



Blended Finance: Scaling With Intention

*Beyond Grants: How to Sustain and Scale
Mission-Driven Work Leveraging Blended Finance?*

CASE STUDY 03

Blended Finance

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This case was written solely to provide material for learning. It does not illustrate either effective or ineffective handling of a managerial situation. Certain names and identifying details are fictionalized.

Quick Facts

- 21 youth employed through the Culinary Training Program
- 79% increase in job opportunities created specifically for marginalized youth in the surrounding community
- 300% increase in clients supported in-house
- Culinary market open 6 days/week, creating greater access
- Five-year plan in place for sustainable social enterprise initiative
- First year implementing a budget for Youth Training Program

Industry Context

- A 2025 practitioner survey found that over 60% of organizations active in blended finance in Canada reported involvement either as capital seekers or allocators, highlighting growing engagement in this space. [Thrive Impact Fund](#)
- In the same survey, risk-mitigation tools (e.g., first-loss guarantees, concessional debt) were used in over 70% of blended finance structures, showing how hybrid capital is being structured to unlock private investment. [Thrive Impact Fund](#)
- Many blended finance deals are still concentrated in sectors like clean energy, Indigenous economic development, and housing rather than purely youth-focused social enterprises, suggesting an opportunity gap for youth-workforce/impact projects. [Source: Canadian Climate Institute](#)
- Despite growing momentum, a recent report notes that **blended finance remains under-utilized in Canada**, with complexity, lack of standard frameworks, and ecosystem fragmentation cited as key barriers to scaling. [Source: scaleinstitute.ca+1](#)

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Introduction

With grant funding becoming increasingly unpredictable, nonprofits are under pressure to find sustainable ways to fund their work. Blended finance, is an innovative approach that combines capital from public, philanthropic, and earned revenue sources, is becoming a powerful way to both sustain operations and advance goals. This case study shows how one nonprofit in the workforce development and youth mental health sector used a blended finance model to sustain and scale its core mission delivery.

Case Study Overview

This Alberta-based nonprofit provides mental health treatment and support for children, youth, adults, and families. Its services span in-home counselling, foster care and group homes, therapeutic programs, learning centres, and housing and hub services. Among these services is a social enterprise initiative that offers hands-on culinary training led by Red Seal chefs. Designed for participants from challenging backgrounds, the program builds life and employment skills while opening pathways to careers in the food industry. Products made in the program are sold in a featured market, open six days a week, turning skills learned in the kitchen into tangible income and community engagement.

“Through the engagement with Innovate Calgary, I built confidence and got great constructive feedback from someone very knowledgeable about blended finance and nonprofits.”

— Associate Director (AD)

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Executive Summary

Building business skills to match the mission

While this nonprofit had extensive experience and expertise in mental health and youth services, its leadership team lacked the knowledge and confidence to run a business or social enterprise. The idea of moving beyond philanthropy, government contracts, and small-scale fee-for-service into a fully operational social enterprise raised doubts and questions. The team needed guidance from someone who understood both nonprofit realities and business models to help bridge the gap.

Expert coaching and strategic guidance for growth

The nonprofit received one-on-one coaching and capacity-building support through Innovate Calgary's Business Model Enhancement Program (BMEP). The BMEP program lead served as both a sounding board and strategic guide. The AD walked away with a constructive second look at their systems and clear advice on how to run those systems effectively.

Confidence, clarity, and a five-year roadmap

Strategic feedback and guidance from Innovate Calgary gave the nonprofit's leadership the confidence to make informed decisions and directly shaped the organizations' five-year plan for their youth culinary art work. For the first time, the team implemented a dedicated budget for the program, separating its social enterprise initiatives and aligning them with a long-term sustainability plan using a blended finance model. As a result, they increased the number of clients supported and expanded employment opportunities within the community.

“Innovate Calgary hit the mark perfectly. They gave us the confidence and the support to really bring our finance department on board. We couldn't have moved forward without that.”

