



**SOCIAL IMPACT
COMMONS**

Resourcing Communities

Place-based Funders & Fiscal Sponsors

May, 2023



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Goals

- Understand some of the basic attributes of fiscal sponsorship and place-based foundation/funding work.
- Explore the potential mission- and impact-related intersectional work between place-based foundations and fiscal sponsorship.
- Envision some possible futures for foundations working with and as fiscal sponsors for their stakeholders.

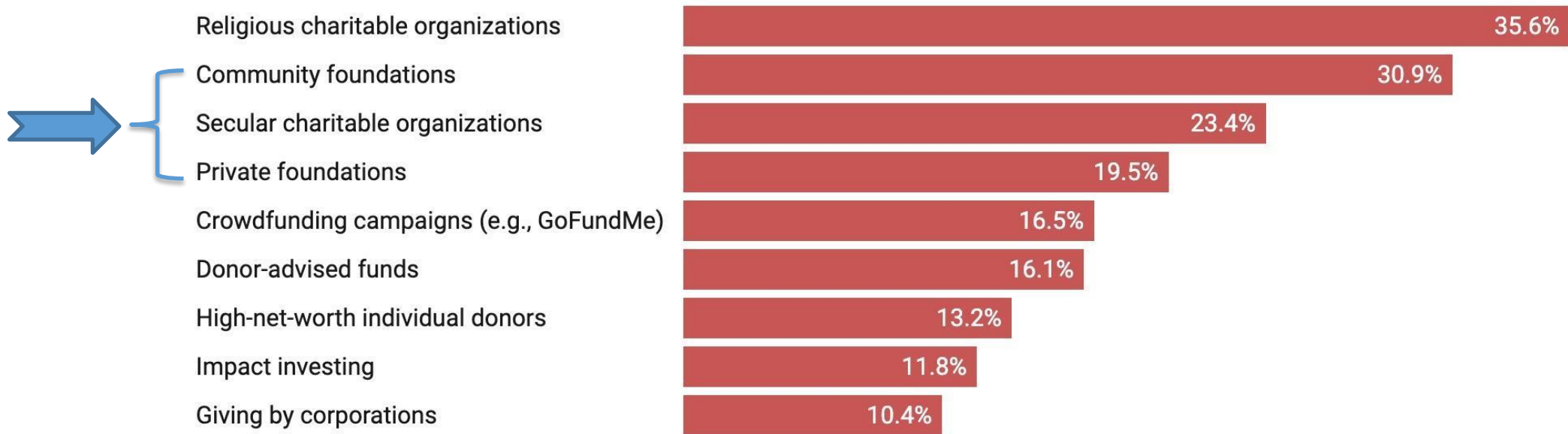




Setting the table

Institutional trust is down, but highest among nonprofits.

