

2025

Learning Book

Last updated July 2026





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HOW WE ARE CHANGING

A Shift in the Learning Book

Each year, Headwaters staff reflect on what we accomplished and learned over the past calendar year.

Since 2020, we have been recording our learnings in an annual learning book.

Historically, the “evaluation and learning data book” was organized into **three sections: accountability, learning, and long-term outcomes**. The **accountability** section focused on transparency, embedding information around our internal goals and annual grant spending; the **learning** section was focused on information related to the outcomes of our Theory of Change and synthesized grant reporting data and staff input around each outcome; the **long-term outcomes** section was focused on population-level health indicators that we hoped our work would influence over the long-term.

In 2025, Headwaters implemented a **new 10-year strategic framework**. This led to numerous shifts in our programs and practices. As we reflected on how our work looks now, we realized that we needed an expanded structure for the learning book to best capture and share learning across our organization.

Moving forward, learnings from our work will be captured through three primary vehicles.

1. Grants Data Dashboard
2. Learning Book
3. Impact Report

Grants Data Dashboard – Our accountability data, demonstrating where our grant dollars go by visualizing data from grant applications. We produce this for the board every cycle and then annually.

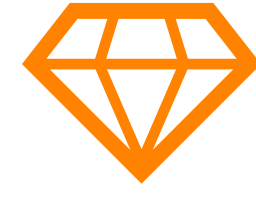
Learning Book – This learning book is a reflection on our internal work – work that we control. Focused on how we work, we meet quarterly to add to the book. Annually, we review what we are learning, what new questions we have, and discuss any implications for our work.

Impact Report – This will be where we pull in data from grant reports and connect the work of our grantees to the outcomes in our Theory of Change. This will likely be produced every 3 years and will help us evaluate whether and how our investments are making an impact toward our outcomes.

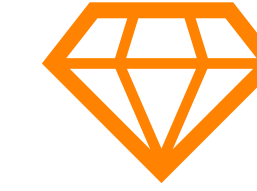
A photograph of a modern interior space. In the foreground, a wooden staircase leads up. To the left is a wooden wall with a white handrail. To the right is a dark, metallic wall with a white handrail. In the background, a wooden reception desk is visible with the text "TOGETHER WE THRIVE" on it. The ceiling features exposed wooden beams and modern lighting fixtures.

HOW WE ARE

VALUES
LISTENING TO OUR PARTNERS
INTERNAL TEAM AND CULTURE
ACHIEVING OUR GOALS
HR AND OPERATIONS



VALUES



Honor and build **community power**.

Elevate equity in a trust-based way.

Build trusting **relationships**.

Be **transparent** in all we do.

Be **accountable** to our communities.

Honor Tribal **sovereignty**.

Learn as we go.

Headwaters launched a new cohesive set of organizational values with our new strategic framework. **All of our work is grounded in our values.** In practice, this looks like:

- Aligning program criteria to our values.
- Reviewing our values at the start of each grant review meeting.
- Developing a values-aligned public influence framework.
- Using our values to guide our salary transparency work.
- Using our values to inform our vendor choices.
- Launching the CSKT Partnership Fund, a long-term relationship-building fund to support the Tribe's strategic priorities.

LISTENING TO OUR PARTNERS

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Soliciting and Acting on Feedback

As a trust-based funder and learning organization, we see feedback from our partners as essential. But we also recognize that power dynamics in philanthropy can make it difficult for grantees to offer honest feedback. That's why **we take several approaches to listening and gathering feedback.**

After each grant is paid, we send **a short survey** asking grantees to reflect on their experience. The responses are overwhelmingly positive; you can see a few highlights from 2025 on this slide. In 2025, we started sending surveys to declined applicants as well.

To gain deeper insights, we partnered with the Center for Effective Philanthropy (CEP) in 2022 to conduct a **Grantee Perception Report** (GPR). This anonymous, third-party survey compares our results with similar foundations, helping us see where we're doing well and where we can improve. You can read about the 2022 results [here](#). We are excited to repeat the survey at the end of 2026, with results shared in 2027.

We also encourage grantees to use **tools like Grant Advisor** to anonymously review their funders at any time.

Highlights from 2025 Grantee Survey Responses

"Multi-year funding gives us the stability to plan thoughtfully, invest in staff development, deepen community relationships, and respond to what students and families actually need rather than chasing short-term grants. Beyond that, the entire process felt genuinely human-centered. [Our Resource Partner]'s communication (and honestly, every HF team member I've ever worked with) is always warm and real, the application was clear and on the simpler side (compared to other grant applications that ask similar questions three different ways - just sayin'), and the timeline was respectful of small staff capacity. This is trust-based philanthropy in practice: you asked us what we're trying to accomplish and how you can support it, rather than making us squeeze our work into rigid boxes. That trust and partnership mean everything.."

-MAPS Media Institute, 2025

"It was very helpful to be able to talk through some items on the phone with [our Resource Partner] so she could make a few notes on our application. I also really credit the questions [our Resource Partner] asked us as the reason we thought about the bigger picture with our vision to expand youth leadership. Had [our Resource Partner] not gently asked us to reflect on larger systems of change-making, we may not have reached the place we are with our current project which I feel is much more sustainable and far reaching. I am also deeply grateful that Headwaters recognized our project would be better supported with additional time and funds.

-Office of Public Instruction- Tribal Student Achievement and Relations, 2025

"[Our Resource Partner] has been absolutely incredible to work with! She is so responsive, provides great coaching and feedback, and I love the fact that we get to do grant meetings instead of grant reports. It feels like Headwaters actually wants to help us succeed and takes ownership in that success, instead of it feeling like a test or like the foundation is always skeptical of your intentions. You all are a breath of fresh air!"

-Bridgercare, 2025

Learning As We Go

In 2025, we partnered with **Demographics via Candid** – a centralized platform where nonprofits can share demographic information about their staff, board, and leadership just once, and make their data available to all funders. Our hope was that this would relieve some burden on grantees, but so far results have been mixed. There can be issues claiming Candid profiles, the profiles are only available to 501c(3) entities, and some organizations don't want to survey their team for various reasons. In 2026, we will *require demographic data* from all Family Power Fund applicants, and we have made this requirement clear in our application. To make demographic reporting easier and share the benefits of having a complete Candid profile, we are offering a webinar with Candid in early 2026.

INTERNAL TEAM AND CULTURE

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Staff Culture

The team expanded by 40% in 2025, so we **invested in team culture** and experimented with a variety of ways of supporting staff. This included our **annual staff retreat** where we developed collective working agreements and explored our strengths and team dynamics. Additionally, the whole team took the **Gallup Strength Finder Assessment** and discussed how we can best work as a team.

We also broadened our understanding of **social change roles** by working with Deepa Iyer and the Social Change Ecosystem to explore our individual and collective ways of making change. We also found the social change ecosystem to be a useful tool to share with grantees on Carly's tour of Western Montana.

We also expanded our **professional development offerings** for staff, which included attending conferences, webinars, and learning sessions. In 2025, staff attended around 11 different conferences and presented at 8.

Additional activities:

- Adjusted **staff meeting agendas** to create more space for engagement and dialogue.
- Created **more private working space** in the office to meet staff needs.
- Invested in **new benefits**, including home office resources, added paid holidays, and a parking stipend.



Board Learning

In 2025, the Board had three areas of learning: social change roles, tribal sovereignty, and impact investing.

- **Board Social Change Ecosystem:** After staff exploration of the Social Change Ecosystem, board members mapped their individual and Headwaters' roles, which gave us common language and an interesting discussion.
- **Board Retreat & Tribal Sovereignty:** Staff and board gathered at CSKT for our Q3 board retreat to create a connection to place. Two trustees presented on Native American historical topics and we visited a boarding school site. We also took a tour of Salish Kootenai College and learned about the many programs they offer.
- **Board Conferences:** Board members attended conferences on impact investing, philanthropy law, and evaluation and learning.

We also **streamlined board materials** and created meeting agendas that were more engaging and interactive. At the end of the year, we offboarded two term limited board members while creating a protocol for their offboarding.

ACHIEVING OUR GOALS

Staff Goals & Organizational Learning

Each year, Headwaters staff work together to develop an **organizational goals dashboard** that outlines high-level priorities across key areas: grantmaking and technical assistance, collaboration and convening, Confluence Center, strategic communications & public influence, knowledge management & learning, internal culture, operations, finance & impact investing, and board engagement. These goals serve as the foundation for each team member's **annual deliverables dashboard**, which is used to track progress and guide performance reviews.

