

NUCLEUS
RESEARCH

FOUNDATION SOURCE

PRIVATE FOUNDATION

ANALYST

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THE BOTTOM LINE

Nucleus interviewed a philanthropic grantmaking organization focused on the healthcare and education sectors to understand the operational benefits delivered by Foundation Source. Upon deployment of Foundation Source's cloud-based SaaS solution, the organization streamlined grantmaking by improving documentation and communication, increasing overall process efficiency by 33 percent. In addition, the platform enabled the organization to eliminate third-party costs for report generation, resulting in substantial annual savings. The foundation cited Foundation Source's intuitive UI, industry-focused expertise, and ability to provide high-level support as the primary factors that influenced the decision to implement Foundation Source over other competitors in the space.

THE COMPANY

This US-based private foundation is a nonprofit, philanthropic grantmaking organization founded to improve the quality of life for all. Its major areas of focus include advancing healthcare for hereditary diseases and enhancing educational opportunities in health, science, and technology. Founded in 2021, the foundation has an endowment of approximately \$25 million and has one full-time employee and five board members.

THE CHALLENGE

As a newly established organization, the foundation faced inherent challenges associated with its burgeoning status in the philanthropy space. Navigating the intricacies of grantmaking, the foundation initially relied on Google Suite to manage its operations.

However, with growth came the need for a more sophisticated system capable of handling the increased volume of documentation and streamlining communication. The grant approval process was not just cumbersome, but also lacked the efficiency to facilitate quick decision-making, particularly when presenting materials for board meetings and conducting essential voting processes.

Compounding these operational inefficiencies, the foundation was without specialized tools for tracking donations, managing grantee relations, and reporting on the impact of their work, key functionalities for a nonprofit aiming to make a significant impact. This gap hindered not only process efficiencies but also led to missed opportunities, elevated compliance risks, and strained engagement with partners and stakeholders.

Being new to the philanthropic landscape, the foundation particularly felt the absence of seasoned guidance and industry-specific best practices. There was a pressing need for support from experts who not only understood the grantmaking lifecycle but could also provide strategic advice to scale their efforts effectively. The lack of tailored solutions and mentorship in navigating the sector's complexities meant that additional time and resources were diverted from their mission to establish and maintain vital partners.

**Foundation Source
accelerates grant
approval processes by
33 percent**

THE STRATEGY

After determining the need for a new grant management solution, the organization considered various vendors including its existing banking partner for administrative services. Ultimately, the organization selected Foundation Source's cloud-based SaaS platform, Impactfully, for its intuitive design, quick implementation, industry expertise, and solution's specific focus on grantmakers. To prepare for the transition to Impactfully, the organization dedicated five temporary employees to upload and organize the organization's internal documents. The organization also conducted one hour of training for each of its five employees during the first week of deployment. The foundation was able to go live with Foundation Source within three weeks, citing the vendor's support team aiding their ability to implement swiftly.

BENEFITS

IMPROVED BOARD MEMBER PRODUCTIVITY

Since the adoption of Foundation Source, the organization has witnessed a significant uptick in board member productivity, increasing by an average of 25 percent. This marked improvement was facilitated through a more streamlined presentation of materials for board meetings, efficient voting processes, and the ability to expediently review grant applications using the Impactfully app. The optimization of these processes not only conserved valuable time, allowing board members to vote with greater efficiency, but it also afforded them the capacity to divert their attention to other strategic initiatives. The increased productivity has led to more focused and effective governance, ultimately enhancing the foundation's ability to fulfill its philanthropic mission with greater impact and agility.

INCREASED GRANTMAKING VOLUME

Nucleus found that the foundation realized a 33 percent efficiency improvement in its grant approval process due to the implementation of the Foundation Source solution. The organization's original approval procedure was riddled with inefficient, repetitive communications and the manual handling of numerous documents. Foundation Source's platform has accelerated the organization's capability to scale its operations, resulting in marked time savings. Additionally, a more streamlined grantmaking process enabled the organization to manage a greater number of grants each year, without the proportional increase in staff. This has not only optimized operational costs but also allowed the foundation to focus more on strategic grant allocation, thereby amplifying its philanthropic reach and effectiveness without expanding its headcount.

REDUCED THIRD-PARTY SPENDING

Nucleus found the organization's implementation of Foundation Source led to a substantial reduction in reliance on third-party services for administrative tasks, particularly those overlapping with banking partner functions. Prior to leveraging Foundation Source, the foundation was incurring significant expenses for third-party report generation. The combination of Foundation Source's software platform and its team of industry experts and their professional services has enabled the foundation to take control of critical functions with Foundation Source as the single-source provider for administration, tax preparation, financial reporting, and accounting and auditing.

REDUCED ADMINISTRATIVE WORK


Nucleus found that vendors capable of developing personal relationships and building a partnership with customers typically introduce a sense of psychological safety and operational confidence, attributes that are often undervalued yet crucial for seamless operations. Leveraging Foundation Source's team of industry experts, customers can expect elevated vendor services in areas such as tax preparation, payments, and pre-auditing processes. Nucleus found that Foundation Source's services reduce the mental strain on staff members, and can save an average of five hours per week from eliminated administrative work.

INCREASED COMPLIANCE ASSURANCE

The assurance that Foundation Source provides, especially in the meticulous auditing of 990-PFs and verification of recipient organizations' 501(c)(3) status, is invaluable. The collaboration effectively eliminates the potential for operational gridlock, allowing foundations to operate with the assurance that all aspects are up to code, thereby freeing staff to focus on strategic objectives.

LOOKING AHEAD

The forward-thinking approach of Foundation Source, backed by its industry expertise and dedicated support, equips philanthropic organizations with the resources to navigate change with confidence and adopt best practices that drive tangible results. As the philanthropic landscape evolves, foundations that engage with Foundation Source can anticipate not only a technological advantage but also strategic guidance that amplifies their impact and return on investment. With an emphasis on nurturing client capabilities, Foundation Source's suite of tools and support services are specifically tailored to address the unique challenges faced by growing foundations. The blend of intuitive technology and expert advisory equips organizations with the means to streamline operations, drive impact through relationships, and ensure compliance with regulatory demands. Looking to the



future, Nucleus expects the symbiotic relationship between advanced platform functionalities and industry acumen will be pivotal in enabling foundations to adapt swiftly to the shifting dynamics of philanthropy, ensuring they can sustainably expand their reach and deepen their influence.

In this environment, the ability to leverage such expertise becomes invaluable, facilitating a smoother transition during periods of significant change, embedding best practices into daily operations, and ensuring that technical support is a catalyst for advancement. Collectively, these facets of Foundation Source's offering are designed not just to support foundations but to propel them, enhancing adoption rates, operational efficiency, and ultimately, driving a more pronounced and measurable return on investment for those committed to social betterment.