Share of Americans Who Trust Charities and Philanthropy to Do What's Right



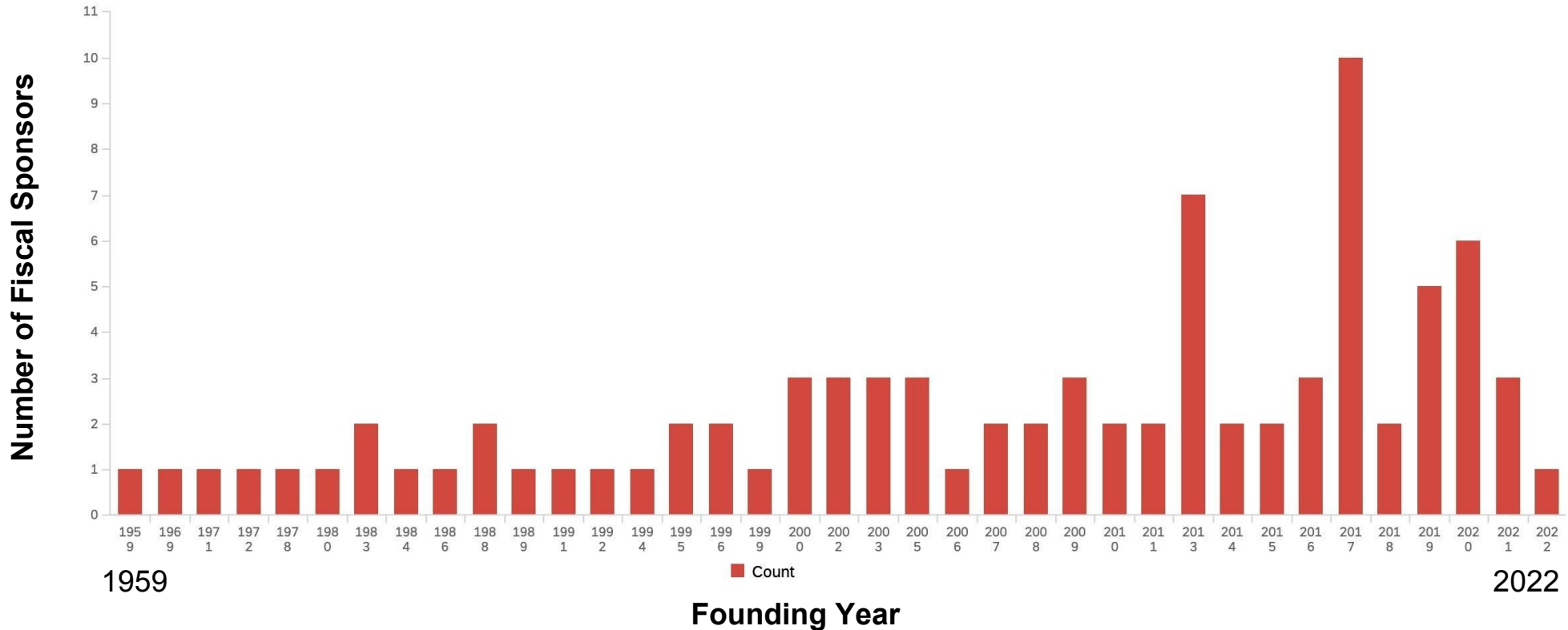
Includes people who say they completely or very much trust charitable entities.

[Get the data](#) • Created with [Datawrapper](#)

Source: *What Americans Think about Philanthropy and Nonprofits*, Indiana University, Lilly Family School of Philanthropy (April 2023)



The fiscal sponsor ecosystem is growing.



Source: *Fiscal Sponsor Field Scan 2022*, Social Impact Commons & National Network for Fiscal Sponsors (public report forthcoming)



What's motivating this growth?

Among many forces at work, we hear three main motivations emerging:

- **Solidarity** – Comprehensive fiscal sponsors provide nonprofit commonized backbones, shared capacity for diverse missions that share values; changemakers today are increasingly turning to Solidarity Economy solutions for powering collective action.
- **Equity** – Fiscal sponsors provide services in proportion to need, with low financial and knowledge barriers to entry. With the growth of more BIPOC-led and -serving sponsors, we have platforms of trust and cultural competence to meet community needs.
- **Efficiency** – Economies of scale enable fiscal sponsors to offer comprehensive back-office support (and often more) for between 10% and 20% less than it would cost a stand-alone nonprofit, allowing more resources to be allocated to programs/services.*

(*) Comparative economic analysis on the SMU Data Arts data set, conducted by Social Impact Commons in 2020 on 475 arts and culture organizations operating in Southeastern Pennsylvania operating below \$2M in annual budget.



What is a comprehensive fiscal sponsor?

A comprehensive fiscal sponsor, or *commons manager* (our term), is a nonprofit backbone organization that provides **shared corporate structure, finance, HR, legal, insurance, risk management and other resources** among multiple semi-autonomous missions, supporting:

>> Individual Change Makers

seeking turnkey access to nonprofit status and support infrastructure.

>> Collectives & Collaboratives

seeking a common platform for operating and managing together.