What We're Learning

The goals dashboard is a dynamic tool and a work in progress. In 2025, we shifted to focus on naming bigger-picture objectives for our annual goals, **focusing on the broader outcomes** we're trying to achieve as a foundation. One of our strengths has been **flexibility**: we've embraced the reality that goals may shift as context changes, and we're learning to prioritize adaptability while staying mission-aligned.

A Year of Transition

2025 was a year of transition at Headwaters Foundation. It was our first full year a new CEO and we welcomed our new CFOO mid-year.

2025 Goals Highlights

- **We rolled out our refreshed strategic framework** which uplifts building power, leadership and belonging with youth, parents, and caregivers most impacted by health disparities as the path to healthier communities.
- **We built and implemented new grantmaking processes** and systems to support our work under our new strategic framework, including rebuilding our SmartSimple grants platform. This set us up to distribute \$7,116,800 in grants to 142 nonprofits.
- **We exceeded goals set for our event space, Confluence Center**, reaching over 90% occupancy and 85% event host satisfaction.
- **We shared research with lawmakers** during the legislative session to help debunk myths about public assistance (Medicaid, SNAP) and highlight how vital it is for Montana families.
- **We developed a building plan** that includes sustainability practices and maintenance plans and tracks completion of building regulation and compliance.
- **We deployed \$150,000 in emergency funds** to help keep Montanans fed during the federal SNAP (Supplemental Nutrition Assistance Program) funding lapse.

Updated Employee Handbook

- In late 2025, we updated the employee handbook for uniformity and content. We added **cultural leave** to honor the team's diverse cultural backgrounds and updated the **FMLA policy** and our **paid holiday list**, adding Juneteenth and Indigenous Peoples Day. These updates were well received by staff and reinforced our commitment to staff wellness. We will continue to review the employee handbook yearly to maintain this commitment.

General HR updates

- For the first half of the year, we had an interim CFO, with staff filling in as needed, until we welcomed a **new Chief Finance and Operations Officer (CFOO)** at the end of May.
- We **updated job descriptions** for continuity and consistency, to ensure alignment with current role responsibilities.
- Leadership designed a proposal for a staffing evolution to meet our needs for expanding work, which led to the creation of a new position, **Program Associate**, starting in 2026. Alongside this, we updated our organization chart and made other position changes.
- To reflect our values-driven culture, we updated our **employee performance evaluation form** to add a focus on how staff align with and practice organizational values. We also narrowed our performance spectrum, eliminating exemplary to leave room for learning. Associated with the updated performance evaluation, we developed a **new salary structure** that included COLA increases, salary adjustments, and merit-based salary increases for 2026, with emphasis in creating more equity in salaries across the organization.

Operations

- In 2025, the team engaged with an Artificial Intelligence (AI) consultant to learn more about implementing **AI best practices**. This included developing an **AI framework**. After developing a framework, we chose to acquire ChatGPT business licenses for all staff. This process was compromised by the fast-changing AI ecosystem and the misalignment of Open AI's (ChatGPT) values with ours. In 2026, we'll look at moving to a more values-aligned platform.
- To make meetings and events more accessible, we partnered with **Convo** – a video relay service that connects deaf, hard of-hearing, and speech-disabled individuals with hearing people through live sign language interpreters.



HOW WE WORK

SHIFTS IN OUR THEORY OF CHANGE
GRANTMAKING
SOCIAL IMPACT INVESTMENTS
COORDINATION AND CONVENING
CAPACITY BUILDING
PUBLIC INFLUENCE
CONFLUENCE CENTER

SHIFTS IN OUR THEORY OF CHANGE

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After a year-long strategic refresh process, **Headwaters rolled out a new 10-year strategic framework in 2025**. This included refining our learning and evaluation framework and Theory of Change (TOC). In August 2024, we held a Grantee Input Session with 43 grantee partners where we presented Headwaters' updated strategic direction and gathered feedback on our desired outcomes. Grantees had the opportunity to discuss and add questions and suggestions to the TOC. The result was a new TOC that focused on three broader outcomes, rather than seven from the previous TOC. As we began to utilize our new TOC in 2025, we found a need for a public-facing, simplified version to clarify our strategy for grantees, other foundations, and other external stakeholders.

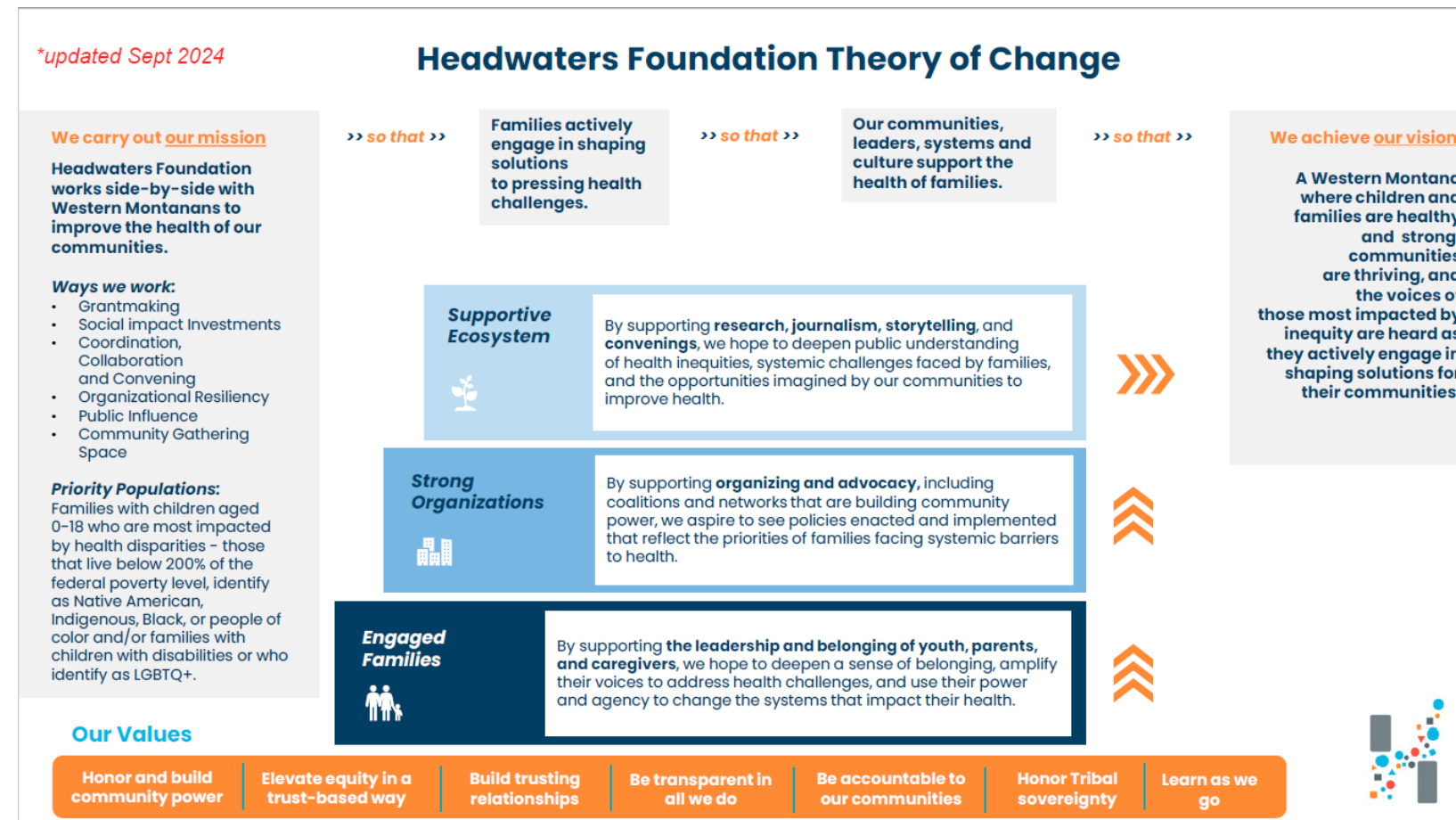
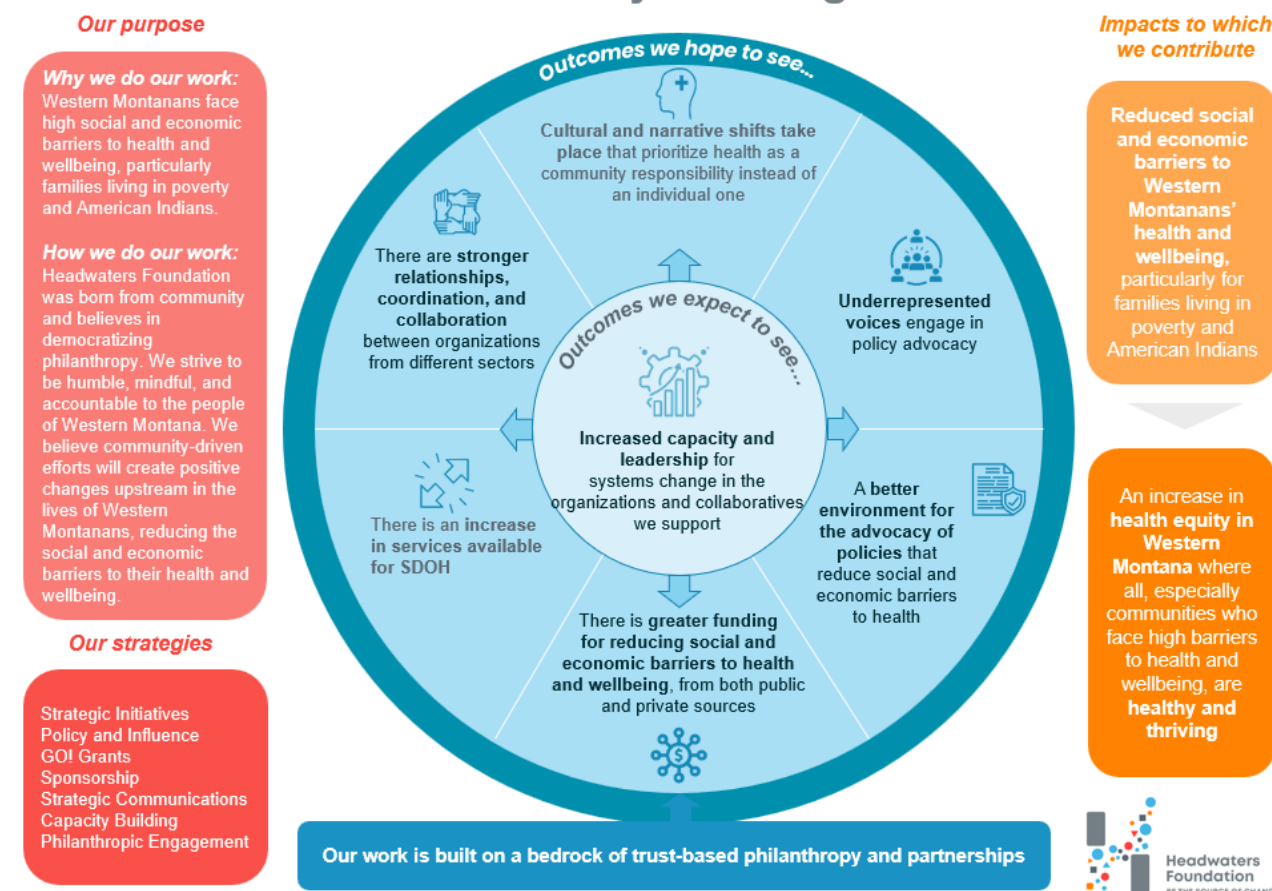
Below (and linked: ctrl + click on the image to view full-size) are:

- 1) The TOC from 2019 – 2024
- 2) The refined version that was pressure-tested with grantees in Summer 2024
- 3) The adaptation of the new version to a public-facing document that we can easily share

We leaned on the **"Power Flower" model** developed by the California Endowment to help us think about measuring success of this work. The model identifies sets of activities used to contribute to the power landscape and measures how these show up in the work. This [blog](#) describes how this model relates to our work.

In 2026, as we reach a full year of making grants under the new strategy, we will further refine our reporting, learning questions, and data collection.

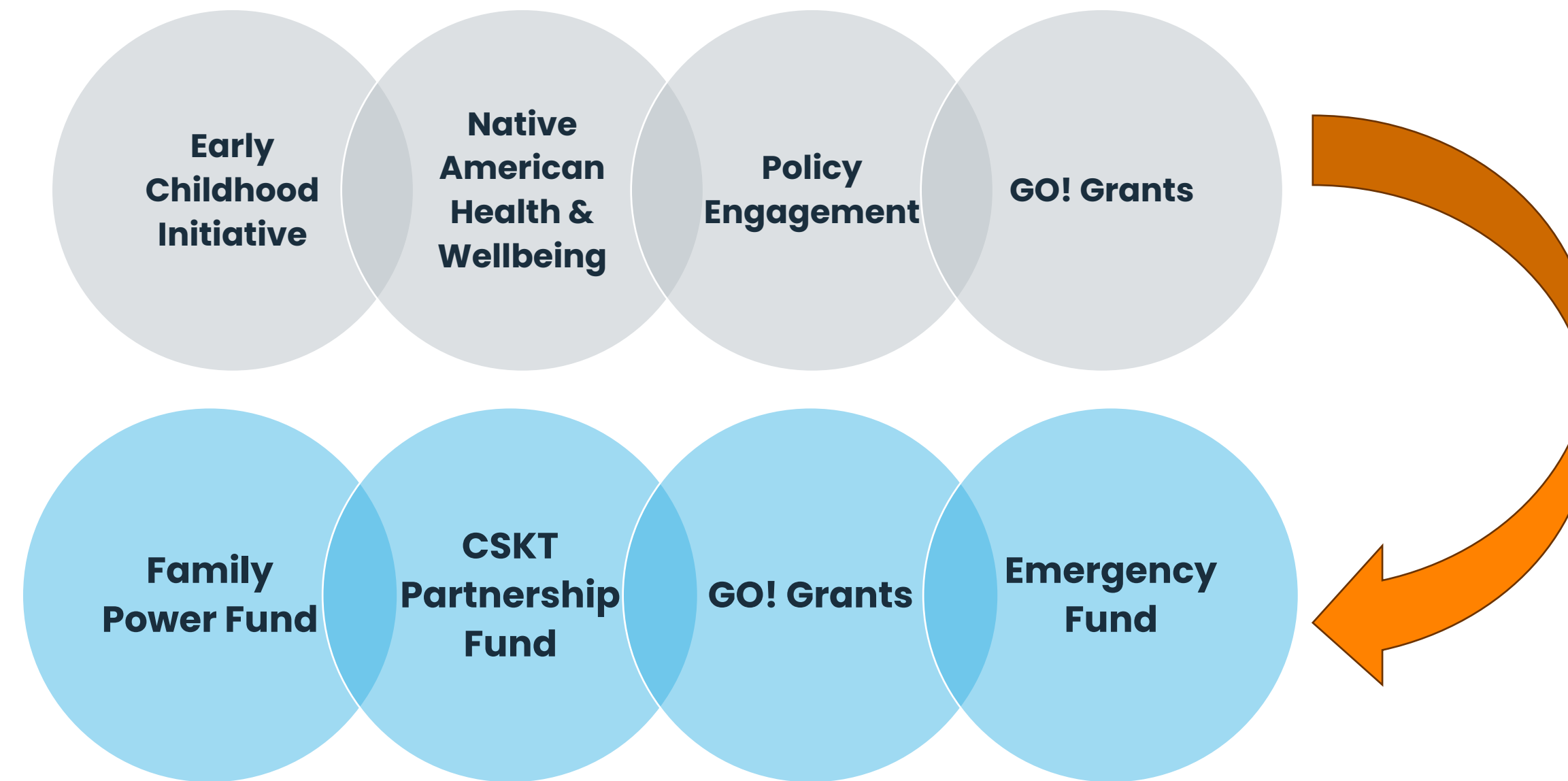
Headwaters Foundation Theory of Change – 2019-2024



GRANTMAKING PROGRAMS

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In 2025, we sunset existing grant programs and established new ones:



This had numerous implications for our grantmaking:

- We brought on new program staff, shifting from a two-person grantmaking team that discussed each proposal that aligned with our program criteria and made funding decisions throughout the year to a five-person grantmaking team fielding a broad range of inquiries to align with the new grantmaking criteria of the Family Power Fund three times per calendar year.
- We rebuilt our SmartSimple grantmaking system to support the new programs and process.
- We aligned our budget with our new framework, organized largely around the ways we work.
- With added grantmaking staff, our capacity increased, allowing us to focus more on our public influence and funder organizing work.
- We worked with external consultants to conduct an evaluation of the Early Childhood Initiative (2018-2024), which we'll release in 2026.

GRANTMAKING

Family Power Fund

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Transitioning to the Family Power Fund

The shift from issue-based funds (Early Childhood, Native American Health and Wellbeing, Policy Engagement) to a more cohesive fund focused on community leadership and advocacy reflects feedback we received during the strategic planning process; at the same time, the result of sunsetting existing programs in their current form was challenging for our grant partners who were accustomed to that funding. Shifting long-term partnerships is challenging for both nonprofits and funders.