— Associate Director (AD)

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Challenge: Bridging the gap between care and commerce

This nonprofit in youth workforce and mental health is staffed by psychologists, social workers, and youth care workers with expertise in, and a deep passion for, mental health and youth empowerment. But when it came to running a business, it felt like uncharted territory to the team.

"None of us had taken a business course," says the AD.

They had been using a diversified finance model from the beginning, combining revenue from grants and government contracts, philanthropy, and the organization's own fee-for-service initiatives.

For years, all of these funding sources were pooled together and put toward various organizational needs without separating social enterprise initiatives.

"There was no clear definition of those things as being social enterprises that we could track and monitor year over year," says the AD.

The task felt daunting. Even the finance team was uncertain about how to separate the social enterprise initiatives from the nonprofit's other activities.

The AD knew they needed expert help to design the right systems and make that separation clear and sustainable. She wanted to open up the organization's structures to scrutiny, but she wanted scrutiny that came with support and ideas. Above all, she wanted a partner who understood both nonprofit realities and blended finance models, and could help bridge the gap between mission and business.



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Solution

Strategic guidance that balanced scrutiny and support

The AD found the support they were looking for when the nonprofit joined Innovate Calgary's Business Model Enhancement Program (BMEP). The program paired them with one-on-one coaching and strategic advice, offering both a critical eye on existing systems and practical ideas for improvements, serving as both a sounding board and a guide.

For the AD and their team, having an external partner who understood both nonprofit realities and social enterprise models was essential.

"When you are a leader trying to do something new, you don't want to rely on frontline staff who are putting it all into place," she explains. "You need someone you can consult with and feel confident saying, 'I don't know what I'm doing—can you please help me figure it out?'" They quickly found strong alignment on ethics and philosophy with their coach, the BMEP program lead.

"They really listened and met us where we were," says the AD. "We had good alignment and a good partnership."

The coaching process was collaborative and practical. Sessions focused on building confidence in business decision-making, asked hard questions about systems, and explored workable solutions tailored to a nonprofit context.

Their coach brought a balance of scrutiny and support, offering fresh ideas while staying grounded in their mission-driven goals.

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Results

Confidence and systems in place for a blended finance model

Working with Innovate Calgary gave the nonprofit the confidence and clarity to structure and separate its social enterprise activities with intention.

With their coach's guidance, the team realized that for the enterprise to be truly independent and self-sustaining, it needed to be treated as a distinct entity separate from the nonprofit's other programs and revenue streams.

This shift laid the foundation for a blended finance model that could combine earned revenue, grants, and other funding sources into a sustainable, long-term plan.

While the nonprofit had long relied on a diverse funding model, including fee-for-service streams such as clients purchasing a bed or live-in treatment, the growth of the youth culinary arts work and market added new complexities. For the first time, the organization was selling physical goods, complete with raw material, preparation, and packaging costs. This required a clear process of ensuring that revenue from sales could flow back into covering the costs of running the market.

Through Innovate Calgary's blended finance and earned revenue coaching frameworks, the AD and her team worked to design those systems. The goal was to separate the market's business activities from the broader nonprofit structure, making it possible to manage the enterprise effectively while staying rooted in its mission to serve the community

From the get-go, their BMEP coach encouraged the nonprofit to design a budget for its social enterprise initiatives. They implemented a budget for the first time in 2025, aligning it with the long-term five-year roadmap of making these programs self-sustaining. "[Our BMEP coach] helped me figure out how to separate the budget for these programs so we can track it and understand, year over year, what we are doing.

The AD was also able to bring the finance team on-board with support from Innovate Calgary.

"The finance team loves us now," says the AD. "They love how easy it is."

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Results

The organization increased the number of clients it supported by over 300% and expanded employment opportunities within the community.

The AD says their clients have been the greatest beneficiaries of its partnership with Innovate Calgary. With greater financial confidence, clarity, and a five-year roadmap in place, the organization can now focus on serving clients with peace of mind—and a plan to sustain its mission for the long-term.

Macro Context: Blended Finance in Canada

This nonprofit in the youth workforce and mental health space is not alone. Across Canada, founders, funders, and ecosystem partners are increasingly looking to strengthen knowledge and application of blended finance.

