**CASE STATEMENT FOR FUNDER COLLABORATIVE**

**TO SUPPORT SUSTAINED COLLABORATIONS**

BACKGROUND: There currently are six community-based funder collaboratives supporting enduring nonprofit collaborations around the country - New York City, Philadelphia, Pittsburgh, Dallas, Arizona, and Los Angeles. In each of these geographies, funders have come together to offer the strategic option of sustained collaboration to nonprofits as a way to strengthen capacity and maximize impact in the sector. Sustained collaborations are defined as mergers and acquisitions, back office consolidations, permanent joint projects and alliances/associations/networks. Each fund serves to educate nonprofits and funders about this capacity-building tool and to financially support nonprofits wishing to explore or implement such collaborations. While all of the participating funders in those collaboratives are well aware of the fragility of the nonprofits in their communities, most of them do not programmatically invest in capacity-building; the existence of a fund like this provides an opportunity to make such an investment without shifting their own priorities.

PROPOSAL: Establish a multi-year pooled fund (the “Fund”) to support enduring collaborations. Support activities include: (1) educating nonprofits and funders about sustained collaboration as a strategic capacity-building tool; (2) financially supporting nonprofits wishing to explore or implement a sustained collaboration; and (3) providing opportunities for local consultants to develop the skills necessary to advise nonprofits through the collaboration process.

RATIONALE: The existence of the Fund in the community can serve to: (1) help nonprofits that struggle with scale, funding (both private and government, as well as fundraising costs), duplication of effort, fragmentation and inefficiencies; and (2) increase impact and mission delivery through greater capacity, effectiveness and stability.

The Fund will be guided by five objectives:

(1) provide organizations a safe space and funding to explore and implement well-conceived sustained collaborations between and among nonprofits;

(2) learn from and elevate examples of successful collaborations to inspire further market movement in a rapidly changing external environment;

(3) further develop the region’s capacity to provide wise and experienced technical assistance to nonprofits exploring these collaborative opportunities;

(4) model collaboration as a group of funders unified around a vision and pooled funding to strengthen the region’s nonprofit sector using sustained collaborations; and

(5) routinize the consideration and practice of sustained collaborations as an important and strategic option for nonprofit leaders, boards and funders.

OVERVIEW OF THE FUND: The Fund provides a safe space and centralized resources to support organizations seeking to explore sustained collaborations to enhance sustainability and impact. As a neutral, experienced outside party willing to invest time and money, the Fund works as a catalyst for sensible transactions in the community. We are proposing an initial three-year term for the Fund, understanding that the runway to actual grantmaking is long. Most of the existing funder collaboratives did not make grants until almost a year after the funds were first committed. See the timeline below for details.

Participants: Funders who commit $X or more per year for three years will have the option to join the Fund’s Governance Committee (“GC”) as Members with voting and governance rights. [Donors making three-year commitment of $X will be considered Investors, initially with voting privileges but not governance rights.]

Management: The Fund will be managed by the GC, which will develop governing documents and oversee the activities of a third-party consultant (the “Initiative Manager”), who will serve as the intermediary between the GC and the community. The IM will be responsible for (1) organizing outreach activities to raise awareness of the Fund and the potential power of collaboration; (2) providing a confidential safe space for nonprofits to discuss potential collaborations; (3) evaluating potential transactions and making grant recommendations to the GC; and (4) providing administrative back-office support. Financial activities of The Fund will be managed by X.

Operations: The Fund will provide: (1) outreach activities across the region to raise awareness about the potential power of sustained collaboration; (2) confidential conversations with nonprofits interested in exploring such collaborations; (3) grants to nonprofits either exploring or implementing such collaborations; and (4) support for technical assistance training regarding such collaborations.

TIMELINE: Fund Formation & Launch Timeline Summary

Formation

1. Identify Core Group of Founding Funders (Weeks 1-4)

2. Identify Initiative Administrative Structure (Week 4)

3. Prospectus and IM job description developed (Week 6)

4. Prospectus Submitted to Respective Funder Boards (Week 6 – Week 30)

5. Identify Initiative Manager (IM) (by Week 14)

Launch

1. Branding, Design, Website Decisions (Week 22)

2. Grantmaking Mechanics (Week 26)

3. Launch Event – IF Formal Launch Desired (Weeks 30-34)

4. Open for Applications (Immediately following launch event)