As we reflected on our transition, a few lessons stood out:

- While we communicated early and often about our strategic planning process, we did not always have clear answers to share. This sometimes created uncertainty for partners. In future transitions, it will be important to communicate not only what is known, but also to set clear expectations around timelines, decision points, and when additional information will be available. If new funding processes are still being developed, allowing more time to establish them before implementation may lead to a smoother transition. Overall, the transition took longer than anticipated and felt clunky at times.
- Headwaters invested in technical assistance in 2024 to help Early Childhood Coalitions (ECCs) build sustainability plans. Results varied. Some coalitions refreshed their strategic plans, identified new funding sources, or explored cost-sharing with partners. Others placed less emphasis on sustainability planning and ultimately needed to reduce staffing capacity and/or scale back programming as funding changed. This showed us how important it is to support long-term planning long before a transition happens.
- We also learned that providing more specific information about anticipated grant ranges would have helped partners plan more effectively. Although we were transparent that funding would change, being clearer would have helped manage expectations and reduce uncertainty.
- We heard from grantees that they wanted more peer networking and shared learning opportunities. As we move beyond the early childhood space where coalitions regularly connected, there is an opportunity to create similar spaces for grant partners across our funding areas. Planning for this by dedicating funds and staff time when going into a transition would have made it easier to respond to this need.

We also noted several things that worked well during the transition:

- Being able to offer transition funding to organizations that were no longer aligned with our strategy felt true to our trust-based approach and values.
- Increased team capacity has allowed us to broaden partnerships across Western MT and partner with new and aligned organizations and expand the reach of our work.
- Reflecting on the transition throughout 2024 and early 2025 helped us develop clearer timelines and grantmaking processes. We also built in opportunities to reflect and adapt after each grant cycle, resulting in greater clarity for partners about how to approach and get funding from the Foundation.
- We implemented multi-year grantmaking with annual disbursement, rather than our previous practice of providing the full grant upfront.

GRANTMAKING

Family Power Fund (cont'd)

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Transition Grants

When heading into our strategic planning process, Headwaters set aside funds to ensure we could support organizations with at least one year of funding if they no longer aligned with new program criteria. We also considered how best to support organizations Headwaters seed-funded that would continue to fit but would receive significantly smaller grants. It was important for us to ensure that grantees could effectively plan for any significant funding shifts and give them space for sustainability planning.

Pooled Funds

As part of the Family Power Fund, Headwaters contributed to pooled funds to stretch our dollars and support organizations experiencing unprecedented funding losses and pressures as a result of Executive Orders by President Trump. In 2025, we collaborated with peer funders to bring additional resources into Montana for the groups most impacted, including contributions to the Pride Foundation's Fortitude Fund, Social Justice Fund Northwest's Mountain West Fund, the Movement Protection Fund at Solidaire, and the Disability Inclusion Fund at Borealis. Additionally, we contributed to a fund to support the development of Press Forward Montana and Funders for Thriving Communities.

Equity Grant Pilot Program

In 2024, we awarded a pilot round of health equity funding to 17 organizations.

- In lieu of a final report, we held an in-person gathering in late 2025 where grantees could connect, learn, and discuss ways in which nonprofits and Headwaters could further this work.
- Headwaters staff worked with an external consultant to design check-ins, gather feedback, and create a meaningful convening.
- While the initial goal for this pilot funding program was to better understand how designated funding for equity could impact program development, federal funding cuts shifted many organizations in this cohort into crisis mode. Some organizations had to let staff go, some organizations had to change the language they share publicly, and almost all organizations needed to spend more time shifting organizational strategy to stay afloat.
- This ecosystem shift moved Headwaters to pivot the pilot program goals as well as the convening purpose. Through 1:1 check-ins, we decided to place the convening goals in the hands of the grantees. The September gathering included around 40 individuals from 16 organizations, and was focused on connection, honest dialogue, learning, and [providing feedback to Headwaters around ways to support in 2026 and beyond](#).
- The post-gathering survey revealed a strong desire to continue to connect with this trusted group of partners and a need for multi-year funding to continue this work, which we will implement in 2026.

2025 By the Numbers

\$3,675,000
Family Power Grants

\$1,500,000
Transition Grants

\$331,800
Pooled Funds

GRANTMAKING

GO! Grants

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2025 Trends

This year showed an increase in the number of submitted applications. Between the GO! Grant program opening on April 1 and allocating the final grant on September 19, it was **open just 5.5 months before running out of funds.**

Many new and returning grantees reported a significant increase in service demands while navigating funding cuts and an overall shift in the funding ecosystem. Applicants shared that national funding cuts to nonprofits and schools steered them toward this program due to the quick turnaround time and unrestricted nature of the funds. Several returning grantees who were declined in 2024 due to budget size re-qualified in 2025 due to funding cuts and a subsequently smaller budget.

Nine GO! Grantees received a Family Power Grant in 2025 – their first larger grant from Headwaters. Staff and trustees were excited to see this shift, as it indicates the value of the GO! Grant program in cultivating relationships with grantees that are building power in rural communities.

Importance of General Operating Funds

Final reports are an opportunity for grantees to provide Headwaters with feedback on the program and express areas of interest for capacity building opportunities. Many final reports shared the importance of receiving fast, flexible funding for small, rural nonprofits. **Below are two quotes from GO! Grant final reports which expand on the importance of general operating funds:**

"With money from the Headwaters Foundation, we were able to purchase a washer/dryer for our school. This allowed for students to not worry about having clean clothes, which boosts self confidence and allows them not to miss school due to hygiene concerns. It also provides a unique opportunity for a life skills class for our students." **–Cardwell School**

"Headwaters Go Grant funds provided the critical financial agility required to support survivors of domestic and sexual assault during moments of acute crisis. While standard funding streams often come with rigid restrictions, this grant allowed us to meet the immediate, practical needs that directly impact a family's safety and long-term stability." **–Mineral County Help Inc.**

2025 GO! Grants By the Numbers

136

applications received

90

grants awarded

46

applications declined

19

**organizations received
their first GO! Grant!**

\$765,000

total awarded in GO! Grants

2025 By the Numbers

\$600,000	\$150,000	\$70,000
CSKT Partnership Fund	Emergency Grants	Resilience Grants

CSKT Partnership Fund

Reflecting our value of Honoring Tribal Sovereignty, Headwaters Trustees committed to a new partnership with the Confederated Salish and Kootenai Tribes by establishing the CSKT Partnership Fund. Tribal Council appointed two representatives to partner with Headwaters in shaping grants from the Fund. Through this partnership, Headwaters committed to providing general operating support to help advance the Tribe's strategic plan in ways that align with our shared vision for health equity.

Emergency Fund

Creating an Emergency Fund was a new component of our strategic plan. When there were cuts and delays to SNAP in late 2025, we saw the value of having these funds available so we could respond quickly without needing board approval, in a way that matched the scale of the need, distributing \$150,000 to three key partners to support food security efforts.

Recognition/Resilience grants

During our first grant cycle in 2025, we received fewer applications than anticipated. The applications we received included several partners that play important connector roles in Montana's nonprofit ecosystem and who we turn to frequently as experts in their field. While we had established grant ranges for the Family Power Fund, we also wanted to recognize and support these partners beyond their Family Power awards, so we made additional general operating grants to four key partners. After cycle 1, we were unable to offer these funds to other organizations due to high demand.

Developing Simple Grant Application

From a grants management perspective, it's difficult to know the best way to make grants that don't quite fit within our typical funding buckets – you want to maintain an accurate historical record for all grants, not burden grantees or the program team, and have common language to describe what happened. We are still refining this approach, but in 2025 we created a "Simple" (flexible, catch-all) grant application for these types of grants.

Consultants Provided

Sometimes our work beyond the check looks like connecting grantees with experts to provide guidance as they grow. In 2025, we connected a partner with a lawyer with expertise on tipping and another partner with a lawyer and a tax professional as they moved from using a fiscal sponsor to forming their own 501c(3). We also provided a consultant who helped another nonprofit decide on a new governance structure with a new fiscal sponsor. It has been helpful to have a list of trusted advisors to recommend to grantees when they are navigating change.

SOCIAL IMPACT INVESTMENTS

Values-Aligned Budgeting

In 2025, with a new CFOO on board, we restructured our budget to better align with our Theory of Change. Expenses are now organized by our core areas of work: Grantmaking, Public Influence, TA/Capacity Building, Convening, Confluence Center, Learning & Evaluation, Operations, Board and Committees, and Endowment Expenses. We also streamlined our expense line items, creating a more concise and intuitive structure for coding and reporting expenses. We will continue to use this approach as we develop the 2027 budget, incorporating improvements identified during 2026.

