'S YOUR YEARLY (OR OTHER REGULAR) BUDGET?

Our yearly budget in 2021 was \$3.9 million.

### WHAT DOES YOUR NETWORK NEED FUNDING FOR?

- Staff
- Direct project costs - varies widely between projects. Some examples include:
  - Meeting, event/learning event logistics (rooms, refreshments, facilitation supplies, participant materials, etc)
  - Speaker or facilitator fees
  - Salaries for a pan-Canadian internship program open to all members
  - Honoraria for advisory bodies
  - Coaches (a coaching grant program for social enterprises)
  - Others, on a project basis
- Communications
  - Websites
  - Video/email/phone/shared platform costs
  - English-French language translation
  - American sign language and closed captioning for events
  - Document and marketing material preparation & printing
- Administration and Management
  - Governance/Board meeting and development
  - Audit
  - Legal
  - Office/workstation costs

### WHAT TYPES OF DONORS DO YOU RECEIVE FUNDS FROM?

The types of donors include government contribution agreements, foundation grants, event fees, event sponsorships, contracted services or partnerships, membership fees, and (minimal) individual donations.

Number of donors in 2021:

- Federal Government x 7 different project agreements
- Foundations x 7 different agreements from 5 foundations
- Contracts / Partnerships x 4 partnership/contracts with 8 different partners contributing
- Event registration fees x 1 major event with about 200 paying attendees
- Event sponsors x 7 for one major event
- Earned revenue x 1 service we host with multiple paying customers which earns a surplus
- Members x 221 (ranging from \$40-1500 / year / member)
- Donors x 0



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## **DO YOU HAVE CORE FUNDING OR ONLY FUNDING EARMARKED FOR SPECIFIC ACTIVITIES/PROGRAMS? HOW FLEXIBLE ARE THE FUNDS THAT YOU HAVE FROM DONORS?**

We don't have core funding. All our funding agreements are either time-limited and project-specific or longer-term but still program focused. The flexibility of these agreements varies considerably depending on the source, but we focus on ensuring they have adequate staffing allocations, and a healthy administrative portion to contribute to core costs. Our core is otherwise funded through earned revenue.

## **HOW LONG-TERM ARE THE FUNDS THAT YOU HAVE FROM DONORS?**

It's variable. We have agreements stretching from under 1 year to 3 years.

## **DO YOU HAVE OTHER MEANS TO GENERATE FUNDING FOR YOUR NETWORK BEYOND DONOR FUNDING?**

Yes. We have a range of funding project agreements as well as several earned revenue streams, including membership fees, event fees and sponsorships, and contracted services.



## MEETING NETWORK FUNDING NEEDS

### HOW DO YOU FUNDRAISE/MOBILIZE RESOURCES?

The executive director has primary responsibility for financial sustainability at a global organizational level but all project managers are involved, either through managing relationships and reporting with funders or by seeking funds for their area of work. Some activities are more fully delegated to staff. Sometimes project ideas or funding opportunities are raised by members, who will work with staff to move forward. A current internal goal is to better equip all directors and project managers with more financial information, in part to enable more participation in raising funds for our work.

### ARE YOU ABLE TO MOBILIZE ADEQUATE FUNDS BOTH OVERALL AND FOR THE SPECIFIC TYPES OF NEEDS YOU HAVE? WHAT PERCENTAGE OF YOUR FUNDING NEEDS DID YOU COVER IN 2021?

Our earned revenue would not be enough to cover our core expenses. Project funding from a range of funders makes up the difference, as well as resourcing the direct expenses of projects undertaken by network staff and members. If project funding is sufficient and includes healthy core allocations, then we can reasonably cover all expenses. In 2021, we covered all funding needs. But, we have also identified a challenge with the business model, in that projects often have unique and time-limited staff or direct expense requirements, meaning that some staff are consistently working on time-limited contracts. Sustainability over time and balancing core or strategic but unfunded work with projects is challenging.

### WHAT ARE THE PROCESSES LIKE TO SECURE FUNDS FROM DONORS? WHAT ARE THE CHALLENGES OF THE APPLICATION, SELECTION, AND/OR NEGOTIATION PROCESSES?

This again varies depending on the funder and proposed project - it also changes over time, especially with government funders. For instance, one of our provincial governments was a long-term supporter with a significant agreement (nearly flexible enough to be considered core funding) that was renewed several times, but the political leadership changed and decided not to renew recently. At the same time, one department at the federal government has become very interested in the network, supporting us with several different contribution agreements at a federal level. On the whole, working with government can enable possibilities for policy advocacy and is usually longer-term and larger in terms of project grants.

Foundations or other charitable funders are often quite flexible and more straightforward in terms of application processes, but agreements are also typically smaller and more short-term in nature. We have two long-term foundation partners for one of our regional



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sub-networks that are outliers in this respect - they have been supporting the network with long-term and increasingly flexible funding for many years.