Insights from the 2024 and 2025 Blended Finance Gatherings convened by Spring and Thrive Impact Fund show how this momentum is taking shape.

What's Working

Canadian foundations are investing more in social impact; proven funds are showing it works; and leaders are bringing together money and people to make a bigger difference.

Why Blended Capital Matters

Blended or catalytic capital combines grants, concessional finance, and commercial investment to unlock funding for impact-driven ventures that traditional investors often overlook. By de-risking early-stage innovation or funding high-impact areas like youth employment or Indigenous enterprises, blended capital helps fill persistent gaps in the market.

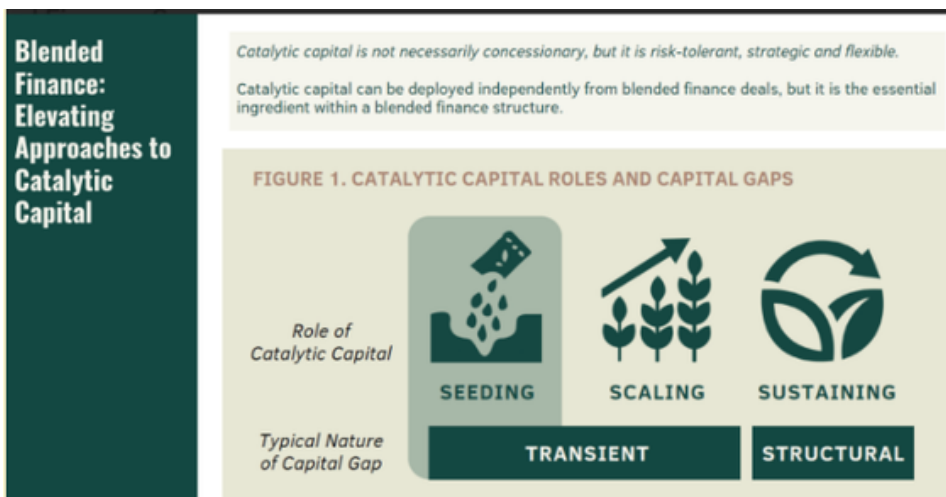
We include the Capital Spectrum here to show how different types of capital, from philanthropic to fully commercial, can work together to scale solutions. It illustrates how intentional capital structuring can align diverse stakeholders and direct funds where they're most needed.

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The Role of Blended & Catalytic Capital

- Seeding: risk-tolerant early-stage support.
- Scaling: guarantees and subordinated capital to crowd in mainstream finance.
- Sustaining: patient, concessionary capital for sectors where markets alone fail.



Blended and Catalytic Capital: Elevating the Work [Scale Collaborative x Spring: 2025]

Advancing the sector:

Sector leaders identified three priorities to keep the momentum going:

- Closing knowledge and risk gaps through founder and funder education
- Building cohesive infrastructure, including national frameworks to flow capital into Community Development Financial Institution (CDFI)s
- Aligning incentives with enabling policies, tax/regulatory reforms, and greater transparency.

Together, these insights affirm that blended and catalytic capital are more than just financial tools, they are strategic enablers of systems change. By combining clarity at the organizational level (as we've seen in this case study) with sector-wide infrastructure and policy shifts, Canada is poised to lead globally in creating sustainable, community-driven economies.

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Key Lessons & Takeaways

Structure is the foundation of sustainability

Separating social enterprise activities from the nonprofit is key to understanding viability and long-term sustainability.

Blended finance thrives with clarity

Combining grants, donations and earned revenue works best when there are clear budgets and roles defined.

Confidence follows a clear plan

Knowing how much time and financial investment an initiative requires to run effectively and building a plan to achieve that makes big goals feel achievable.

Discussion Questions

1) What role does a separate budget play in contributing to sustainability for a social enterprise?

2) What are the risks or pitfalls of not separating social enterprise revenue streams from other capital sources?

3) What are the steps involved in creating separate budgets?

4) How can separating a social enterprise's finances from a parent nonprofit improve long-term sustainability and decision-making?