Multi-Year Grants

In 2025, we began paying multi-year grants in annual installments over the duration of the grant period. Previously, grants were paid in full during the first year, which could be burdensome for grantees and required a larger payout from the Foundation. This change required internal learning as staff developed dashboards and processes to track grant balances and ensure compliance with accounting requirements. While making multi-year commitments benefits our partnerships with grantees, it also reduces the funding available for future grant cycles and limits what we are able to commit to in the years ahead.

Values-Aligned Investments

Throughout 2025, our trustees held ongoing conversations about values-aligned investing, resulting in updates to our Investment Policy Statement (IPS) to better reflect our values. Our investment manager, FEG, identified and shared with the Finance Committee the Foundation's exposure to "sin stocks" (tobacco, gambling, weaponry, pornography, alcohol, and cannabis). The work began in Finance Committee meetings, with recommendations brought to the full Board for discussion and approval. This process worked well, although progress was naturally limited by the quarterly schedule of Board and committee meetings.

Program-Related Investments (PRIs)

In 2025, the Board approved the use of \$250,000 in program-related investment (PRI) funds to establish a revolving loan fund for current grant partners experiencing temporary gaps in committed public or private funding. To administer the program, Headwaters partnered with Clearwater Credit Union, a Community Development Financial Institution (CDFI), to create a bridge loan program. Clearwater established the PRI accounts and will service the loans while providing due diligence for all requests. In 2026, we will finalize the application process, lending criteria, and due diligence framework, with the goal of making our first loan during the year.

COORDINATION AND CONVENING

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CEO Tour

After welcoming a new CEO and CFOO, we spent the spring and summer traveling across Western Montana to introduce them, and our refreshed strategy, to communities. Beginning with the CSKT Tribal Council, we made **nine stops from Dillon to Libby**, connecting with more than 250 people along the way. These gatherings gave people a chance to learn about our work, meet our team, and connect with others. We used Deepa Iyer's Social Change Ecosystem to invite attendees to reflect on the roles they play in creating change. It sparked great conversations and helped people see how their work fits into a broader ecosystem. Showing up in person builds trust, strengthens relationships, and deepens our understanding of what our partners are navigating. We plan to continue visiting Western Montana communities each year.

Funder Coordination Efforts

- Headwaters supports coordination and convening of **Funders for Montana's Children** to strengthen support for early childhood in the state. Our Program Team also continues to deepen relationships nationally through the **Early Childhood Funders Collaborative** in support of introducing Montana's groundbreaking work in early childhood to potential national funders.
- Headwaters is a contributor and collaborator with **Funders for Thriving Communities (FTC)**, which focuses on bringing funders together in support of youth mental health in Montana. Headwaters has funded collaborative efforts through FTC to engage youth in stronger advocacy around mental health supports.

Press Forward Montana

- In early 2025, Headwaters Foundation and Missoula Community Foundation launched an exploration of how philanthropy could strengthen Montana's local news and information ecosystem. Over eight months, we convened statewide webinars, held dozens of conversations with funders and stakeholders, and built momentum around the idea that reliable local information is essential to healthy communities.
- That work led to an application to **establish a Montana chapter of Press Forward**, which was approved in August 2025. In November, we hired a local consultant to support the chapter's 2026 launch. Press Forward Montana aims to coordinate funders, attract new investment in local journalism, and strengthen the partnerships needed to ensure communities have access to trusted local information.



CAPACITY BUILDING

We are developing a three-year **Capacity Building Framework** to guide strategic investments that strengthen our partner organizations and, ultimately, Western Montana communities. In late 2025, we decided that in 2026 we would focus on building a capacity building program framework that addresses four key areas: Organizational Resilience, Equity, Communications, and Power Building. These four areas will address both immediate needs and long-term community infrastructure needs as identified by grantees and community partners.

While the Capacity Building Program structure was not yet in place in 2025, staff were able to pilot several opportunities to experiment and receive grantees' feedback on the process and outcomes. These piloted projects were:

Organizational Resilience

- **Scenario Planning workshop series:** Led by Community Wealth Partners, seven grantee organizations participated in a cohort focused on scenario planning over three months. The series provided tools and thought partnership to help organizations navigate uncertainty, while also generating valuable feedback to inform Headwaters' future capacity-building efforts. Participants reported increased confidence in communicating with their boards, and one organization used the process to make a significant strategic decision. Given its positive impact, this opportunity will likely be offered to grantees again.

Communications

- **CapCut training:** This half-day session was a crash course on using the CapCut app to create short, impactful videos. This was a more bite-sized version of a 6-week video production series we previously offered; the quicker format was appreciated by attendees.
- **Narrative Change Action Lab:** Headwaters sponsored a three-part series exploring narrative change strategies at the Montana Nonprofit Association conference, alongside sessions on messaging research about support for families and storytelling with documentarian Lara Tomov. A topic as complex as narrative change benefits from a full-day, in-person format that allows for deeper learning and relationship-building.

Equity

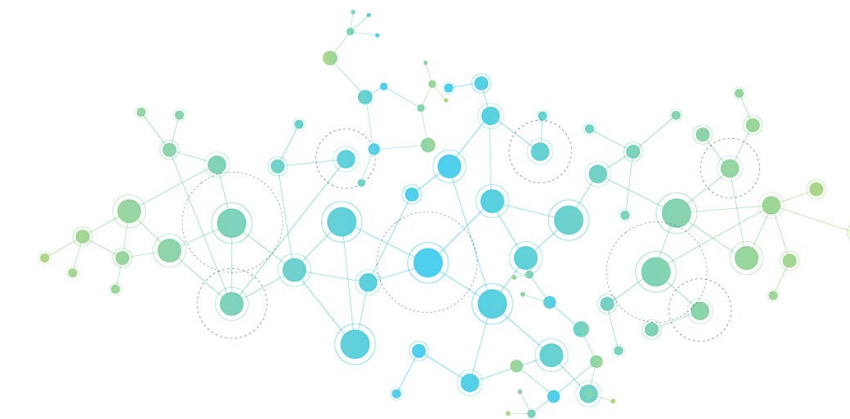
- **Equity Cohort Gathering:** After making the first round of equity grants to 17 grantee organizations in 2024, we held an in-person gathering in September 2025. This gathering was designed by grantees, and offered space to connect, learn, and provide feedback to Headwaters for how staff can best support grantees in the current conditions (for more information on equity funding, see page 14).

PUBLIC INFLUENCE

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What We Did

- We partnered with Montana Nonprofit Association and fellow funders to **highlight and respond to federal funding cuts** through a report on potential impacts, along with a coordinated social media toolkit and op-ed.
- We continued **sharing our *Supporting Our Neighbors* report with lawmakers** to help debunk myths about public assistance, including Medicaid and SNAP, and highlight how vital these programs are for Montana families. This included placing a one-pager on every state legislator's desk and authoring an op-ed for Caregivers Day.
- We joined 185+ organizations in **Standing in Solidarity with Nonprofits to Meet the Moment** and signed on early to CHANGE Philanthropy's **Level Up Campaign**, aligning with fellow funders to support nonprofits and move resources where they're needed most.
- In addition to **connecting partners with filmmakers and journalists to amplify their work**, we published **8 grantee spotlights** on our blog and shared them on our channels.
- Our CEO attended **Foundations on the Hill** to meet with policymakers and peers and advocate for policies that strengthen support for families and communities in Montana.
- **Sponsorships from our communications budget** have been another way of supporting narrative change, belonging, and civic discourse while reaching audiences beyond our usual channels. Examples include a youth art and essay contest for MLK Day, a "You Are Loved" billboard in Flathead County, support for a Native Health Symposium, and Big Sky Doc Fest's Teen Documentary Intensive. We are continuing to experiment with this approach.
- As our public-facing work grew, we needed a clearer way to decide when and how to use our voice. We are in the process of developing a **Public Influence Framework** to help ensure our efforts are grounded in our values, aligned with partners, and responsive to the moment. The framework will be finalized in 2026.
- Headwaters supported a **cross-cultural fellow**, Ziyi Wang, from Singapore, who spent a month with Headwaters and the UM Foundation learning about philanthropy in the U.S and bringing those insights back to her own work.



Potential Impacts of Federal Cuts to
Montanans & Montana's Economy

MARCH 2025

Supporting Our Neighbors:

Understanding Who Receives
Public Assistance in Montana,
For How Long, and Why?