A recent experiment where several network members pooled funds in addition to their membership fees in order to resource a dedicated government relations staff member has been a good new model to undertake work that is strategic but not easily funded externally - however, it must be managed thoughtfully given not all members are able to provide funds in this way and the intent is not to privilege some over others.

Some of the challenges working with any funders include: negotiating for full-cost funding inclusive of healthy administrative or core support; making project plans as a collaborative including many partners - not all funders understand good partnership principles or collaborative approaches; having to project plan far in advance of funds being made available, in a dynamic environment that is evolving quickly; finding the right fit of projects to support our goals, instead of simply doing projects for the imperative of satisfying the budget needs.



## REQUIREMENTS AND RELATIONSHIPS WITH DONORS

### WHY DO YOU BELIEVE YOUR DONORS FUND YOUR NETWORK?

Some of our funders see the network as a convener, a capacity-builder, or a field-builder. In any case, they seem to recognize that we can serve as a vital organizing tool to meet their needs. If they want to see more collaboration or coordination within a relevant field, we can help them achieve that because our organizing and facilitation capacity is already established. If they want to make sure other organizations they support are well resourced, they see our knowledge sharing and learning events as building good practice. If they want the field to research or share knowledge more easily to build practice, we have systems and relationships in place to do so. The best funders understand that they can do more by working collaboratively and that an established and engaged collaborative organization is a good structure for this approach. They often take an interest in what we're learning or observing, recognizing that we have a similar 'birds eye view' of the field or ecosystem we work within.

### WHAT REQUIREMENTS OR CONDITIONS DO YOUR DONORS PUT IN PLACE IN RETURN FOR THEIR FUNDING?

This varies by funder, but all foundations and governments will have rules and conditions about funding that include what costs are eligible, how much overhead or administrative cost can be included. They'll also require reporting of some nature, potentially evaluation of the project, and usually rules about how to recognize their contribution. Members and event attendees expect quality service and events. Partners usually expect open communication, clear role division, and a shared sense of values and purpose. Part of sustainability for us has been diversification of revenue and with it brings a wide range of requirements and capacity.

### HOW DO YOU MANAGE YOUR FUNDS AND DONOR REQUIREMENTS?

We have a finance director that manages the overall budget, bookkeeping, and annual audit. They support the executive director and all project managers with creating project budgets, funder budget proposals, expense tracking, and financial reporting. This is an area of development for our network, aiming to give staff more information and autonomy around finance in their area of work.

### HOW DO YOU TRACK ACTIVITIES, OUTPUTS, AND OUTCOMES FROM YOUR FUNDING? ARE YOU ABLE TO DEMONSTRATE OUTCOMES AND/OR IMPACTS FROM YOUR DONOR FUNDING?

Project managers are tasked with ensuring their project funding deliverables are met and reported on. Depending on the project and how long-term it is, they may do this relatively simply by just completing whatever reporting forms are required or may create more



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sophisticated systems for staff to input results and aggregate data about programs. Outcomes and metrics are typically drawn from our overall strategic goals, but then matched to priorities or interests of funders - some funders are very specific about their goals, while others negotiate with us around the metric and intended outcomes. Overall, we have a fairly strong system and capacity for funding management across our team.

One major development in the past year or so has been the creation of a robust theory of change and performance management framework that aims to collect and report on outcomes that the network has determined separate from specific project funders. The performance metrics are inclusive of those funding metrics but are more about the network's intrinsic interests. We hope that over time, this will inform the funding we seek so we are building more resources around what is most important for the network's goals.

## **WHAT DO YOU STRUGGLE WITH IN MANAGING YOUR DONOR FUNDING?**

Our budget is large and complex, with many types and instances of funding. This requires a complex system of management and accounting. Keeping that system in place, sustaining the resources and staff required for management, and sharing information really broadly to enable stronger leadership across the staff team are all challenges.

## **DO DONORS PLAY OTHER ROLES IN THE NETWORK BESIDES FUNDING?**

Yes, especially in the case of contract/partnership funds, earned revenue, and membership fees. These donors are often members of the network or close allies. So, in those cases, the donors are often the recipients of service being paid for, or are essential for the operation of the activity being funded. Even in the case of several of our foundation and government funds, we see these funders as important partners. We are often striving for a relationship that is more significant, strategic, and reciprocal than simply receiving funds and reporting on them.



## NETWORK REFLECTIONS

### WHAT ARE YOUR KEY CHALLENGES IN MOBILIZING ADEQUATE RESOURCES? WHAT WOULD MAKE IT EASIER TO FIND AND MOBILIZE DONOR FUNDING?

Key challenges for us are related to the scope and complexity of our network and its goals. Being national and quite inclusive in scope of membership means we are working across many provinces. Most funding bodies in Canada are regionally focused, so if we have active members and projects everywhere, we will inevitably be managing a lot of funding relationships - and in fact, this is something our members seem to desire from us. This requires a lot of management capacity.