>> For-profit Businesses

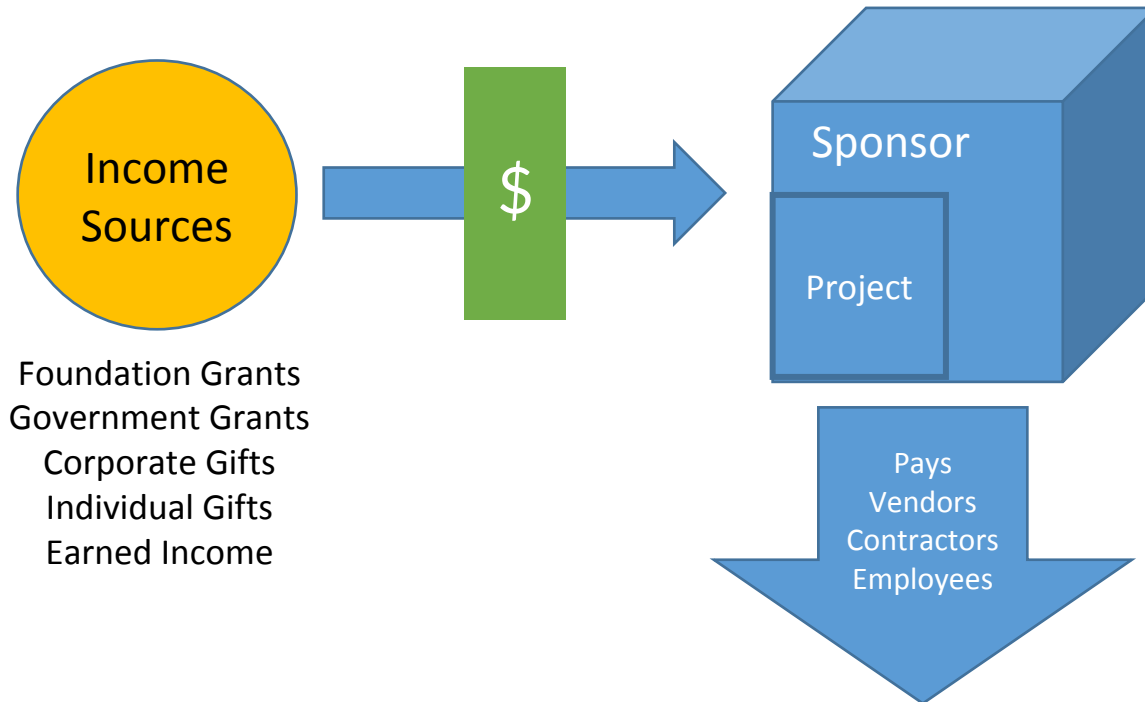
engaged in charitable work in their communities.

>> Nonprofit Organizations

seeking greater efficiency and sustainability through shared back-office resources.



Model "A" – Comprehensive fiscal sponsorship.



Foundation Grants
Government Grants
Corporate Gifts
Individual Gifts
Earned Income

Commonized Services

CORE

Federal Tax Exemption
Contributed Income Receiving/Accounting
Full-charge Accounting (AP/AR)
Nonprofit/Employer Compliance
Board/Fiduciary Responsibility
Legal & Transactional Partner
Human Resources (Employer)
General Liability/D&O Insurances
Strategic Financial Guidance

ADDITIONAL

Special Insurances (RE, E&O, etc.)
Consulting & Advisory Support
Other Services & Resources
Space, Technology, & Other Systems



What do we mean by place-based funders and fiscal sponsors?

Place-based funders and fiscal sponsors serve local, regional, field-specific, and/or identity-specific communities.

Place-based funders include:

- **Community (Public) Foundations**
- **Local Private Foundations (Conversion and Other)**
- **Public Charities Housing Funder Collabs/Donor Advised Funds**

Place-based fiscal sponsors include:

- **Place-based organizations offering occasional sponsorship**
- **Dedicated local, regional, field, or identity-specific fiscal sponsors**
- **Hybrid organizations housing funding (DAF/Collab) and sponsorship programs**



We see a mutual opportunity and shared goals.

Place-based Sponsor(ship)

Holders of...