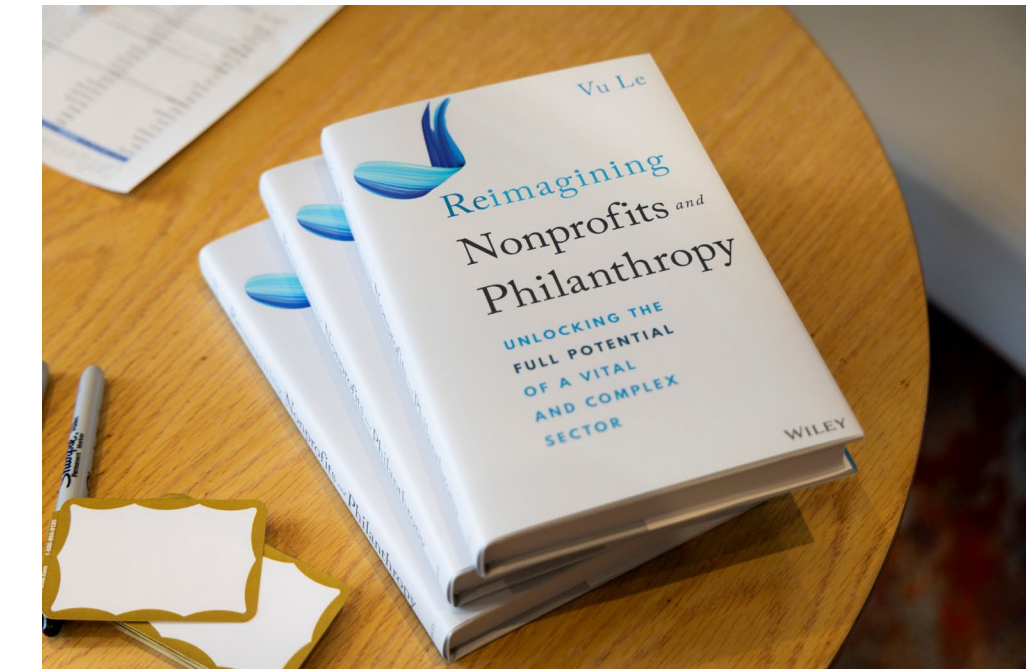


PUBLIC INFLUENCE

21

What We Did

- We partnered with research firm PerryUndem and funders from several other largely rural states on our **first messaging research project**, polling Montanans about how families are faring and their attitudes toward government support, showing common ground. We produced practical framing guidance for nonprofits and funders and shared the findings through our channels and at the Montana Nonprofit Association conference.
- Headwaters was featured in Vu Le's new book, ***Reimagining Nonprofits and Philanthropy*** as an example of a foundation rethinking philanthropy, and in the **Fund for Shared Insight** Funder Listening Action Menu. We also continued sharing what we're learning through blogs on topics such as supporting grantees' equity efforts and exploring a values-driven approach to AI.
- Our team stayed active in statewide and national conversations about trust, accountability, and community-driven philanthropy. **Staff presented at eight conferences**, including Feedback+ Bozeman, the Unity Summit, and MNA's annual gathering. A standout moment – **our CEO joined former CEO Brenda Solórzano** for a panel at the joint Native Americans in Philanthropy and Hispanics in Philanthropy conference.



What We Learned



Public influence works best when it is collective. Our most impactful efforts happen alongside partners and fellow funders. Whether responding to federal funding cuts, sharing research, or engaging policymakers, our voice was strongest when it was part of a larger chorus.



Common ground is a powerful starting point. Our messaging research showed that Montanans often agree on more than public discourse suggests, particularly when it comes to supporting families and communities. Looking for shared values can create opportunities for more productive conversations across differences.



Storytelling is an important form of support. One partner shared that a Public News Service radio story "created real local momentum and even brought in a few small donations," demonstrating how communications support can complement grantmaking.

CONFLUENCE CENTER

22

We opened Confluence Center in early 2023 as a welcoming, accessible space for nonprofit leaders to connect and spark change in their communities. **Here's what we learned from its use in 2025 and how it's helping to power collaboration across Western Montana.**

In 2025...

- **637** events were hosted.
- **156** nonprofit organizations used the space; **79%** had never received a Headwaters grant.
- **Over 10,300 attendees** came through the doors.
- Events included board meetings, planning sessions, trainings, retreats, public presentations, fundraisers, and more.



"Confluence Center is a state-of-the-art meeting facility that enhances the capacity of nonprofits to do their work in a professional setting. What a boost to our community to have this resource made available to help us all serve our missions to strengthen Montana communities." –Event Host

A scan of comparable Missoula venues found that nonprofits typically pay around \$55/hour to rent meeting space. **In 2025, Confluence Center hosted 2,445 hours of events – saving nonprofits an estimated \$135,000 in rental fees.**

Lessons from our first three years:

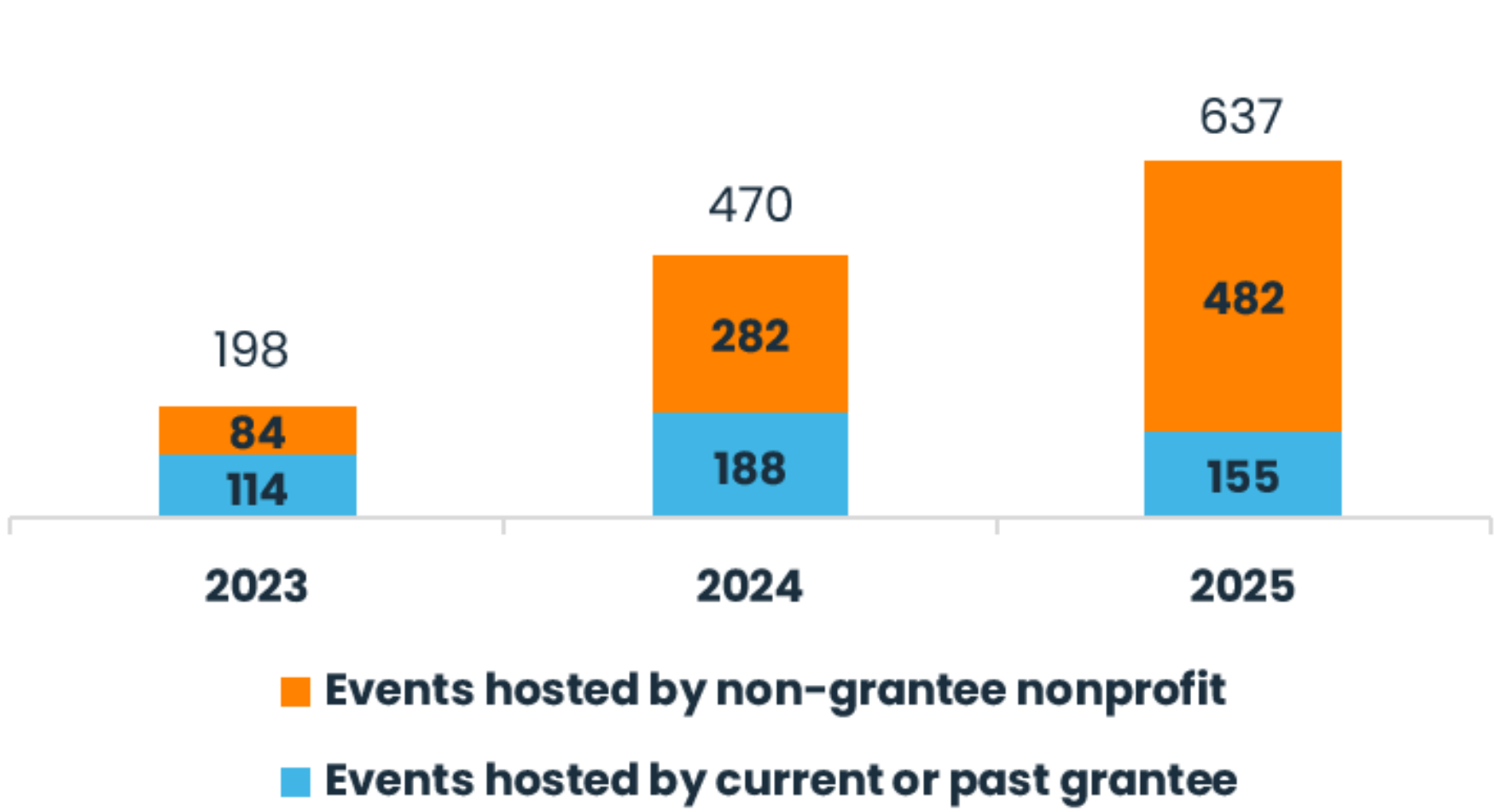
As usage grew and feedback rolled in, **key takeaways** emerged:

- **Many nonprofits lack access to meeting space.** Some don't have office space, or they lack the tools to host effective gatherings. A consistent, reliable venue has led to many repeat users.
- **Affordable, accessible space matters.** Organizations need places to gather, learn, and connect without financial or logistical barriers.
- **Technology and accessibility features boost participation.** User-friendly tech and ADA-compliant amenities have made events more inclusive and efficient.
- **A simple reservation system makes a big difference.** Our streamlined booking system has driven high usage – we implemented a new interface to further improve timing clarity when submitting a request.
- **Clear guides improve the experience.** User manuals and short tutorial videos help guests navigate the space with ease and confidence.
- **There's demand beyond Missoula.** High usage has us wondering: how many other communities in Western Montana could benefit from a space like this?
- **A way to support nonprofits who are not grantees.** Almost 80% of event hosts are nonprofits who have not received a grant from Headwaters, expanding our reach and building relationships in Western Montana.

