

Project Overview

In 2015-2016, Nonprofit Finance Fund (NFF), California Community Foundation (CCF), and Weingart Foundation launched the Full Cost Community of Practice Pilot (the Pilot), a partnership effort to test approaches and strengthen the capacity of nonprofits and funders to advocate for full cost recovery. Twelve nonprofit organizations, CCF, and Weingart Foundation learned together as peers during in-person workshops, engaged in honest dialogue about full cost, and received individual technical assistance from NFF to accurately identify and communicate about full cost needs. In 2019, we set out to explore the longer-term impact of this work. Below is a summary of our key findings. Additional findings, details, and methodology can be found in the full report, which can be found here:

nff.org/learn/insights/reports

Findings

- 1. Organizations became stronger negotiators for full cost coverage.** With a clear-eyed understanding of their full costs and data in hand, organizations are able to make bolder requests of funders and approach their funders as partners. Organizations are saying “no” to grants that undermine the organization’s financial stability.
- 2. Foundations support full cost in theory, not practice.** Broader acceptance of full cost is penetrating foundations, yet organizations found that most foundations willing to discuss full cost haven’t changed their actual grant making.
- 3. Organizations increased focus on longer-term financial planning.** Full cost orientation acted like a “north star” for many organizations, keeping longer-term goals in sight even in the face of tumultuous times. Multiple organizations credited the full cost training with helping them to better understand the relationship between longer-term financial goals, like building working capital, and immediate financial needs, like managing cash flow.
- 4. One-on-one capacity building was important for full cost implementation.** Leaders highlighted their organization-specific technical assistance as a meaningful element to implementing full cost practices within their own organizational contexts, and in preparing them to teach full cost concepts to colleagues.



Implications for the Funding and Nonprofit Communities

How can funders and nonprofits support greater full cost adoption across the nonprofit sector?

FUNDERS

- **Trust grantees and engage them as partners.** Those closest to the problem are closest to the solution. When you partner with nonprofits, you will be given greater access to know the true needs in the sector and, therefore, be able to make smarter decisions and a bigger impact.
- **Ask your grantees what they really need** and give funds that are flexible so nonprofits can efficiently turn money into mission.
- **Signal that you are a full cost funder, then be one.** Plainly state your position. Provide values statements on your website, on your grant applications, in your contracts, and in conversations so nonprofits understand if you are willing to fund full cost. Align your practices with your intentions by allowing organizations to keep any savings they achieve with your grants, and filling funding gaps other funders won't.
- **Support capacity building around full costs.** As organizations evolve and staff change, additional and continued capacity building around full cost concepts and practices will be important. Multiple stories highlighted the importance of technical assistance in helping staff and leaders both understand and better apply full cost practices within each organizational context.

NONPROFITS

- **Know your costs.** There is power in advocating for your needs with the data to back you up. Whether or not your funders are ready to hear it, your organization benefits when you know your true funding goals and gaps. Interrogating what it really costs to deliver mission led participants to have deep and honest conversations about values and priorities. If and when needed, ask funders to support capacity building and training around full costs.
- **Approach your funders as partners.** The inclination to "please," rather than "partner" with funders is strong, as it reflects the status quo. Noticing when you are pleasing rather than partnering is the first step in understanding what other options are available to you. As the stories in the full report will highlight, you won't know until you ask.
- **Make full cost your practice.** Orienting toward full cost coverage is more aptly described as a practice than as a strategy or solution. Full cost is a guide for balancing short term needs with longer term priorities and can offer new ways to communicate and advocate for resource needs in a more targeted and effective way. Practice presenting your true needs to your funders honestly and unapologetically.

Additional recommendations can be found in the full report, which can be found on NFF's website: nff.org/learn/insights/reports

Nonprofit Finance Fund® (NFF®) advances missions and social progress in communities through financing, consulting, partnerships, and knowledge-sharing. A leading Community Development Financial Institution (CDFI), NFF currently manages over \$329 million. Since 1980, we have provided \$871 million in financing and access to additional capital in support of over \$2.9 billion in projects for thousands of organizations nationwide. To learn more, visit us online at nff.org.