- Community knowledge
- Relationships of trust
- Cultural competencies

Motivated by...

- Solidarity
- Equity
- Efficiency

Shared Infrastructure

Place-based Funders

Holders of...

- Community knowledge
- Relationships of trust
- Cultural competencies

Motivated by...

- Solidarity
- Equity
- Efficiency

Community Funding

What's at stake? Shifting the paradigm.

Is building nonprofit infrastructure really the goal of mission-based work?

Our traditional capacity building paradigm...

- *Supporting infrastructure building one organization at a time*, subject to the vagaries of people, operating environment, and other parts of the system.

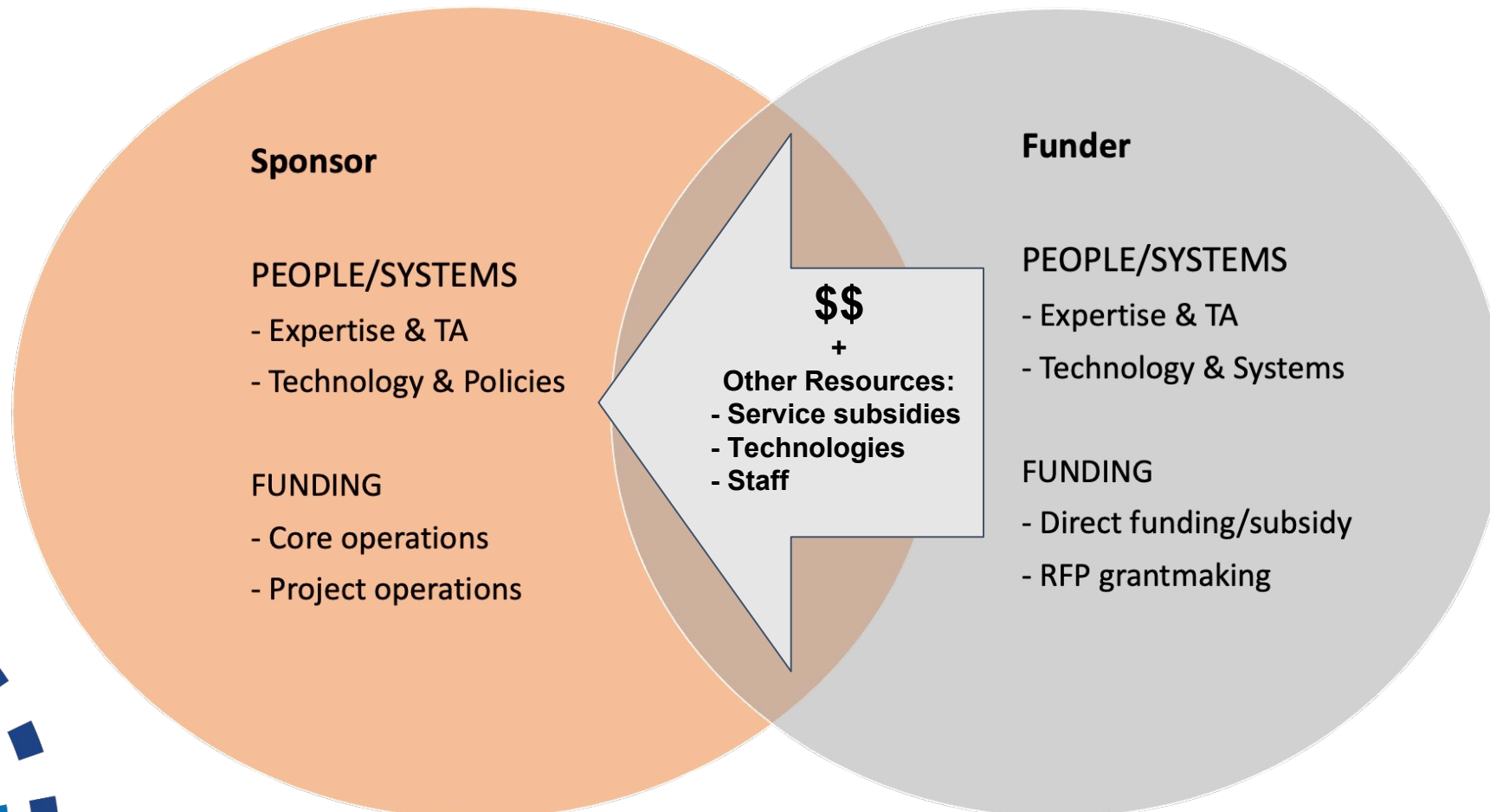
Perhaps should give way to a new paradigm...