Commercial Kitchen

We worked with Missoula Public Health Department to ensure that nonprofit organizations using the commercial kitchen comply with health codes. We also created how-to resources and stocked the kitchen with supplies and appliances (like a larger commercial refrigerator) to support higher use of this space.

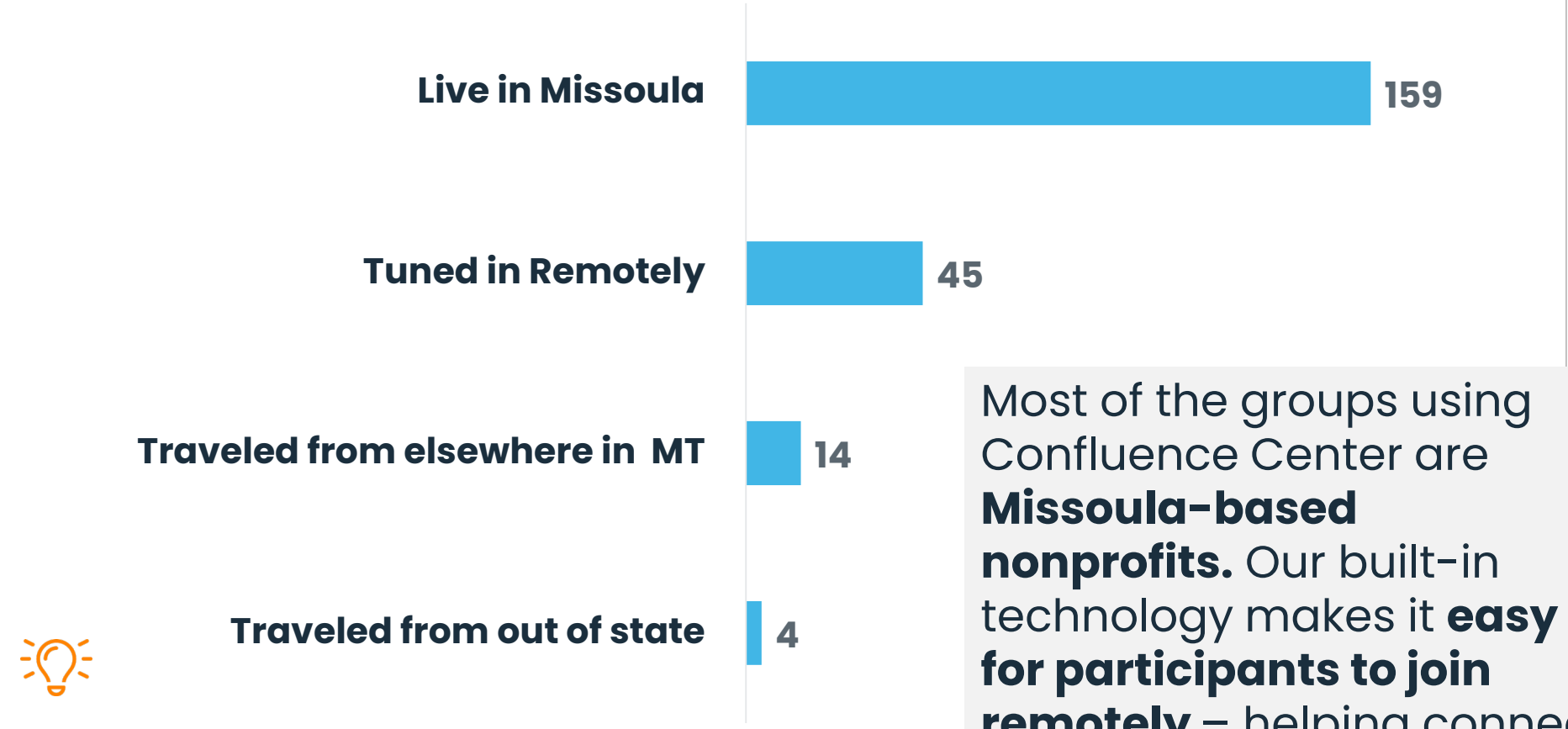
NUMBER OF EVENTS PER YEAR



99% of (196) hosts who completed a post-event survey in 2025 said they would host another event at Confluence Center or recommend it to a colleague.

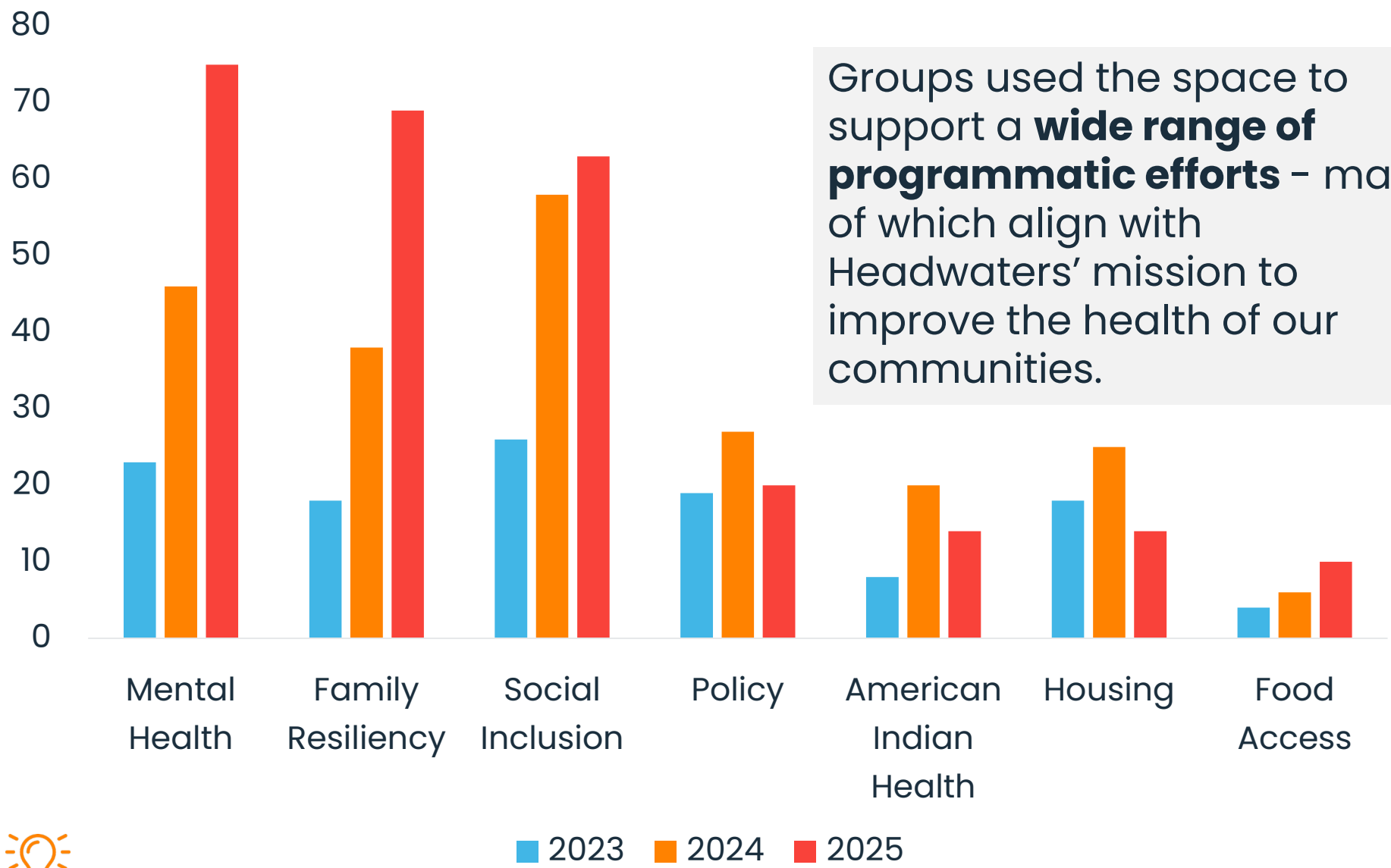
💡 *These charts reflect self-reported data from event hosts, gathered through an optional post-event survey.*

WHO IS USING THE SPACE



Most of the groups using Confluence Center are **Missoula-based nonprofits**. Our built-in technology makes it **easy for participants to join remotely** – helping connect people across Western Montana.

