



IT WAS ALWAYS A CHESS MATCH

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By Linda Johanek, a Senior Associate with Morino Ventures and an ambassador with the Leap Ambassadors Community

As a former nonprofit CEO, I well remember the amount of time that my CFO, development director, grants team, and I spent playing the funding game. Although I'm not a player, the exercise always felt like a chess match.

Here's a typical conversation about our spreadsheets:

"Foundation A is covering 50% of Jane's salary. Foundation B is giving enough to cover 40% of Victoria's salary. Government funding only pays 75% of David's salary and asks us to identify who will fund the other 25%. No one will pay for the overhead, supervision, leadership, and data specialists.

"So, we can use Foundation C's money to cover the other 50% of Jane. Foundation D can cover another 40% of Victoria, but we still must find the last 20%. Foundation E can cover the 25% toward David we need, and the grant allows us to pay for some, but not all, of the rent costs for that program. The cycle for Foundation A is July to June, and the cycle for Foundation C is January to December which leaves a gap to cover in Jane's salary for the first year of funding. Government funding is reimbursement only and they're nine months behind, so we'll have to use general funds until their payment comes in.

"And remember that Foundation B wants to know the success of the first four outcomes, the other foundations are interested in the other three outcomes, and the government wants to know what our outputs are."

That's only a SMALL snippet of our multiple conversations, frequently updated spreadsheets, many meetings, and copious (and different) data to track according to each funder's requirements. For a relatively small (almost \$5M annual budget) organization, we had well over 50 funding streams (not including donor campaigns and events), each on its own calendar with different rules and reports. I know every nonprofit leader reading this can relate. Surely, there's a better way.

It's not that we didn't appreciate the funders' investment, but I often thought how much more effective we could be if we could use the time spent on moving the chess pieces (aka funding streams) around to better analyze data that could lead to program improvements, update our participants' feedback loop, and dive into other activities to help us learn and grow.



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The Nonprofit Starvation Cycle, written in 2009 by **Ann Goggins Gregory** and **Don Howard**, discussed the dysfunctional cycle nonprofits get caught in due to funding practices that create barriers. They wrote, “A vicious cycle is leaving many nonprofits so hungry for decent infrastructure that they can barely function as organizations—let alone serve their beneficiaries. To break the nonprofit starvation cycle, funders must take the lead and recalibrate their expectations about what it costs to run a nonprofit.” Unfortunately, nonprofits are still struggling with this funder/grantee dynamic.

Seventeen years ago, **Melinda Tuan** wrote *The Dance of Deceit*. She cites the power imbalance as one of the major obstacles and calls upon both funders and nonprofits to “transform the disingenuous relationships and practices.” I recently asked Melinda what she thinks has changed since 2004. She said, “I see the trust-based philanthropy movement as a very promising sign of things changing for funders, and a growing number of foundations are taking steps to put equity at the center of their work. Our work at Fund for Shared Insight about high-quality listening and acting on what we hear is also related to trust-building across the sector.”

Melinda points to several actions that lead to her optimism:

- More than 300 funders have commissioned a Grantee Perception Report.
- More than 6,000 grantmakers have committed to work through Grantmakers for Effective Organization to lift up the grantmaking practices that matter most to nonprofits.
- During the pandemic, more than 800 funders signed the [Council on Foundations Pledge](#) to make things easier for the nonprofits they fund to get grants, report, receive general operating support, and listen to people and communities as the ones who are experts in their own lives.

More recently, funders have begun talking about how to give more equitably. Resources such as [Grantmaking With a Racial Equity Lens](#), developed by Grantcraft in partnership with the Philanthropic Initiative for Racial Equity, offer helpful approaches including: cultivate new leadership, rethink merit and who gets to define it, and assess impact through data with a racial equity lens.



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As we continue to see some progress, there's also concern that funders may revert to tightening grant guidelines or other "old" ways. In [A Transformative Moment for Philanthropy](#), **Lynn Taliento**, **Tracy Nowski**, and **Maisie O'Flanagan** assert that although funders will be tempted to return to previous practices, these five practices should be expanded and formalized as the world heads into the long process of recovery:

- Reduce the burden on grantees
- Accelerate the pace and volume of giving
- Partner with other donors to go further faster
- Invest more in local communities
- Support the public sector.

The experience of nonprofit leaders can help inform funding practices. In the [March 2021 Leap Update](#), **Mario Morino** and **Lowell Weiss** coined the term: WINS leaders. WINS stands for foundation professionals who have "Walked in Nonprofit Shoes" (i.e., have previously run nonprofits). We believe WINS leaders have a big role to play in helping peer funders understand how they can better set their grantees up for success.

Given the many challenges that have existed for a very long time, you can imagine my excitement when I read the *Funding Performance: How Great Donors Invest in Grantee Success* monograph where funders share best practices which don't align with my past experiences. The leaders of these organizations are acting in bold, courageous ways, grounded in what's most effective for grantees.

My hope is that all funders who read the *Funding Performance Monograph* are inspired to make changes and invest in what nonprofits truly need. Here are some of the important lessons I hope they heed:

- Provide unrestricted funding
- Award multi-year grants
- Give larger grants, which may mean fewer grants but allows funders to engage more deeply with their grantees
- Fund in a more equitable way
- Invest in infrastructure
- Fund the full costs of running strong programs and healthy organizations.

Ayo Atterberry, former Senior Associate at The Annie E. Casey Foundation, said the foundation works hard to build relationships with grantees, be in partnership with them, and ease the reporting burden in ways that work for the nonprofits and are still in compliance with foundation requirements. When asked her dream for funders



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everywhere, she offered: “If I had a magic wand, I would organize all funders to collaborate with one another like we ask our grantees to do. We would coordinate our expertise areas to be more effective for the sector.” Because racial equity is critical and most funders and their boards are predominantly white, she also wants boards to intentionally look through a racial equity lens which, of course, includes increasing board diversity.

I’m more hopeful now than ever before, knowing that more funders are critically looking at the principles behind their giving and listening to learn more about what would help grantees the most. I’m inspired by the generosity and dedication funders have to see greater social impact. I’m encouraged by the emphasis on learning and improvement. And I’m grateful to those in philanthropy who help nonprofits thrive, instead of spending precious time around the funding chess board.

So as I bring forth my hope, with cautious optimism, I agree with Leap Ambassador **Dave Coplan** who said, “As an executive director of a \$1.7 million nonprofit, my experience is that some funders were already there, some are not there yet, and others are coming along.”

Will funders continue to move in this positive direction? Only time will tell.

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