- *Providing the collective capacity for organizations* in your community, assuring a sustained, culturally competent, and community-focused backbone.



Possible closer integration.

We see the potential for *structural subsidy* and other *intentional resource sharing* relationships between place-based sponsors and funders, enabling true *sustainable collective capacity*.

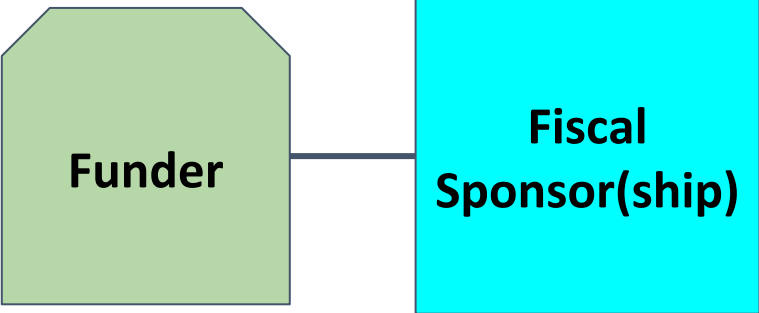


Spectrum of approaches.

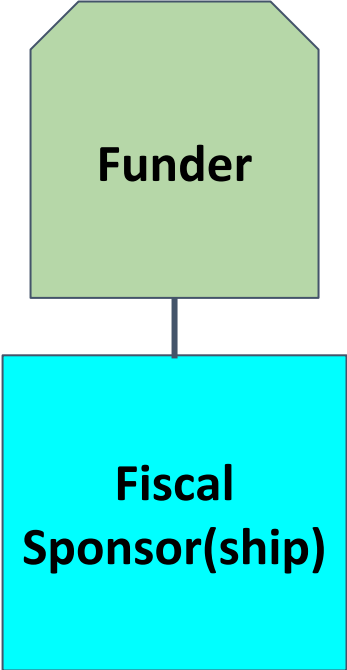
Arm's Length



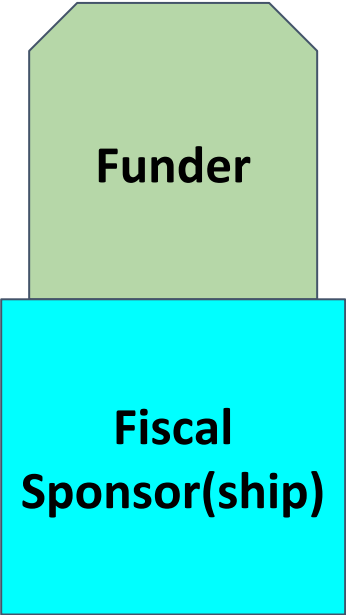
Integrated



- **Affiliated relationship**
- Dedicated/responsive funding for core sponsor operations
- RFP funding programs for sponsored projects



- **Subsidiary relationship (shared board)**
- Dedicated/responsive funding or internal subsidy for core sponsor operations
- RFP funding programs for sponsored projects



- **Integrated relationship**
- Internal subsidy for core sponsor operations
- RFP funding programs for sponsored projects





What if?

Every geographic, field, or identity-based community had one or more locally acting fiscal sponsors with sustained subsidy from aligned place-based funders?

Instead of perpetuating the old model of making every small nonprofit build its own infrastructure, funders and fiscal sponsors link their systems to simply *be the infrastructure for their communities*?

We could vastly accelerate the growth of equitable and sustainable support for the needs of communities.





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