EVENT ISSUE AREAS



Groups used the space to support a **wide range of programmatic efforts** – many of which align with Headwaters’ mission to improve the health of our communities.

OUTCOMES



Confluence Center uplifts a **variety of outcomes that support nonprofits** by providing space for connection, collaboration, and learning.



CONFLUENCE CENTER

Torrents: Art on Main Street

Mission

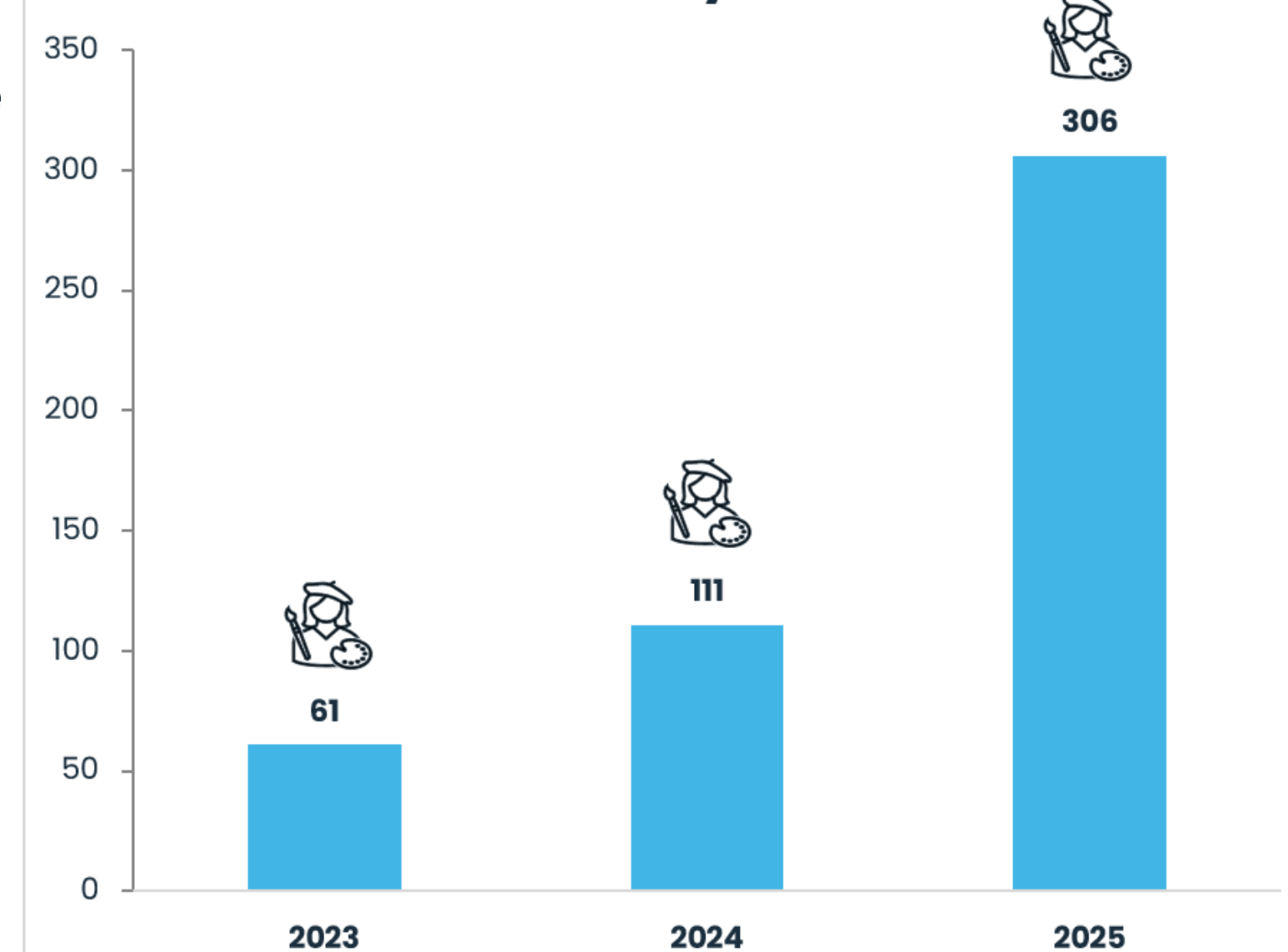
At Torrents, we strive to create an inclusive and dynamic space that nurtures creativity, connection, and community. Through public events, First Fridays, and educational initiatives, we aim to spark meaningful conversations and amplify the voices of underrepresented groups, including BIPOC, women, LGBTQIA+ individuals, youth, and other marginalized communities.

While Confluence Center serves as a hub for nonprofit organizations, it also provides a welcoming venue for local art. Torrents: Art on Main Street was launched in 2023 as the art exhibition program for Confluence Center.

In 2025, Torrents expanded their internal capacity and resources, including the launch of a dedicated website. Torrents' third year of operations, 2025 saw the program becoming more established within the artist community, deepening relationships with community partners and refining support systems for artists and exhibitions. This strengthened capacity allowed Torrents to welcome **306 artists** into the space throughout the year. Some of these artists have shared that they feel more prepared and ready to show at other galleries due to the resources and skillsets that Torrents has provided.



Artists Displayed at Confluence Center by Year



DIA DE LOS MUERTOS



Dia de los Muertos takes place at Confluence Center and uses the indoor space, parking lot, and alleyway. This year, hundreds of attendees visited the ofrenda and tapete, enjoyed traditional Latin food and drinks from local vendors, viewed Latin art, listened to Latin music, and engaged in activities such as cultural face painting and craft making, and movie watching.

Community members were invited to add photos of their passed loved ones to the ofrenda, creating a shared space to honor and remember.

We began hosting an annual Día de los Muertos (DDLm) celebration in 2023 to honor and uplift Missoula's Latin community. The event is planned in partnership with a Latin community committee, helping ensure the celebration reflects authentic cultural traditions and community voices.

A key learning has been that when authenticity is intentionally uplifted through community leadership and representation, it builds visibility and inclusivity, and the broader community responds by showing up, participating, and seeking opportunities to learn and connect.



We partnered with the ZACC to offer art classes that highlight the culture of DDLm

Growth in 2025

- ❖ We expanded from 3 food/beverage vendors in 2024 to 6 in 2025.
- ❖ We expanded the event space into the alleyway, increasing capacity to host more community visitors.
- ❖ We increased use of our commercial kitchen and purchased an additional refrigerator to accommodate event needs.
- ❖ **Looking ahead to 2026:** as community engagement continues to grow rapidly, we're evaluating how to scale our support to match while also building out a plan to capture and amplify the story of the event and its organizers.

WHERE WE ARE GOING

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Looking Ahead to 2026 & Beyond

Theory of Change

Our new strategic plan resulted in a new Theory of Change that largely built off the last one. As we look ahead, we are refining our Theory of Change outcomes and more clearly defining the long-term impacts we are seeking. We are working out the best ways to collect and analyze data, and how best to do this in partnership with our grantees.

Learning & Feedback

We are committed to gathering community feedback throughout our learning, not just at the end of the year or during strategic planning. We are thinking about how to build a strong, emergent evaluation/learning framework centered in equity. In late 2026, we will redo the Center for Effective Philanthropy's Grantee Perception Report to better understand how grantees perceive our impact on their fields, communities, and organizations.

Impact Investing

The Board of Trustees is committed to expanding our impact investments outside of our grantmaking budget, moving more of the endowment toward mission and values-aligned investments and developing and deploying additional program-related investments (PRIs) in Montana. This is work they will continue to lead in 2026.

Capacity Building

Headwaters is deepening our capacity building offerings to ensure we are meeting the needs of grant partners beyond financial support. We are building this work as a 10-year arc to align with the overall strategic framework.

Public Influence

We are finalizing a new Public Influence Framework and refreshing our communications strategy to guide how we use our voice, relationships, research, and communications to advance our mission.