Otherwise, many of our challenges are similar to any medium-sized non-profit organization. It can be challenging to generate unrestricted funds, many funders demand a low percentage of funds go to core or administrative costs, the short-term nature of funds can mean breaks in funding or the loss of strong staff members when funding dries up or the instability motivates them to move on.

### WHAT DO YOU THINK IS MORE DIFFICULT ABOUT FUNDRAISING A NETWORK COMPARED TO AN ORGANIZATION?

Not all funders understand the value of 'ecosystem development', 'field building', 'the second-tier', or capacity building at a broader scale -- so the value proposition can be harder to develop. There are probably also less funding sources in general because of the understandable focus for many funders wanting to strategically invest in front-line serving organizations. Few funders fully understand the implications of collaborative or partnership work - that there are hard-to-quantify but essential actions required to build and maintain relationships and communicate strongly. Also, sometimes networks are by nature thinking about a bigger and longer picture than the short-term goals of a funder; our outcomes might only be fully seen in 5-10+ years, if we are focused on a systems-changing mission. This is tough to reconcile against 1-3 year funding terms.

Because networks are often at the second tier, we're usually small and nimble, which can make for relatively easy pivoting when the funding landscape changes. Also, in our field which includes front-line service or community development with historically marginalized and poor communities, we are more able to manage slowdowns or gaps in funding since our work doesn't have as immediate or urgent an impact on individual lives.

### WHAT DISCONNECTS DO YOU SEE OR EXPERIENCE BETWEEN WHAT DONORS CAN/WILL FUND AND WHAT YOUR NETWORK NEEDS?

Donors often like the idea of collaboration, but struggle with how much time it takes, or





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what can appear like minimal results. We recognize relationship development as a key outcome in itself, but that can be hard to translate to a rigid performance management framework. Also, we often need to frame our work in light of the downstream outcomes in communities, but it is hard to make those ties. And, like all non-profits, articulating the cost of overhead or administration can be a challenge when funders have rigid limits on these costs.

## **HOW ARE YOUR DONORS' REQUIREMENTS OR CONDITIONS EITHER HELPFUL OR PROBLEMATIC?**

Reporting can be both helpful and problematic depending on the funder. Some funders' requests for outcome information have shaped our thinking about how we track our plans and outputs and narrative information from members about the network. This has been helpful especially in one of our regional networks where a long-term relationship with a very supportive foundation partner has led staff to clarify and strengthen the local strategic plan and track information. They've been better able to report to members because of that work, prompted largely by the funder. But in other cases, the tracking required by funders is out of line with what we care about most, is rigid, or expectations aren't clearly articulated from the outset, leading to work planning challenges.

## **HOW WOULD YOU CHANGE THE WAYS IN WHICH YOU RECEIVE DONOR FUNDING? (E.G. AMOUNTS, SELECTION, DONOR ROLE, FUND MANAGEMENT, ETC.)**

The whole team has regularly identified that more unrestricted or earned revenue would be helpful in providing us with more flexibility and autonomy to develop work that matters most to our theory of change. However, we also see long-term government funding as a significant goal, knowing that if it can be secured, it is usually larger and longer-term than other funders, as well as opening up dialogue with the government which supports a key goal of the network. Longer-term, more stable funding would reduce transaction costs (project set-up, contracting, hiring, etc.) and allow us to focus more on strategic outcomes.

## **WHAT INFLUENCE DO THE DONORS HAVE WITHIN THE NETWORK?**

This also varies with the donors. Government is a big influencer of the network, given our members have always identified government relations as one of our most important roles. Many of the foundations we work with are very engaged in the work we do - they are often funding many of our members as well. And, if they understand the role of networks well, it's possible they either take part in the network directly or are organizing their own collective or partnership based activities. So, being mindful and well-connected to them is important. Members are, of course, the heart of the work and funders of the network. Event attendees are somewhat more like customers - we think about our target audience and how to provide them with a relevant opportunity they would be likely to pay for.



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## HOW ARE YOUR DONORS MOST HELPFUL AND SUPPORTIVE OF THE NETWORK?

Donors/funders are essential for the work as it has evolved. If the network had stayed a fully voluntary initiative, we might speculate that it would comprise a smaller number of members who were likely very closely connected to each other. The research, capacity building, communications, and convening we've done over years at a variety of scales across the country would have been impossible - and these are highlights that many members point to as instrumental in building our field in Canada.

Supportive donors understand that the work of collaborations takes time and resources to simply meet together - building trust and reciprocity and ability to work together is essential and requires skilled network organizers. They fund partnerships and are accepting of various financial or staffing arrangements to make these collaborations work. They fund longer-term whenever possible and are flexible about where costs are directed. Their intake and reporting processes are transparent and very easily accessible because they realize that in collaborations, if you can't plan for data or outcome tracking along the way, it's even more difficult to pull information together at the end of a project given how many people must be involved.

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